

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: Moody's: "Aa1"
See "RATING"**

In the Opinion of Special Counsel, the portion of Base Rentals which is designated in the Lease as interest on the 2026A Certificates is not excludable from gross income for federal income tax purposes and is not excludable from Colorado income tax under Colorado income tax laws in effect on the date of delivery of the 2026A Certificates. In the opinion of Butler Snow LLP, Special Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest on the 2026B Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2026B Certificates as described herein. See "TAX MATTERS."

\$5,050,000*
**TAXABLE CERTIFICATES OF
PARTICIPATION, SERIES 2026A**

\$45,940,000*
**TAX-EXEMPT CERTIFICATES OF
PARTICIPATION, SERIES 2026B**

Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of March 12, 2026, between UMB BANK, N.A., solely in its capacity as trustee under the Indenture, as lessor, and the TOWN OF ERIE, COLORADO, as lessee

Dated: Date of Delivery

Due: December 1, as shown herein

The Taxable Certificates of Participation, Series 2026A (the "2026A Certificates") and the Tax-Exempt Certificates of Participation, Series 2026B (the "2026B Certificates") and together with the 2026A Certificates, the "Certificates" evidence proportionate interests in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of March 12, 2026 (the "Lease"), entered into between UMB Bank, National Association, Denver, Colorado, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and the Town of Erie, Colorado, as lessee (the "Town"). The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of March 12, 2026 (the "Indenture"), executed and delivered by the Trustee.

The Certificates are issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See "THE CERTIFICATES--Book-Entry Only System." The Certificates bear interest at the rates set forth herein, payable on June 1 and December 1 of each year, commencing on June 1, 2026, to and including the maturity dates shown herein (unless the Certificates are redeemed earlier), payable to the registered owner of the Certificates, initially Cede & Co. The principal of the Certificates will be payable upon presentation and surrender at the Trustee. See "THE CERTIFICATES."

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

The 2026A Certificates are not subject to redemption prior to maturity.

The 2026B Certificates are subject to redemption prior to maturity at the option of the Town and are also subject to mandatory sinking fund redemption as described in "THE CERTIFICATES--Redemption Provisions."

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

The proceeds from the issuance of the 2026A Certificates will be used to: (i) complete a portion of the mine mitigation at the Town Center of the Town by acquiring, constructing, installing and equipping structural support for existing subsurface mines (the "2026A Project"); and (ii) pay the costs of issuing the 2026A Certificates. See "SOURCES AND USES OF FUNDS."

The proceeds from the issuance of the 2026B Certificates will be used to: (i) complete a portion of the mine mitigation at the Town Center of the Town by acquiring, constructing, installing and equipping structural support for existing subsurface mines; (ii) acquire, construct, install, equip and improve a police station facility (the "2026B Project," and together with the 2026A Project, the "Project"); and (iii) pay the costs of issuing the 2026B Certificates. See "SOURCES AND USES OF FUNDS."

Neither the Lease nor the Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the Town within the meaning of any constitutional, or statutory debt limitation. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the Net Proceeds (defined herein), from net proceeds from exercising certain remedies under the Lease or from other amounts made available under the Indenture, the Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the Town under the Lease are from year to year only. The Lease is subject to annual renewal by the Town. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.

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

The Certificates are offered when and if executed and delivered and accepted by the Underwriter, subject to the approval of legality by Butler Snow LLP, Denver, Colorado, Special Counsel, and certain other conditions. Butler Snow LLP also has acted as special counsel to the Town in connection with this Official Statement. Certain legal matters will be passed upon for the Town by its Town Attorney. Hilltop Securities Inc., Denver, Colorado, is acting as Municipal Advisor to the Town. Stradling Yocca Carlson & Rauth LLP, Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about March 12, 2026.*

STIFEL

* Subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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

\$5,050,000*

TAXABLE CERTIFICATES OF PARTICIPATION, SERIES 2026A
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement, dated March 12, 2026, between
UMB BANK, NATIONAL ASSOCIATION, solely in its capacity as Trustee under the
Indenture, as lessor, and the TOWN OF ERIE, COLORADO, as lessee

<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2026	\$1,475,000			
2027	820,000			
2028	855,000			
2029	885,000			
2030	925,000			
2031	90,000			

\$45,940,000*

TAX-EXEMPT CERTIFICATES OF PARTICIPATION, SERIES 2026B
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement, dated March 12, 2026, between
UMB BANK, NATIONAL ASSOCIATION, solely in its capacity as Trustee under the
Indenture, as lessor, and the TOWN OF ERIE, COLORADO, as lessee

<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2031	\$870,000				2044	\$1,810,000			
2032	1,005,000				2045	1,900,000			
2033	1,060,000				2046	1,995,000			
2034	1,110,000				2047	2,095,000			
2035	1,165,000				2048	2,205,000			
2036	1,225,000				2049	2,320,000			
2037	1,285,000				2050	2,440,000			
2038	1,350,000				2051	2,570,000			
2039	1,415,000				2052	2,705,000			
2040	1,490,000				2053	2,845,000			
2041	1,565,000				2054	2,995,000			
2042	1,640,000				2055	3,155,000			
2043	1,725,000								

\$ _____ % Term Certificate due December 1, 20___. Priced to Yield: _____ %. CUSIP© Issue No.: _____.

* Subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

TOWN OF ERIE, COLORADO

Town Council

Andrew J. Moore, Mayor
Brandon Bell, Mayor Pro Tem
Anil Pesaramelli, Council Member
John Mortellaro, Council Member
Dan Hoback, Council Member
Emily Baer, Council Member
Brian O'Connor, Council Member

Town Administrative Officials

Meredyth Muth, Acting Town Manager
Sara Hancock, Finance Director
Breena Meng, Town Attorney

MUNICIPAL ADVISOR TO THE TOWN

Hilltop Securities Inc.
Denver, Colorado

TRUSTEE

UMB Bank, National Association
Denver, Colorado

SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth LLP
Denver, Colorado

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

The information to be updated may be reported in any format chosen by the Town; it is not required that the format reflected in this Official Statement be used in future years. The budget information contained in the General Fund budget summary and comparison table is to be satisfied with the current year budget information found in the ACFR.

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OFFICIAL STATEMENT

\$5,050,000*
**TAXABLE CERTIFICATES OF
PARTICIPATION, SERIES 2026A**

\$45,940,000*
**TAX-EXEMPT CERTIFICATES OF
PARTICIPATION, SERIES 2026B**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement dated as of March 12, 2026,
between UMB BANK, N.A., solely in its capacity as trustee under the Indenture, as lessor,
and the TOWN OF ERIE, COLORADO, as lessee**

INTRODUCTION

General

This Official Statement, including the cover page, inside cover page and appendices, is furnished in connection with the execution, delivery and sale of \$5,050,000* aggregate principal amount of Taxable Certificates of Participation, Series 2026A (the “2026A Certificates”), and \$45,940,000* aggregate principal amount of Tax-Exempt Certificates of Participation, Series 2026B (the “2026B Certificates” and together with the 2026A Certificates, the “Certificates”) evidencing proportionate interests in the base rentals and other revenues under an annually renewable Lease Agreement dated as of March 12, 2026 (the “Lease”), between UMB Bank, National Association, Denver, Colorado, solely in its capacity of trustee under the Indenture (the “Trustee”), as lessor, and the Town of Erie, Colorado, as lessee (the “Town”). The Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust executed by the Trustee dated as of March 12, 2026 (the “Indenture”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

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

The Town

The Town is a municipal corporation and a political subdivision of the State incorporated in 1874. The Town became a home rule municipality pursuant to Article XX of the Colorado constitution on November 7, 2023, upon the adoption of its home rule charter (the “Charter”). The Town is primarily a developing residential community located approximately 25 miles north of Denver in the north-central part of the State. The Town encompasses approximately 21 square miles, and as of December 2025, the Community Development Department estimated the Town’s population to be 40,183. See “THE TOWN.”

* Subject to change.

The Certificates; Prior Redemption

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

The 2026A Certificates are not subject to redemption prior to maturity.

The 2026B Certificates are subject to redemption prior to maturity at the option of the Town and are also subject to mandatory sinking fund redemption as described in “THE CERTIFICATES--Redemption Provisions.”

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

Purpose

The proceeds from the issuance of the 2026A Certificates will be used to: (i) complete a portion of the mine mitigation at the Town Center of the Town by acquiring, constructing, installing and equipping structural support for existing subsurface mines (the “2026A Project”); and (ii) pay the costs of issuing the 2026A Certificates. See “SOURCES AND USES OF FUNDS.”

The proceeds from the issuance of the 2026B Certificates will be used to: (i) complete the portion of the mine mitigation at the Town Center of the Town by acquiring, constructing, installing and equipping structural support for existing subsurface mines; (ii) acquire, construct, install, equip and improve a police station facility (the “2026B Project,” and together with the 2026A Project, the “Project”); and (iii) pay the costs of issuing the 2026B Certificates. See “SOURCES AND USES OF FUNDS.”

The Site Lease and the Leased Property Generally

The Site Lease Generally. The Town and UMB Bank, National Association, Denver, Colorado, solely in its capacity as Trustee under the Indenture, will enter into a Site Lease Agreement dated as of March 12, 2026 (the “Site Lease”), pursuant to which the Town will lease the Leased Property (defined below) and the premises, buildings and improvements located thereon to the Trustee. The Site Lease term expires on December 31, 20___. Concurrently with the execution of the Site Lease, the Trustee will lease the Leased Property back to the Town pursuant to the terms of the Lease. The Town will own fee title to the Leased Property and the Trustee will

have a leasehold interest in the Leased Property, subject to the terms and provisions of the Site Lease, the Lease and the Indenture.

The Leased Property. The Leased Property consists of 5.56 acres of land upon which the Town of Erie Police Department (the “EPD”) is located, along with all buildings, improvements and fixtures situated thereon or attached thereto, together with any and all additions, modifications, substitutions and replacements. The EPD is a 17,971 square foot facility which was constructed in 2014 and is located at 1000 North Telleen Avenue in the Town.

Security for the Certificates; Termination of Lease

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

Under the Indenture, the Trustee, for the benefit of the Owners of the Certificates, is to receive Base Rentals payable by the Town under the Lease. The amount and timing of the Base Rentals are designed to provide sufficient money to the Trustee to pay the principal of and interest on the Certificates when due. The Trustee is to deposit to the Base Rentals Fund and the Construction Fund created under the Indenture all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to the Lease, including all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds (but not Additional Rentals), all as defined in Appendix B.

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

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

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

The major sources of the moneys deposited into the Town’s General Fund are the Town’s sales tax (the “Sales Tax”) and the use tax (the “Use Tax,” and together with the Sales

Tax, the “Sales and Use Tax”), which are currently imposed at a rate of 3.5%. See “CURRENT SOURCES OF AVAILABLE REVENUES” for a description of the Town’s Sales and Use Tax.

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

If on or before the December 31 prior to the beginning of any Fiscal Year of the Town, the Town fails to budget and appropriate sufficient funds to pay all Base Rentals and all reasonably estimated Additional Rentals, the Town will be considered to have terminated the Lease (subject to certain waiver and cure provisions). Upon termination of the Town’s obligations under the Lease, the Trustee may proceed to exercise certain remedies under the Lease and the Indenture, including the lease or sublease of the Leased Property, the sale or assignment of any interest the Trustee has in the Leased Property, including the Trustee’s leasehold interest in the Leased Property, or one or any combination of the steps described in the Lease. See APPENDIX B - THE LEASE--Nonappropriation by the Town. The net proceeds of any such disposition are required to be applied by the Trustee toward the payment of the Certificates.

Termination of the Site Lease. The Leased Property will be leased by the Town to the Trustee pursuant to the Site Lease. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee in and to the Leased Property will vest in the Town. The Site Lease will terminate on the earliest to occur of the following: (a) the termination of the Lease Term as provided in the Lease due to the payment of the Purchase Option Price by the Town, or upon payment by the Town of all Base Rentals and Additional Rentals for the entire Lease Term; or (b) discharge of the Indenture as a result of the fact that all Certificates have been paid or have been deemed to have been paid as provided in the Indenture; or (c) December 1, 20__ . The Leased Property will no longer be subject to the provisions of the Site Lease, the Lease or the Indenture upon the termination of the Site Lease. See “CERTAIN RISK FACTORS--Limited Duration of Site Lease” and Appendix B - Certain Definitions and Document Summaries--The Site Lease - Site Lease and Term.

Release of Leased Property; Purchase Option Price. The Town has the option to purchase the Trustee’s leasehold interest in the Leased Property and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all Outstanding Certificates and any other amounts necessary to

defeasance and discharge the Indenture, as provided in the Lease. See Appendix B – Certain Definitions and Document Summaries - The Lease - Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See “THE CERTIFICATES--Redemption Provisions.”

Release of Leased Property; Release and Substitution of Property. So long as no Lease Event of Default or Event of Nonappropriation shall have occurred and is continuing, the Trustee shall release the Leased Property, and shall execute all documents necessary or appropriate to convey or reconvey the same to the Town, free of all restrictions and encumbrances imposed or created by the Site Lease, this Lease or the Indenture, upon receipt by the Trustee of the following: (a) a written request of the Town Representative for such release, describing the Leased Property to be released; (b) a certificate of the Town Representative certifying (i) that the disposition of the Leased Property to be released and the substitution therefor of the real property to be substituted for the Leased Property to be released will not materially adversely affect the ability of the Town to operate the Leased Property or any leased property to be substituted therefor, or to fulfill its obligations under the Lease, (ii) that any real property to be substituted for the Leased Property to be released will have an equal or greater value and utility, but not necessarily the same function to the Town as the Leased Property to be released, and (iii) that the insured replacement value of Replacement Property, together with the insured replacement value of any portion of the Leased Property that remains after such substitution, shall be not less than the aggregate principal amount of the Outstanding Certificates; and (c) supplements and amendments to the Lease, the Indenture and any other documents necessary to subject to the lien of the Indenture any real property to be substituted for the Leased Property to be released. The Town agrees that any cash paid to the Trustee pursuant to the Indenture provisions described above shall be deposited into the Principal Account or the Interest Account of the Base Rentals Fund, or both such accounts, as directed by the Town. See Appendix B – Certain Definitions and Document Summaries - The Lease - Partial Release and Substitution of Leased Property.

Additional Certificates. The Indenture permits the issuance of Additional Certificates without notice to or approval of the owners of the outstanding Certificates under the circumstances described in “THE CERTIFICATES--Additional Certificates.”

No Reserve Fund. The Certificates are not secured by a reserve fund.

Tax Status

2026A Certificates. In the opinion of Special Counsel, the portion of the Base Rentals which is designated in the Lease as interest on the 2026A Certificates is not excludable from gross income for federal income tax purposes, and is not excludable from Colorado taxable income under Colorado income tax law in effect on the date of delivery of the 2026A Certificates as described herein. See “TAX MATTERS.”

2026B Certificates. In the opinion of Special Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest on the 2026B Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax

Code”), is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2026B Certificates as described herein. See “TAX MATTERS.”

Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the 2026B Certificates after termination of the Lease. See “CERTAIN RISK FACTORS--Effect of Termination on Exemption from Taxation and on Exemption from Registration,” “TAX MATTERS” and Appendix E.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Special Counsel to the Town in connection with execution and delivery of the Certificates and has also acted as special counsel to the Town in connection with preparation of this Official Statement. The fees of Butler Snow LLP will be paid only from Certificate proceeds at closing. Certain legal matters will be passed upon for the Town by the Town Attorney. UMB Bank, National Association, Denver, Colorado, is serving as the Trustee. The Town’s audited basic financial statements as of and for the year ended December 31, 2024, including the report thereon of CliftonLarsonAllen LLP, certified public accountants, Denver, Colorado, are attached hereto as Appendix A. See “INDEPENDENT AUDITORS.” Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as the Underwriter for the Certificates (the “Underwriter”). See “UNDERWRITING.” Stradling Yocca Carlson & Rauth LLP, Denver, Colorado, is acting as counsel to the Underwriter.

Continuing Disclosure Undertaking

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

In the last five years, the Town did not file notice of certain rating upgrades and did not file a table containing historical wastewater revenues for fiscal years 2020-2024. The Town made a remedial filing with respect to this information.

Additional Information

This introduction is only a brief summary of the provisions of the Certificates, the Indenture, the Lease, the Site Lease and other documents described herein; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Project, the Town, the Certificates, the Indenture, the Lease, the Site Lease and other documents are

included in this Official Statement. All references herein to the Certificates, the Lease, the Site Lease, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change without notice.*

Additional information and copies of the documents referred to herein are available from the Town, the Municipal Advisor or the Underwriter as follows:

Town of Erie, Colorado
Attn: Finance Director
645 Holbrook Street, P.O Box 750
Erie, Colorado 80516
Telephone: (303) 926-2700

Hilltop Securities Inc.
8055 E. Tufts Avenue, Suite 350
Denver, Colorado 80237
Telephone: (303) 771-0217

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

CERTAIN RISK FACTORS

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

Nonappropriation

Prospective purchasers of the Certificates should look to the ability of the Town to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the Certificates. The Town is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the Town each year. If, by the last date of each Fiscal Year, the Town does not specifically budget and appropriate amounts sufficient to pay all Base Rentals due in the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, an “Event of Nonappropriation” occurs. If an Event of Nonappropriation occurs, the Town is deemed to have terminated its obligations under the Lease, and the Town will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the fiscal year during which such Event of Nonappropriation occurs (except for any period for which the Town continues to retain possession of the Leased Property).

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

The obligation of the Town to pay Base Rentals and Additional Rentals is limited to those Town funds that are specifically budgeted and appropriated annually by the Council for such purpose. The Lease directs the officer of the Town charged at any time with the responsibility of formulating budget proposals with respect to the Leased Property to include, in the annual budget proposals submitted to the Council, items for all payments required under the Lease for the ensuing Fiscal Year, until such time (if any) as the Town determines not to renew the Lease. The Lease provides that it is the intention of the Town that any decision not to renew the Lease is to be made solely by the Council and not by any other official or employee of the Town.

Effect of a Termination of the Lease Term

In the event of termination of the Town’s obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Town is required to

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

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

There is no guarantee that the Trustee will be able to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.

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

Factors that May Cause Insufficiency of Expected Revenues

Economic and Other Factors Beyond the Control of the Town. Although the Town is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the Town that Base Rentals and Additional Rentals will be paid (to the extent funds are appropriated therefor each year) from revenues in the General Fund. See “CURRENT SOURCES OF AVAILABLE REVENUES.”

Various circumstances and developments, most of which are beyond the control of the Town, may have an adverse effect on the future level of Sales and Use Tax revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Town, the Counties, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Town, the Counties, the State and the region and various other factors. See “CURRENT SOURCES OF AVAILABLE REVENUES--Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections.”

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

Existing Obligations Payable from Legally Available Revenues; Additional Bonds. The Town has several obligations outstanding that are paid from revenues in the General Fund. See “DEBT STRUCTURE--Other Obligations” for a description of the obligations that are currently payable from legally available revenues in the General Fund.

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

Factors that Could Impact Value of Property if Lease is Terminated

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

Current Valuation. The Town anticipates spending Certificate proceeds to construct the Project, however, the amount spent on the improvements may not be indicative of the amount the Trustee may receive in exercising the remedies under the Lease. No current appraised valuation of the Leased Property is available, but the insured value of the existing EPD building is \$7,768,300. The Leased Property, after construction of the Project, is expected to initially have a valuation at least equal to the amount of the Certificates; however, that value could be lower than that amount for various reasons and the value can decline over time. The Trustee is not able to sell the Leased Property or any associated improvements upon the occurrence of an

Event of Lease Default or an Event of Nonappropriation and the insured value of the facility may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its leasehold interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates.

Title Restrictions and Zoning. The Leased Property is subject to certain pre-existing title restrictions which may make the Leased Property less attractive to potential users if the Trustee must sublease or otherwise sell or dispose of its interest in the Leased Property. The title restrictions, which will be Permitted Encumbrances under the Lease, include: reservations for county roads, irrigation ditches and railroads; reservations to extract coal, oil and other minerals and Union Pacific Railroad Company's right to operate and maintain its railroad line; utility and access easements, notes, terms, conditions, agreements, and obligations contained in recorded subdivision plats and development agreements for the Leased Property; and the grant to the Town of an easement for the passage of all aircraft in the airspace above the Leased Property.

Further, the Leased Property is subject to present and future zoning requirements or other land use regulations imposed by the Town. The Leased Property has been zoned as Community Mixed Use, which is not expected to change with the completion of the Project. The purpose of Community Mixed Use zoning in the Town is to provide for a community-serving mixed-used development at a higher scale than is appropriate for neighborhood locations, including commercial, institutional, recreational, and service facilities needed to support surrounding neighborhoods and the community at large. For more information about the zoning requirements applicable to the Leased Property, see Chapter 2, Title 10 of the Town's Municipal Code. The zoning of the Leased Property could limit alternate uses of the Leased Property, which could make the Leased Property less attractive to potential users if the Trustee must sublease or otherwise sell or dispose of its leasehold interest in the Leased Property. Zoning and land use regulations in effect in the future may restrict the future uses of the Property. Should that occur, the Leased Property may have less value to third parties than the insured value would indicate. *There is no guarantee that the Trustee will be able to liquidate its interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.*

Construction Risks

General. Construction of the Project will be financed in part with the net proceeds of the Certificates. There is no assurance that the Project can be completed with the available funds or within the budget anticipated by the Town. Any increases in the costs of the Project could result in the unwillingness of the Town to appropriate Base Rentals under the Lease or an inability to complete the Project, which would in turn impact the Trustee's ability to exercise its remedies under the Site Lease, the Lease or the Indenture.

Additionally, normal contingencies generally involved with the construction of any facility, such as natural disasters, labor difficulties, including the inability to attract a sufficient workforce to work on the Project, unanticipated engineering or structural problems, soil issues, environmental issues, difficulties in obtaining materials or sharp increases in the price of materials, a shortened construction season due to weather conditions and economic conditions in general may cause delays resulting in increased costs.

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

Limited Duration of Site Lease

The term of the Site Lease is 10 years longer than the term of the Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The net proceeds received from those activities are to be applied to pay the Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee's rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease that are sufficient to pay the Certificates.

Enforceability of Remedies; Liquidation Delays

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

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

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by the registered owners of the 2026A Certificates. There is no assurance that any amounts representing interest received by the registered owners of the 2026A Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or an Event of Default will be excluded from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, registered owners of the 2026A Certificates should not assume that payments allocable to interest received from the 2026A Certificates would be excluded from gross income for federal or State income tax purposes.

Special Counsel has also disclaimed an opinion as to the transferability of the Certificates under the federal securities laws after a termination of the Lease, and, upon such termination, there is no assurance that Owners of Certificates would be able to transfer their interests without compliance with federal securities laws.

Condemnation Risk

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

Casualty Risk

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

Insurance Risk

The Lease requires that the Town, at its own expense, carry and maintain casualty and property damage insurance for the Leased Property in an amount equal to the amounts specified in the Lease. The Town may provide such insurance through commercial policies or, in its discretion, through a qualified self-insurance fund. For a description of the insurance requirements related to the Leased Property (including requirements related to a qualified self-insurance fund), see Appendix B - Certain Definitions and Document Summaries--The Lease - Insurance. The Town currently maintains the insurance described in “THE TOWN--Insurance.” There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction of the Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. See “THE CERTIFICATES--Redemption Provisions.”

Future Changes in Laws

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

Forward-Looking Statements

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

Secondary Market

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

SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The Town expects to apply the proceeds of the Certificates as shown in the following table.

<u>Sources and Uses of Proceeds (1)</u>			
<u>Sources of Funds</u>	<u>2026A</u>	<u>2026B</u>	<u>Total</u>
	<u>Certificates</u>	<u>Certificates</u>	
Par amount of the Certificates			
Plus/(less): original issue premium/(discount)			
Total:.....			
<u>Uses of Proceeds</u>			
Project Fund.....			
Costs of issuance (including Underwriter's discount)			
Total:.....			

(1) Totals may not add due to rounding.

Source: The Underwriter.

The Project

2026A Project. Net proceeds of the 2026A Certificates are expected to be used to finance a portion of the implementation of structural support to mitigate existing subsurface mines at the Town Center of the Town. Specifically, the Town expects to complete mine mitigation at the Erie Town Center development site, located at the northwest corner of Erie Parkway and County Line Road. The Town has partnered with Evergreen Devco Inc. for Phase 1 of Erie Town Center to develop a grocery store, multiple commercial pads and retail shop buildings, surface parking, and public roads. The underground mine mitigation is necessary for this portion of the project given the history of mining on the site.

2026B Project. A portion of the net proceeds of the 2026B Certificates are expected to be used to finance a portion of the implementation of structural support to mitigate existing subsurface mines at the Erie Community Center property, located at the northeast corner of Erie Parkway and County Line Road. Specifically, The Town intends to construct additional outdoor recreation courts on the Erie Community Center site and the underground mine mitigation is necessary for this portion of the project given the history of mining on the site.

In addition the Town also expects to finance the acquisition, construction, installation, equipping and improvement of a police station facility with net proceeds of the 2026B Certificates. The existing EPD building is undersized for current operations and various spaces such as storage rooms have been converted into offices to accommodate staff needs. In 2024, EPD had 60 staff members and is projected to eventually grow to approximately 130 staff members.

The 2026B Project will include extensive remodeling of the existing EPD building along with two proposed building additions: a one-story addition at the southeast corner of the existing building, which addition is proposed to be 2,382 square feet, and a two-story addition along the entire west side of the existing building, which is proposed to be 27,996 square feet, bringing the total gross square footage of the entire proposed building to 48,349 square feet. Overall, 56 public parking spaces and 95 staff parking spaces will be provided with the new site layout.

The proposed improvements are expected to be constructed in two phases. During Phase I, which is anticipated to begin in January of 2026, existing utilities within the new building footprint will be relocated and any necessary demolition will occur. Construction of the proposed building additions and new site layout will occur during Phase I. After the building additions are complete, EPD staff will move into the new additions. Renovation of the existing building will be accomplished during Phase II. Once renovation is complete, EPD will be able to occupy the entire building. Overall, the Town anticipates Phase I construction will last 14 months and Phase II renovation will last 10 months.

THE CERTIFICATES

General

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

Payment Provisions

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

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

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

Redemption Provisions*

2026A Certificates – No Prior Redemption. The 2026A Certificates are not subject to redemption prior to maturity.

2026B Certificates – Optional Redemption. The 2026B Certificates maturing on or prior to December 1, 20__, are not subject to optional redemption prior to their respective maturity dates. The 2026B Certificates maturing on and after December 1, 20__, are subject to redemption prior to their respective maturities, at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 20__, or on any date thereafter at a redemption price equal to the principal amount of the 2026B Certificates so redeemed plus accrued interest to the redemption date, without a premium.

Mandatory Sinking Fund Redemption.* The 2026B Certificates maturing on December 1, 20__, and December 1, 20__, (“2026B Term Certificates”), are subject to mandatory sinking fund redemption at a price equal to the principal amount redeemed plus accrued interest thereon to the redemption date. 2026B Term Certificates are to be selected by lot in such manner as the Town shall determine (giving proportionate weight to 2026B Certificates in denominations larger than \$5,000).

As a sinking fund for the redemption of the 2026B Term Certificates maturing December 1, 20__, the Town shall deposit in the Base Rentals Funds moneys which are sufficient to redeem (after any credits as described below) the following principal amounts of the 2026B Term Certificates maturing December 1, 20__:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
20__	
20__	
20__	
20__	
20__ (maturity)	

As a sinking fund for the redemption of the 2026B Term Certificates maturing December 1, 20__, the Town shall deposit in the Base Rentals Funds moneys which are sufficient to redeem (after any credits as described below) the following principal amounts of the 2026B Term Certificates maturing December 1, 20__:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
20__	
20__	
20__	
20__ (maturity)	

* Subject to change.

On or before the 30th day prior to each sinking fund payment date, the Trustee shall proceed to call the 2026B Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such 2026B Term Certificates) for redemption from the sinking fund on the next December 1, as the case may be, and give notice of such call without other instruction or notice from the Town. The amount of each sinking fund installment may be reduced by the principal amount of any 2026B Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the Town.

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

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

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Outstanding Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the Town as an overpayment of the Purchase Option Price. Prior to any distribution of the Net

Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES (INCLUDING ANY ADDITIONAL CERTIFICATES) ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT IS DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE TOWN.

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

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

reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

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

Tax Covenants – 2026B Certificates

In the Lease, the Town covenants for the benefit of the Owners of the 2026B Certificates that it will not take any action or omit to take any action with respect to the 2026B Certificates, the proceeds thereof, any other funds of the Town, or any facilities financed or refinanced with the proceeds of the 2026B Certificates (except for the possible exercise of the Town's right to terminate this Lease as provided herein) if such action or omission (i) would cause the interest on the 2026B Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2026B Certificates to become a specific preference item for purposes of federal alternative minimum tax under the Tax Code, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, or (iii) would cause interest on the 2026B Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the Town's right to terminate the Lease as provided therein, the covenant described above shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2026B Certificates, until the date on which all obligations of the Town in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the Town covenants that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this Section. The Town hereby agrees that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of Town moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of this Lease.

Book-Entry Only System

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

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

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

BASE RENTALS SCHEDULE

The following table sets forth the schedule of Base Rentals due pursuant to the Lease in each year, including the Principal Component and the Interest Component. See “CURRENT SOURCES OF AVAILABLE REVENUES--Existing Sales and Use Tax Agreements” and “DEBT STRUCTURE--Other Obligations” for a description of the obligations that are currently payable from legally available revenues of the Town.

Schedule of Base Rentals(1)(2)*

<u>Year</u>	<u>2026A Principal Component</u>	<u>2026A Interest Component</u>	<u>2026B Principal Component</u>	<u>2026B Interest Component</u>	<u>Total Base Rentals</u>
2026	\$1,475,000		--		
2027	820,000		--		
2028	855,000		--		
2029	885,000		--		
2030	925,000		--		
2031	90,000		\$870,000		
2032	--		1,005,000		
2033	--		1,060,000		
2034	--		1,110,000		
2035	--		1,165,000		
2036	--		1,225,000		
2037	--		1,285,000		
2038	--		1,350,000		
2039	--		1,415,000		
2040	--		1,490,000		
2041	--		1,565,000		
2042	--		1,640,000		
2043	--		1,725,000		
2044	--		1,810,000		
2045	--		1,900,000		
2046	--		1,995,000		
2047	--		2,095,000		
2048	--		2,205,000		
2049	--		2,320,000		
2050	--		2,440,000		
2051	--		2,570,000		
2052	--		2,705,000		
2053	--		2,845,000		
2054	--		2,995,000		
2055	--		3,155,000		
TOTAL	\$5,050,000		\$45,940,000		

(1) Totals may not add due to rounding.

(2) The Base Rentals are due semi-annually on May 15 and November 15 of each year that the Lease remains in effect. Amounts available in the Base Rentals Fund will be credited against Base Rentals amounts due as provided in the Lease. The Trustee will use the Base Rentals to pay the principal and interest due on the Certificates on June 1 and December 1 of each year.

Source: The Underwriter.

* Subject to change.

SECURITY FOR THE CERTIFICATES

General

Each Certificate evidences a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease and the Indenture. Under the Site Lease, the Leased Property has been leased by the Town to the Trustee, and under the Lease, the Leased Property has been leased by the Trustee back to the Town and the Town has agreed to pay directly to the Trustee, Base Rentals in consideration of the Town's right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon.

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

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

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

purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (v) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture. In the event the Town does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply.

Additional Certificates

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

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

(a) the costs of acquiring, constructing, improving, installing and equipping any capital improvements or capital projects of the Town, or any New Facility, or of acquiring real property for Town use or a site for any capital projects or New Facility (and costs reasonably related thereto);

(b) the costs of completing the Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the Town may deem necessary or desirable, and as in accordance with the provisions of the Lease; or

(c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates or Additional Certificates.

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

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

CURRENT SOURCES OF AVAILABLE REVENUE

General

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

The Town's overall financial operations, budgeting process and information and historical General Fund financial statement comparisons are discussed in "TOWN FINANCIAL INFORMATION."

Major Sources of General Fund Revenues

Sales and Use Tax. The Town imposes the Sales and Use Tax at a rate of 3.5% and the revenues from the 3.5% Sales and Use Tax constitute legally available revenues, subject to certain existing commitments described herein.

Sales Tax revenues are the largest component of the Town's General Fund revenues, accounting for approximately 38.7% of General Fund revenues in fiscal year 2024; Use Tax (including building materials use tax and motor vehicle use tax) comprised another 12.8% of General Fund revenues in 2024. The Sales and Use Tax is described in more detail below.

Other General Fund Revenues. Other sources of revenue in the General Fund include: property and other taxes; license and permit revenues; intergovernmental revenues; fees and charges for services; investment income; and miscellaneous other income.

Sales and Use Tax

The following discussion includes information with respect to the imposition, collection and administration of the Town's Sales Tax.

Authority for Imposition of Sales Tax. The Sales Tax, which became effective on January 1, 1978, and the Use Tax, which became effective on January 1, 1979, were initially imposed pursuant to State law. The Town adopted its Charter in 2023, and the Sales and Use Tax is currently imposed pursuant to authority granted by the Charter. The Charter provides that the Town may levy and collect taxes, including sales and use taxes, for municipal purposes. No increase in the Town's Sales and Use Tax, or extension of the period for which a temporary rate increase is effective, may take effect until approved by a majority of the Town's registered electors voting thereon.

The Town's Sales Tax was levied at the rate of 2.0% from 1978 through July 1, 1984, and at the rate of 3.5% since July 1, 1984. The Town's Use Tax was levied at the rate of 2.0% from 1979 through December 31, 1984, and at the rate of 3.5% since July 1, 1984. The initial imposition of the Sales and Use Tax and the subsequent increases were approved by the Town's electors.

The Town's Use Tax is comprised of a use tax on vehicles (the "Vehicle Use Tax") and a use tax on building materials the "Building Use Tax."

Overlapping Sales Taxes. The area within the Town's boundaries include areas within both Boulder County and Weld County. The total sales and use tax rate currently in effect within the portion of the Town located in Boulder County is 8.685%, comprised of the Town Sales and Use Tax of 3.5%, the State's 2.9% sales and use tax, the Regional Transportation District's 1.0% sales and use tax, Boulder County's 1.185% sales and use tax, and the Scientific and Cultural Facilities District's 0.1% sales and use tax. The total sales tax currently in effect within the portion of the Town located in Weld County is 7.4%, comprised of the Town's Sales and Use Tax of 3.5%, the State's 2.9% sales and use tax, and the Regional Transportation District's 1.0% sales and use tax.

Sales Tax. Pursuant to Title 2, Chapter 11 of the Town's Municipal Code (the "Sales and Use Tax Ordinance"), with certain exceptions discussed in the next paragraph, the Sales Tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services within the corporate limits of the Town.

Purchases and Sales Subject to the Town Sales Tax - Generally. Pursuant to Title 29, Article 2, Part 1, C.R.S. (the "Sales Tax Act") and the Title 2, Chapter 11, Part 1 of the Town's Municipal Code (the "Sales Tax Ordinance"), the Town's Sales Tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the State sales tax and is generally subject to the same exemptions applicable to the State sales tax, except that the Town Sales Tax is imposed on the sale of food, which is exempt from the State sales tax. The Sales Tax is collected and paid in accordance with the Sales Tax Ordinance and C.R.S. § 39-26-104.

Sales Tax Exemptions Generally. The Sales Tax Ordinance provides that the sale of tangible personal property and services taxable pursuant to its provisions shall be subject to the same sales tax exemptions as those specified in Title 39, Article 26, Part 7, C.R.S., with certain exceptions. Reference is made to Title 39, Article 26, Part 7, C.R.S., for a complete listing of the transactions that are exempt from sales tax and the conditions under which those exemptions (including certain of the exemptions described herein) apply.

Notwithstanding the exemptions listed in Title 39, Article 26, Part 7, C.R.S., pursuant to § 29-2-105(1)(d)(I) of the Sales Tax Act, the Sales Tax Ordinance provides a specific exemption for sales of food as specified in C.R.S. Section 39-26-707.

The Sales Tax Ordinance provides that no Sales Tax applies to: (i) sales of personal property on which a specific ownership tax has been paid or is payable if the purchaser is a non-resident of or has its principal place of business outside of the Town and such personal property is registered or required to be registered outside of the limits of the Town under the laws of the State; (ii) the sale of construction and building materials for which use tax has been paid; (iii) the sale of tangible personal property or the furnishing of services if the transaction was previously subjected to a sales tax lawfully imposed in another taxing jurisdiction; and (iv) the sale of any item that benefits a Colorado school pursuant to C.R.S. Section 39-26-7825(2) or a sale by an association or organization of parents and teachers of public school students that is a charitable organization pursuant to C.R.S. Section 39-26-718(1)(c).

Use Tax. The Town imposes the Use Tax pursuant to the Sales Tax Act and Title 2, Chapter 11, Part 2 of the Town's Municipal Code (the "Use Tax Ordinance"). The Town's Use Tax is collected for the privilege of storing, using or consuming in the Town any construction and building materials and motor or other vehicles on which registration is required, purchased at retail.

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

Collection and Enforcement of the Town Sales and Use Tax

General. The Executive Director of the State Department of Revenue (the "Executive Director") collects, administers and enforces the Sales Tax in the same manner as the State sales tax, at no additional cost to the Town.

Collection of Sales Tax. Each individual vendor in the Town is liable for the amount of tax due on all taxable sales made. Before the twentieth of each month, the vendor, if reporting monthly, must make a return and remit the amount due for the preceding calendar month to the Executive Director. Each vendor is entitled to withhold an amount equal to 3.33% of the total amount to be remitted each month in order to cover the expense of complying with the law. If a vendor is delinquent, no amount generally is allowed to be retained to cover expenses.

The Executive Director is required to furnish the Town a monthly listing of all returns filed by retailers in the Town. The Town must notify the Executive Director of any retailer omitted from the listing as soon as practicable, but in no event more than 90 days after receiving

such monthly listing, or thereafter be precluded from making any further claims based upon such omission.

The Executive Director distributes the monthly collections directly to the Town. Because of the administrative time lag involved in collecting and recording the remittances of individual vendors, the Town receives monthly distributions approximately two months after the revenues are generated.

The Executive Director must refund or allow a credit to any person entitled to an exemption and must issue a written decision on an application for refund to the applicant. The applicant has the right to petition the Executive Director for a hearing and may appeal a decision by the Executive Director to the district court within thirty days after the Executive Director's written decision on an application for refund is mailed. The burden of proving that sales or services are exempt from the sales tax is on the person making the claim.

Collection of Use Tax. Use Tax is collected from two major sources: (1) purchases of construction materials and (2) purchases of motor vehicles. The Use Tax on motor and other vehicles is collected by an agent of the Colorado State Department of Revenue in Boulder County or Weld County. No registration or titling of vehicles can be issued until the Use Tax is paid. The Town Manager, or such person's designee, oversees the collection, administration and enforcement of the Use Tax on construction and building materials upon the issuance of a building permit.

Enforcement of Use Tax. The Town Manager of the Town performs the collection, administration, and enforcement of the Use Tax on commercial construction and building materials. The Town Manager has delegated authority to the Town's Director of Finance to adopt rules and regulations for enforcing and collecting the Use Tax. For the purposes of enforcing the Use Tax, the Director of Finance may examine books, accounts and records required to be kept by taxpayers, and may issue a subpoena requiring the taxpayer to produce such books, accounts and records if the taxpayer refuses to voluntarily furnish such information.

If the Town asserts that a taxpayer owes any taxes, penalties, or interest, as stated in a notice of final determination, within 20 days of such final determination the taxpayer may request a hearing setting forth the factual and/or legal basis for the taxpayer's belief that the assessment or denial is incorrect. Such hearings must be held within 30 days of the Town's receipt of the taxpayer's request for a hearing, and shall be held in the Town at the Director of Finance's office. A final decision resulting from such hearing must be mailed to the taxpayer within 90 days of the town's receipt of the taxpayer's request for a hearing, or 180 days if the taxpayer caused any delay in the holding of the hearing or the issuance of the hearing. If the taxpayer does not request a hearing within 20 days of receiving a final determination, the final determination constitutes a final assessment of the amount of the tax due. A taxpayer may appeal a final hearing determination notice by filing a notice of appeal within 30 days of the mailing of the final hearing determination notice.

If any taxpayer fails to pay the Use Tax within ten days after it is due, the Director of Finance shall issue a notice setting for the amount of the Use Taxed owed and that the Town claims a first and prior lien on the real and personal property of the taxpayer, except as to preexisting liens of a bona fide mortgagee, pledgee, judgment creditor or purchaser, if such lien existed prior to the filing of the notice by the Director of Finance. The full amount of unpaid taxes

owed on personal property affixed to real property constitutes a first and prior lien having precedence over all other liens, except liens for general taxes created by state law and preexisting liens of a bona fide mortgagee, pledgee, judgment creditor, or purchaser whose rights attached before the notice of tax lien was filed, on the property of the taxpayer other than on the goods, stock in trade, and business fixtures of the taxpayer. If a lien is established on the real property of the taxpayer, the Director of Finance may cause a civil action to be filed against the taxpayer in the district court of the county where the real property is located.

When any deficiency in tax is not paid within 20 days from the mailing of notice of final determination, assessment and demand for payment therefor and no hearing has been requested and no appeal from such deficiency assessment has been docketed with any district court of this state within such period, or when any other amount of tax, penalty, or interest is not paid within 20 days from the mailing of assessment and demand for payment, the Director of Finance may issue a warrant to distrain, seize, and sell the personal property of the taxpayer for the payment of the tax due with penalties and interest accrued. Alternatively, the Director of Finance can treat taxes, penalties, or interest due and unpaid as a debt of the taxpayer owed to the Town.

Penalties. If any taxpayer is found to have violated any provisions of the Sales and Use Tax Ordinance, the taxpayer may be subject to a fine up to \$1,000 or by imprisonment for not more than one year, or both.

Sales and Use Tax Collection Data

Historical Sales and Use Tax Revenue Collection. As described above, the Town generally receives Sales Tax revenues two months after the underlying sale is made. The State also collects the Counties' sales taxes. Because of the administrative time lag involved in collecting and recording the remittances of individual vendors, the Counties receive monthly distributions approximately two months after the revenues are generated and then forwards them to the Town. The Town collects its own Use Tax from construction and building materials and, as a result, there is no delay in the receipt of Use Tax revenues from construction and building materials. The Counties collect the Motor Vehicle Use Tax for themselves and on behalf of the Town and as a result, there is a one-month lag between collection and the Town's receipt of the funds.

The following table sets forth the history of the Town's total Sales and Use Tax collections. Not all of the revenues shown in this table are legally available to pay Base Rentals under the Lease.

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

History of Sales and Use Tax Collections

Year	Sales Tax Collections	Percent Change	Use Tax Collections	Percent Change	Sales and Use Tax Collections	Percent Change
2020	\$14,325,821	--	\$2,809,036	--	\$17,134,857	--
2021	17,397,657	21.4%	5,155,049	83.5%	22,552,706	31.6%
2022	19,983,396	14.9	4,898,980	(5.0)	24,882,376	10.3
2023	21,647,034	8.3	7,185,724	46.7	28,832,758	15.9
2024	24,604,400	13.7	8,128,191	13.1	32,732,591	13.5
2025 (1)	26,898,268	9.3	3,745,553	(53.9)	30,643,821	(6.4)

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

Source: The Town.

The following tables present a comparison between monthly Sales Tax receipts and monthly Use Tax receipts for the twelve-month periods ending December 31, 2025 and 2024. These tables are presented on an accrual basis; accordingly, revenues are accounted for in the month of the underlying sale rather than in the month the revenues are actually received by the Town.

As of December 31, 2025, the Town has experienced a 9.3% increase in Sales Tax revenues and a 53.9% decrease in Use Tax revenues (resulting in an overall 6.4% decrease in combined Sales and Use Tax revenues) as compared to the same twelve-month period for the previous year. See “Finance Director’s Summary of Material Trends” for further information regarding historical levels of Town Sales and Use Tax collections.

Comparison of Monthly Sales Tax Collections(1)

<u>Month</u>	<u>Twelve-Month Period</u> <u>Ending December 31, 2025</u>		<u>Twelve-Month Period</u> <u>Ending December 31, 2024</u>		<u>Percent Change</u>	
	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Cumulative</u>
	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>Cumulative</u>
January	\$1,938,729	\$1,938,729	\$1,944,510	\$1,944,510	(0.3)%	(0.3)%
February	1,953,528	3,892,257	1,630,428	3,574,938	19.8	8.9
March	2,173,542	6,065,799	1,852,086	5,427,024	17.4	11.8
April	2,125,298	8,191,097	1,877,967	7,304,991	13.2	12.1
May	2,287,203	10,478,300	2,077,275	9,382,266	10.1	11.7
June	2,206,050	12,684,350	1,992,676	11,374,942	10.7	11.5
July	2,295,861	14,980,211	1,988,087	13,363,029	15.5	12.1
August	2,236,815	17,217,026	1,994,334	15,357,363	12.2	12.1
September	2,702,877	19,919,903	2,140,727	17,498,090	26.3	13.8
October	2,256,284	22,176,187	2,511,858	20,009,948	(10.2)	10.8
November	1,782,393	23,958,580	2,076,536	22,086,484	(14.2)	8.5
December	2,939,688	26,898,268	2,517,767	24,604,251	16.8	9.3

(1) Table presented on an accrual basis.

Source: The Town (Unaudited).

Comparison of Monthly Use Tax Collections(1)

<u>Month</u>	<u>Twelve-Month Period</u> <u>Ending December 31, 2025</u>		<u>Twelve-Month Period</u> <u>Ending December 31, 2024</u>		<u>Percent Change</u>	
	<u>Current</u> <u>Month</u>	<u>Year</u> <u>To Date</u>	<u>Current</u> <u>Month</u>	<u>Year</u> <u>To Date</u>	<u>Current</u> <u>Month</u>	<u>Cumulative</u>
January	\$1,044,286	\$1,044,286	\$422,194	\$422,194	147.3%	147.3%
February	545,069	1,589,355	634,378	1,056,572	(14.1)	50.4
March	229,754	1,819,109	1,001,483	2,058,055	(77.1)	(11.6)
April	334,535	2,153,644	1,530,547	3,588,602	(78.1)	(40.0)
May	421,126	2,574,770	452,172	4,040,774	(6.9)	(36.3)
June	162,591	2,737,361	424,790	4,465,564	(61.7)	(38.7)
July	138,089	2,875,450	683,163	5,148,727	(79.8)	(44.2)
August	68,695	2,944,145	753,176	5,901,903	(90.9)	(50.1)
September	97,525	3,041,670	423,885	6,325,788	(77.0)	(51.9)
October	366,359	3,408,029	846,392	7,172,180	(56.7)	(52.5)
November	219,612	3,627,641	544,166	7,716,346	(59.6)	(53.0)
December	117,912	3,745,553	411,844	8,128,190	(71.4)	(53.9)

(1) Table presented on an accrual basis.

Source: The Town (Unaudited).

Economic uncertainty stemming from tariffs contributed to a notable slowdown in building activity and a corresponding decline in the Town’s Use Tax. The Town saw early signs of recovery emerging in the last quarter of 2025.

Principal Sales Tax Generators

Because of the confidential nature of the gross sales of the entities remitting Town Sales Taxes, State law prohibits the release of information that would disclose the identities of the vendors. Thus, the table below displays the Town’s ten largest Sales Tax generators by category of business, where individual businesses in the same category are grouped together. In 2025, the Supermarkets and & other grocery retailers category contained three retailers. The Town expects that these categories of vendors will remain as the largest Sales Tax generators in 2026.

Ten Largest Sales Tax Generators by Business Category - 2025

<u>Type of Business</u>	<u>2024 Sales Tax Collected</u>	<u>Percent of Total Sales Tax(1)</u>
Supermarkets & other grocery retailers	\$5,974,860	22.2%
Online Retailers	4,226,192	15.7
Home Centers	1,216,197	4.5
Limited-Service Restaurants	918,272	3.4
Full-Service Restaurants	734,895	2.7
Beer, Wine, and Liquor Retailers	390,217	1.5
Clothing & Clothing Accessories Retailers	328,504	1.2
Furniture Retailers	325,046	1.2
Electronics and Appliance Retailers	324,020	1.2
All Other Misc. Retailers	309,161	1.1
	\$14,747,364	54.8%

(1) Based upon total Sales Tax collections of \$26,898,268 in 2025 (unaudited).

Source: The Town.

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

The Town’s revenues by source have seen significant changes over the past few years. In 2023, sales and use tax revenue increased by 16% to \$28,832,758, followed by a larger increase of 14% in 2024 to \$32,732,591. Several new business openings have significantly contributed to the increases to the sales tax over the last several years. This growth is expected to level off slightly over the next few years, as the 2026 budget is projected to be more modest growth of 5% for sales and use tax. Retail and grocery sales are the most significant contributor of sales tax to the Town, making up approximately 23% of the Town’s sales and use tax. Future projects, including the project anticipated as a result of the mine mitigation at Town Center, are projected to be significant contributors to sales tax for the Town in future years.

Other notable sub-categories of sales and use tax for the Town include internet sales and food and beverage. Internet sales have remained steady year over year, at an average of 10% growth since 2020. Food and beverage has seen some shrinking as the economy has contracted, making up about 3% of the overall sales tax for the Town, but maintaining a relatively stable component of sales tax.

Existing Sales and Use Tax Agreements

Dillon Companies Agreement. The Town has entered into an agreement with Dillon Companies Inc (“Dillon”) that provides for reimbursement by the Town to Dillon of up to \$1.5 million for certain public improvements to be constructed by Dillon. Reimbursements by the Town are limited to the amount of Sales and Use Tax received in the prior year on certain commercial parcels. Such reimbursements shall cease after the 10th year of such payments regardless of the total amount reimbursed to Dillon. During 2024, the Town paid Dillon \$0 pursuant to this agreement. Cumulative reimbursements since inception in 2015 pursuant to this agreement were \$674,835 as of December 31, 2024.

Town of Erie Urban Renewal Authority

General. In October 2011, the Board formed the Town of Erie Urban Renewal Authority (“TOEURA”). The Board acts as the governing body of TOEURA. The urban renewal plans provide the parameters for redevelopment activity within a specific urban renewal area, including the provision of financial assistance and public improvements in cooperation with property owners and other affected parties in order to accomplish its objectives. The Plan contemplates that a separate property tax increment area and/or sales tax increment area (each a “TIF Area”) will be created within an Area as development occurs. TOEURA is specifically authorized to expend property tax increment and sales tax increment (amounts in excess of the base amounts established for each TIF Area) for a period of 25 years as authorized by law.

In February 2013, the TOEURA board and the Board approved an urban renewal plan (the “Airport Plan”) for the Airport Urban Renewal Area (the “Airport Area”), which encompasses approximately 460 acres of land in the Town, including 144 legal parcels and adjacent rights of way. The Airport Area is the first TIF Area (“TIF Area No. 1”) to be formed. The property tax base amount in TIF Area No. 1 is \$5,724,661, and the sales tax base amount in TIF Area No. 1 is \$0. The TOEURA has entered into several revenue-sharing agreements with overlapping entities pursuant to which it agrees to share TIF revenues, less administrative fees, pursuant to specified formulas.

In September 2013, the TOEURA board and Board approved an urban renewal plan (the “Area 4 Plan”) for the area generally known today as Colliers Hill encompassing approximately 138 acres north of Erie Parkway and west of County Road 5. Area 4 is the second urban renewal area to be formed in Erie. The property tax base amount in Area 4 is \$1,292,860, and the sales tax base amount in TIF Area No. 4 is \$0. The TOEURA has entered into several revenue-sharing agreements with overlapping entities pursuant to which it agrees to share TIF revenues, less administrative fees, pursuant to specified formulas.

A third urban renewal plan area, Historic Old Town Erie Area (“HOTerie Area”) was approved by TOEURA and the Board in November 2013. The HOTerie Area includes approximately 319 acres and 570 legal parcels and adjacent rights of way. The property tax base amount for HOTerie is \$10,232,950, and the sales tax base amount is approximately \$76,000. The TOEURA did not enter into any revenue-sharing agreements for the HOTerie Area.

A fourth urban renewal plan area, Four Corners (“Four Corners Area”) was approved by TOEURA and the Board in September 2015. The Four Corners Area includes approximately 46 acres and 1 legal parcel and adjacent rights of way. The property tax base amount for Four Corners is \$1,555, and the sales tax base amount is approximately \$0. The TOEURA has entered into several revenue-sharing agreements with overlapping entities pursuant to which it agrees to share TIF revenues, less administrative fees, pursuant to specified formulas.

A fifth urban renewal plan area, Highway 287 (“Highway 287 Area”) was approved by TOEURA and the Board in September 2015. The Highway 287 Area includes approximately 50.3 acres and 3 legal parcels and adjacent rights of way. The property tax base amount for Highway 287 is \$0, and the sales tax base amount is approximately \$0. The TOEURA did not enter into any revenue-sharing agreements for the Highway 287 Area.

A sixth urban renewal plan area, Erie Gateway Phase 1 (“Erie Gateway Phase 1 Area”) was approved by TOEURA and the Board in August 2024. The Erie Gateway Phase 1 Area includes approximately 1,100 acres and 536 legal parcels and adjacent rights of way. The property tax base amount for Erie Gateway Phase 1 is \$7,617,377, and the sales tax base amount is approximately \$0. The TOEURA has entered into several revenue-sharing agreements with overlapping entities pursuant to which it agrees to share TIF revenues, less administrative fees, pursuant to specified formulas.

A seventh urban renewal plan area, Erie Town Center (“Erie Town Center Area”) was approved by TOEURA and the Board in July 2025. The Erie Town Center Area includes approximately 20.3 acres and 1 legal parcel and adjacent rights of way. The property tax base amount for Erie Town Center is \$0, and the sales tax base amount is approximately \$0. The TOEURA has entered into several revenue-sharing agreements with overlapping entities pursuant to which it agrees to share TIF revenues, less administrative fees, pursuant to specified formulas.

Town Loans to TOEURA. The Town has advanced \$1.2 million to TOEURA to fund operations and the acquisition of certain properties in planned urban renewal areas. The noncurrent portion of the advance is recorded in the General Fund as nonspendable fund balance. TOEURA is required to repay the advance as urban renewal projects are identified and tax increment bond financing related to the projects is obtained by TOEURA.

See Note 4.E to the audited financial statements attached hereto as Appendix A for more information on the Town’s annexation and developer agreements.

Ad Valorem Property Tax Data

A five-year history of the Town’s certified assessed valuations and mill levies is set forth in the following table.

History of Assessed Valuations and Mill Levies for the Town

Levy/ Collection Year	Assessed Valuation		Mill Levy			
	Total Assessed Valuation ⁽¹⁾	Percent Change	General Fund	Debt Service	Capital Fund	Total
2021/2022	\$522,771,956	--	7.288	2.849	4.000	14.137
2022/2023	568,296,989	8.7%	7.288	2.621	4.000	13.909
2023/2024	712,168,614	25.3	7.288	2.093	4.000	13.381
2024/2025	710,607,462	(0.2)	7.288	2.094	4.000	13.382
2025/2026	765,939,903	7.8	7.288	1.949	4.000	13.237

(1) Does not include the assessed valuation attributable to a tax increment financing district in the following amounts for the respective levy years: \$32,409,108 in 2021; \$36,076,763 in 2022; \$55,869,755 in 2023; \$59,469,250 in 2024; and \$67,199,615 in 2025.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2021-2024; and Assessors’ Offices of Boulder and Weld Counties.

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

Property Tax Collections for the Town

Levy/ Collection Year	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
2020/2021	\$7,281,638	\$7,263,796	99.75%
2021/2022	7,390,428	7,352,647	99.49
2022/2023	7,904,444	7,874,222	99.62
2023/2024	9,529,529	9,725,907	102.06
2024/2025	9,509,348	9,477,507	99.67

(1) Levied amounts do not reflect abatements or other adjustments. Levied amounts do not include revenue attributable to a tax increment financing district in the following amounts for the respective levy years: \$338,946 in 2020; \$458,167 in 2021; \$501,791 in 2022; \$747,592 in 2023; and \$795,819 in 2024.

(2) The County Treasurer’s collection fee has not been deducted from these amounts. Figures do not include interest, fees or penalties.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2020-2024; and Treasurers’ Offices of Boulder and Weld Counties.

The following table sets forth the assessed valuation of specific classes of real and personal property within the Town based upon the Town’s 2025 certified assessed valuation. As shown below, residential property accounts for the largest percentage of the Town’s assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the Town.

2025 Certified Assessed Valuation of Classes of Property in the Town

Class	Assessed Valuation Boulder County ⁽¹⁾	Assessed Valuation Weld County ⁽¹⁾	Total Assessed Valuation ⁽¹⁾⁽²⁾	Percent of Total Assessed Valuation
Residential	\$280,070,894	\$353,681,700	\$633,752,594	76.07%
Commercial	24,730,197	86,642,590	111,372,787	13.37
Vacant	21,818,634	15,997,890	37,816,524	4.54
Oil and Gas	444,912	27,680,970	28,125,882	3.37
State Assessed	7,014,535	8,594,390	15,608,925	1.87
Industrial	2,775,794	3,133,520	5,909,314	0.71
Agricultural	72,129	320,790	392,919	0.05
Minerals	-0-	158,170	158,170	0.02
Natural Resources	2,403	-0-	2,403	0.00
TOTAL	\$336,929,498	\$496,210,020	\$833,139,518	100.00%

(1) Due to the inclusion of \$67,199,615 of assessed valuation attributable to a tax increment financing district located within the Town, the total assessed valuation in this table differs from the assessed valuation figure set forth elsewhere in this Official Statement.

Sources: Assessors’ Offices of Boulder and Weld Counties.

Based upon the most recent information available from Boulder and Weld Counties, the following table sets forth the ten largest taxpayers within the Town. No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that these taxpayers will continue to maintain their status as major taxpayers in the Town.

Largest Property Taxpayers in the Town for 2025

Taxpayer Name	2025 Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
Crestone Peak Resources LLC	\$20,873,220	2.73%
EQR-Nine Mile LLC	13,111,422	1.71
Dillon Companies ⁽²⁾	12,319,528	1.61
KB Home Colorado Inc.	11,814,565	1.54
Public Service Co. of Colorado - Xcel	10,734,354	1.40
Richmond American Homes of Colorado Inc.	8,192,281	1.07
Toll Southwest LLC	7,074,454	0.92
Century Land Holdings LLC	7,067,473	0.92
Lowes Home Centers LLC	6,410,070	0.84
CL Nine Mile Corner Co. LLC	<u>5,716,474</u>	<u>0.75</u>
Total	<u>\$103,313,841</u>	<u>13.49%</u>

(1) Based on a 2025 certified assessed valuation of \$765,939,903.

(2) Dillon Companies includes Dillon Companies Inc. and Dillon Companies LLC.

Sources: Assessors' Offices of Boulder and Weld Counties.

Mill Levies Affecting Property Owners Within the Town

In addition to the Town's ad valorem property tax levy, owners of property within the Town are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the Town's boundaries may be subject to different mill levies depending upon the location of their property. Numerous metropolitan districts (which are special financing districts organized under State law) overlap the Town. The mill levies imposed by such districts range from 0.000 mills to 87.680 mills.

The following table sets forth sample mill levies representing the lowest and the highest mill levies imposed within the Boulder County portion of the Town and the Weld County portion of the Town. These mill levies are imposed on certain properties within the Town and are not intended to portray the mills levied against all properties within the Town.

Sample Mill Levies Affecting Town Property Owners - 2025

<u>Taxing Entity</u> ⁽¹⁾	Lowest Levy	Highest Levy	Lowest Levy	Highest Levy
	<u>Boulder</u> ⁽²⁾	<u>Boulder</u> ⁽²⁾	<u>Weld</u> ⁽²⁾	<u>Weld</u> ⁽²⁾
Erie Highlands Metropolitan District No. 2	--	--	--	87.680
Erie Highlands Metropolitan District No. 4	--	--	--	75.185
Parkdale Metropolitan District No. 1	--	73.546	--	--
St Vrain Valley School District RE-1J	--	--	57.717	57.717
Erie Highlands Metropolitan District No. 1	--	--	--	49.276
Boulder Valley School District No. Re-2	48.044	48.044	--	--
Boulder County	24.046	24.046	--	--
Erie Highlands Metropolitan District No. 5	--	--	--	21.481
Mountain View Fire Protection District	--	16.342	--	16.342
Weld County	--	--	15.956	15.956
Frederick-Firestone Fire Protection District	--	--	15.559	--
Erie Highlands Metropolitan District No. 3	--	--	--	5.305
High Plains Library District	--	--	<u>3.044</u>	3.044
Lafayette Rural Fire Protection District	2.540	2.540	--	--
Northern Colorado Water Conservancy District	--	1.000	--	<u>1.000</u>
Urban Drainage and Flood Control District	<u>0.900</u>	<u>0.900</u>	--	--
Total Overlapping Sample Mill Levy	75.530	166.418	92.276	332.986
The Town	13.237	13.237	13.237	13.237
Total Sample Mill Levy	<u>88.767</u>	<u>179.655</u>	<u>105.513</u>	<u>346.223</u>

(1) Several other entities, including the Regional Transportation District, also overlap the Town, but do not assess a mill levy.

(2) One mill equals 1/10 of one percent. Mill levies certified in 2025 result in the collection of property taxes in 2026.

Sources: Assessors' Offices of Boulder and Weld Counties.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the Town, other taxing entities overlap or partially overlap the boundaries of the Town. The following table sets forth those taxing entities that currently pay their general obligation debt directly from a mill levy assessed against property within the Town's boundaries. The table reflects the outstanding general obligation debt of the taxing entities as of November 30, 2025.

Estimated Overlapping General Obligation Debt

Entity ⁽¹⁾	2024 Assessed Valuation ⁽²⁾	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the Town ⁽³⁾	
			Percent	Debt
Boulder Valley School District No. Re-2	\$9,594,871,164	\$849,610,000	1.84%	\$15,632,824
Brennan Metropolitan District ⁽⁴⁾	5,232,310	2,805,000	100.00	2,805,000
Colliers Hill Metropolitan District No. 1 ⁽⁴⁾	2,755,336	25,170,000	100.00	25,170,000
Colliers Hill Metropolitan District No. 2 ⁽⁴⁾	42,729,250	35,302,000	100.00	35,302,000
Colliers Hill Metropolitan District No. 3 ⁽⁴⁾	4,626,900	28,763,000	100.00	28,763,000
Erie Commons Metro. Dists. Nos. 2 & 3 ⁽⁴⁾⁽⁵⁾	39,440,932	31,440,000	100.00	31,440,000
Erie Farm Metropolitan District ⁽⁴⁾	25,380,190	12,545,000	100.00	12,545,000
Erie Highlands Metropolitan Dist. No. 1 ⁽⁴⁾	16,300,520	8,030,000	100.00	8,030,000
Erie Highlands Metropolitan Dist. No. 2 ⁽⁴⁾	13,130,000	16,984,000	100.00	16,984,000
Flatiron Meadows Metropolitan District ⁽⁴⁾	48,905,661	20,375,000	100.00	20,375,000
Four Corners Business Improvement Dist. and Four Corners Metropolitan Dist. ⁽⁴⁾⁽⁵⁾	47,266	21,630,00	100.00	21,630,00
Frederick-Firestone Fire Protection Dist.	854,816,893	8,335,000	0.03	2,501
Jay Grove Metropolitan District ⁽⁴⁾	6,367,099	8,470,000	100.00	8,470,000
Lafferty Canyon Metropolitan District ⁽⁴⁾	1,331,325	13,555,000	100.00	13,555,000
Lost Creek Farms Metropolitan District ⁽⁴⁾	3,201,287	1,717,000	100.00	1,717,000
Morgan Hill Metro. Dist. Nos. 1 to 3 ⁽⁴⁾⁽⁵⁾	32,296,680	28,323,468	73.94	20,942,372
Northern Colo. Water Conservancy Dist. ⁽⁶⁾	32,850,659,296	1,761,985	2.21	38,940
Parkdale Metropolitan District No. 1 ⁽⁷⁾	18,562,073	61,083,000	100.00	61,083,000
Parkdale Metropolitan District No. 2 ⁽⁷⁾	93,451	42,910,000	96.69	41,489,679
Rex Ranch Metropolitan District ⁽⁴⁾	7,634,890	4,212,500	100.00	4,212,500
Spring Hill Metro. Districts Nos. 1 to 3 ⁽⁴⁾⁽⁵⁾	62,240	3,130,001	100.00	3,130,001
St. Vrain Valley School District RE-1J	5,345,916,608	550,735,000	9.99	55,018,427
Summerfield Metropolitan District No. 2 ⁽⁴⁾	34,631,340	90,000,000	3.06	2,754,000
Sunset Parks Metropolitan District ⁽⁴⁾	1,559,590	14,628,000	100.00	14,628,000
Vista Ridge Metropolitan District	118,053,680	30,385,000	98.58	29,953,533
Westerly Metro. Districts Nos. 1 to 4 ⁽⁴⁾⁽⁵⁾	6,246,640	46,551,000	99.69	<u>46,406,692</u>
TOTAL				<u>\$500,448,469</u>

- (1) The following entities also overlap the District but have no reported general obligation debt outstanding: 232 Metropolitan District; Boulder County; Boulder Valley Conservation District; Erie Commons Metropolitan District No. 1; Erie Gateway Phase 1 Urban Renewal Authority; Erie Highlands Metropolitan Districts Nos. 3 to 5; Erie Historical Urban Renewal Authority; Erie Urban Renewal Authority; Four Corners Urban Renewal Authority; High Plains Library District; Highway 287 Urban Renewal Authority; Lafayette Rural Fire Protection District; Left Hand Water District; Longmont Conservation District; Mountain View Fire Protection District; Nine Mile Metropolitan District; North Station Metropolitan Districts Nos. 1 to 3; North Westerly Metropolitan Districts Nos. 1 to 4; Parkdale Metropolitan District No. 3; Redtail Ranch Metropolitan District; Regional Transportation District; Spring Hill Metropolitan District No. 4; St. Vrain Sanitation District; Summerfield Metropolitan Districts Nos. 1 and 3; Urban Drainage and Flood Control District; and Weld County.
- (2) Assessed values certified in 2024 are for collection of ad valorem property taxes in 2025.
- (3) The percentage of each entity's outstanding debt chargeable to the Town is calculated by comparing the assessed valuation of the portion overlapping the Town to the total assessed valuation of the overlapping entity. To the extent the Town assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the Town are responsible will also change. *Footnotes continued on following page.*

- (4) This district’s debt consists of limited tax general obligation bonds or special revenue bonds or loans secured by a required mill levy, specific ownership taxes, and other moneys legally available for debt service.
- (5) The district that issued the debt receives property tax revenues from additional districts. The assessed valuation figure in the table includes the issuer and all districts that transfer property tax revenue towards repayment of the general obligation debt.
- (6) The Northern Colorado Water Conservancy District (“NCWCD”) lies in eight counties. NCWCD’s general obligation debt consists of a perpetual contract payable with the United States Bureau of Reclamation for the Horsetooth Dam Rehabilitation project.
- (7) The Parkdale Community Authority issued limited tax supported revenue bonds secured, in part, by property tax revenues and specific ownership tax revenues derived from the imposition of the required mill levies of Parkdale Metropolitan District No. 1 and Parkdale Metropolitan District No. 2.

Sources: Assessors’ Offices of Boulder, Gilpin, Larimer, Logan, Morgan, Sedgwick, Washington and Weld Counties; Assessor’s Office of the City and County of Broomfield; and individual taxing entities.

Budget Summaries and Comparisons

Set forth in the following table is a comparison of the Town’s General Fund budgets for fiscal years 2024 and 2025, as compared to actual (unaudited) results for the 9-month periods ending September 30, 2024 and 2025.

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

Budget Summary and Comparison - General Fund

	2024 Final <u>Budget</u>	Actual through <u>12/31/24</u>	2025 Adopted <u>Budget</u>	Actual through <u>12/31/25 (1)</u>	2026 Adopted <u>Budget</u>
Revenues					
Taxes (2)	\$35,915,000	\$40,051,897	\$38,925,806	\$37,941,809	\$40,156,606
Intergovernmental	1,523,350	2,343,458	1,575,350	1,767,823	1,610,450
Licenses and Permits	2,999,000	5,166,712	3,237,250	2,820,202	3,229,368
Fees and Charges for Services	11,112,070	11,520,545	11,789,215	12,404,370	12,537,630
Fines and Forfeitures	100,000	155,566	165,000	181,333	160,000
Investment Earnings	525,000	2,668,775	875,000	1,254,515	2,337,500
Miscellaneous	<u>985,387</u>	<u>1,592,788</u>	<u>884,000</u>	<u>1,366,063</u>	<u>1,091,500</u>
Total revenues	<u>53,159,807</u>	<u>63,499,741</u>	<u>57,451,621</u>	<u>57,736,115</u>	<u>61,123,054</u>
Expenditures					
Current Operating:					
General Government:					
Legislative	468,941	536,761	361,675	299,606	332,883
Town Administration	10,443,073	9,348,191	11,451,579	9,678,437	11,536,778
Community Development	6,837,032	3,383,948	4,294,805	3,713,617	4,458,788
Finance	2,359,286	2,161,760	3,600,141	2,914,841	2,954,956
Central Charges	866,904	997,733	4,167,414	1,183,927	2,556,473
Public Safety	9,644,270	9,791,329	10,915,665	10,664,188	12,352,825
Public Works	11,550,951	11,779,404	12,599,979	10,198,638	11,038,107
Parks and Recreation	12,900,883	11,820,243	13,946,705	13,038,653	14,381,675
Capital Outlay	23,267,746	8,265,968	--	12,200	--
Debt Service					
Principal	1,155,000	1,509,658	1,200,000	1,225,151	1,240,000
Interest	<u>335,013</u>	<u>652,809</u>	<u>290,163</u>	<u>294,850</u>	<u>252,813</u>
Total Expenditures	<u>79,829,099</u>	<u>59,947,804</u>	<u>62,828,126</u>	<u>53,224,108</u>	<u>61,105,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,669,292)</u>	<u>3,551,937</u>	<u>(5,376,505)</u>	<u>4,512,007</u>	<u>17,756</u>
Other Financing Sources (Uses)					
Transfers In	3,873,663	--	9,000,576	33,411	1,183,076
Transfers Out	(1,845,446)	(27,240,000)	(15,644,092)	--	(14,439,915)
SBITAs	--	638,305	--	--	--
Debt Proceeds	--	--	--	--	7,000,000
Leases	--	85,228	--	--	--
Sale of Capital Assets	--	96,889	--	832,038	--
Insurance Recoveries	<u>--</u>	<u>63,717</u>	<u>--</u>	<u>761,644</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>2,028,217</u>	<u>(26,355,861)</u>	<u>(6,643,516)</u>	<u>1,627,093</u>	<u>(6,256,839)</u>
Net change in Fund Balance (3)	<u>\$(24,641,075)</u>	<u>\$(22,803,924)</u>	<u>\$(18,520,021)</u>	<u>\$6,139,100</u>	<u>\$(6,239,083)</u>

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

(2) Includes a portion of the Town's Sales Tax and Use Tax as well as property taxes and specific ownership taxes, but excludes remissions from URA areas.

(3) Prior to 2026, proceeds from debt were not included in the budget based on the potential issuance in the upcoming budgeted year. As such, the budget reflected negative fund balance in the general fund. The Town consulted with the Government Finance Officers Association during the 2026 budget cycle and changed the budget process to include debt proceeds expected to be received in the budget year.

Source: The Town.

History of Revenues, Expenditures and Changes in Fund Balances

General. The accounts of the Town are organized and operated on a fund basis. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental fund utilized for the administration and operation of the Town is the General Fund.

The following table provides a comparative statement of revenues, expenditures and changes in fund balance for the Town's General Fund for fiscal years 2020 through 2024. The information has been obtained from the audited basic financial information presented in the Town's Annual Comprehensive Financial Reports for 2020 through 2024. The information in this table is presented in accordance with GAAP.

This information should be read together with the Town's fiscal year 2024 audited basic financial statements (and accompanying notes) appearing in Appendix A. Financial statements for prior years may be obtained from the sources noted in "INTRODUCTION--Additional Information."

Reserve Policies. The Town's operating reserve policy requires the Town to maintain a fund balance in the General Fund of 25% of the current year's budgeted operating expenditures, with amounts over that percentage transferred to the Capital Improvement Fund and expended for one-time capital expenditures unless otherwise authorized by the Town Council. In the Town's General Fund budget for fiscal year 2026, the Town included a line item for anticipated Base Rentals due under the Lease so that Base Rentals due in 2026 are accounted for prior to the transfer to the Capital Improvement Fund. The Town also maintains a 12% Emergency Reserve that may be appropriated only for emergencies declared by the Town Council. A 10% Stabilization Reserve is also maintained. This reserve may be appropriated by the Town Council during times of reduced revenue due to economic conditions to allow the Town to continue providing General Fund services throughout an economic downturn. Appropriations from the Stabilization Reserve shall be contingent on a plan specifying the expected duration of the economic conditions requiring use of the reserve and specific actions and a timeline for replenishing the reserve.

The Town maintains its required TABOR reserve in the General Fund.

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

	Year Ended December 31,				
	2020	2021	2022	2023	2024
Revenues					
Taxes	\$24,080,039	\$29,133,082	\$31,349,334	\$36,017,753	\$40,051,897
Intergovernmental	2,566,167	2,202,934	2,514,356	2,007,689	2,343,458
Licenses and Permits	2,674,326	4,211,015	3,618,380	3,752,246	5,166,712
Fees and Charges for Services	3,250,445	4,419,377	9,188,962	10,486,352	11,520,545
Fines and Forfeitures	251,347	240,420	176,163	141,988	155,566
Capital Contributions and Fees	167,862	--	--	275,969	--
Investment Earnings (Losses)	366,320	(18,392)	304,256	2,467,527	2,668,775
Miscellaneous	900,619	1,039,749	1,140,303	1,298,259	1,592,788
Total Revenues	34,257,125	41,228,185	48,291,754	56,447,783	63,499,741
Expenditures					
Current Operating					
General Government	7,260,736	7,194,997	11,297,718	14,293,383	16,428,393
Public Safety	5,599,006	6,508,152	8,021,645	9,152,782	9,791,329
Public Works	3,362,722	4,258,974	7,154,892	8,273,082	11,779,404
Parks and Recreation	6,068,075	7,058,168	8,859,126	10,311,056	11,820,243
Capital Outlay	2,961,895	4,951,753	10,883,991	12,779,835	8,265,968
Debt Service					
Principal	1,000,000	1,025,000	1,090,442	1,243,646	1,509,658
Interest	494,563	463,705	427,863	385,883	352,809
Total expenditures	26,746,997	31,460,749	47,735,677	56,439,667	59,947,804
Excess (deficiency) of revenues over (under) expenditures	7,510,128	9,767,436	556,077	8,116	3,551,937
Other Financing Sources (Uses)					
Transfers In	--	465,490	462,919	1,475,123	--
Transfers Out (1)	--	(333,360)	(700,000)	(1,290,000)	(27,240,000)
SBITAs	--	--	--	332,028	638,305
Leases	--	--	88,811	--	85,228
Sales of Capital Assets	72,489	59,793	516,903	120,843	96,889
Insurance Recoveries	20,895	12,918	117,587	3,597,113	63,717
Total other financing sources (uses)	93,384	204,841	486,220	4,235,107	(26,355,861)
Net change in fund balances	7,603,512	9,972,277	1,042,297	4,243,223	(22,803,924)
Fund balances-January 1	30,136,806	37,740,318	47,712,595	48,754,892	52,998,115
Fund balances-December 31	\$37,740,318	\$47,712,595	\$48,754,892	\$52,998,115	\$30,194,191

(1) A \$27,000,000 transfer from the General Fund to the Capital Improvements Fund in 2024 was to fund capital improvements in a separate fund. Funds transferred to the Capital Improvements Fund are not restricted and could be used to pay Base Rentals if appropriated by Council.

Source: Derived from the Town's ACFRs for the years ended December 31, 2020-2024.

THE TOWN

General

The Town is a municipal corporation and a political subdivision of the State incorporated in 1874. The Town became a home rule municipality pursuant to Article XX of the Colorado constitution on November 7, 2023, upon the adoption of its home rule charter (the “Charter”). The Town is primarily a developing residential community located approximately 25 miles north of Denver in the north-central part of the State. The Town encompasses approximately 21 square miles. As of December 2025, the Planning Community Development Department estimated the Town’s population was 40,183.

In the 2024 Update to the Comprehensive Plan (described below), the Town estimated that its population would grow to approximately 73,000-80,000 residents by 2050-2055. According to the Town, it currently has approximately 13,000 households with an average median household income of \$163,644.

The Town’s Update to the Comprehensive Plan recognized a “sphere of influence” or planning area of approximately 48 square miles. However, the Town has entered into various intergovernmental agreements with surrounding communities and counties. Those agreements may have the effect of limiting the areas that may be annexed into the Town in the future.

Town Council

The Town operates under a Council-Manager form of government. The Council is comprised of seven members consisting of the Mayor, elected at large, and two council members from each of the three voter districts. The Mayor and council are elected at regular elections in November of even-number years, for staggered four-year terms. Council meetings are held the first and third Tuesday of every month; with special meetings held as needed in accordance with the provisions of the Municipal Code.

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

<u>Name and Position</u>	<u>Council District</u>	<u>Principal Occupation</u>	<u>Year Elected/ Appointed</u>	<u>Term Expires (November)</u>
Andrew J. Moore, Mayor	At large	Technology Director	2024	2028
Brandon Bell, Mayor Pro Tem	2	Software Engineer	2024	2026
Anil Pesaramelli, Council Member	1	Engineer	2024	2028
John Mortellaro, Council Member	1	Engineer	2024	2026
Dan Hoback, Council Member	2	Accountant	2024	2028
Emily Baer, Council Member	3	Stay at Home Parent	2024	2028
Brian O’Connor, Council Member	3	Small Business Owner	2024	2026

The Colorado constitution and the Charter limit the consecutive terms each member of the Council may hold. Council Members are limited to serving two consecutive four-year terms. Town voters may vote to eliminate, extend or change the term limits imposed by the Colorado constitution. The Town’s voters have not approved a change in the constitutional term limits.

Administration

The Town operates under the Town Council/Town Manager form of government. The Town Manger is appointed by the Council and serves at the Council's pleasure. The Town Council serves as the legislative and governing body of the Town and the Town Manager administers the day-to-day operations of the Town. The Director of Finance and the Director of Public Works are hired by the Town Manager. The Town Attorney is appointed by the Town Council. Brief job descriptions and biographies of the Town Administration involved in the issuance of the Bonds follow.

Town Manager. The Town Manager is the chief operating and administrative officer of the Town and is responsible for providing professional leadership in the administration and execution of policies and objectives formulated by the Council. The Town Manager oversees all Town department and functions. The principal departments of the Town presently consist of the finance department, human resources department, economic development, environmental services, information technology, administrative services, the police department, planning and community development (planning), public works, utilities, communications and the parks and recreation department.

On February 17, 2026, the Town Council removed the prior Town Manager. Meredyth Muth was later appointed as the Acting Town Manager. The Town is evaluating the timing and process to hire a permanent Town Manager.

Meredyth Muth has served as the Town's Director of Administrative Services and Operations since March 2025. Ms. Muth came to Erie with over 25 years' experience at the City of Louisville, Colorado in a variety of progressively responsible positions including City Clerk and Interim Deputy City Manager. She brings with her skills in public administration and management, policy implementation, government transparency, elections, and communications. A native of Colorado, she holds an MA from the University of Hawaii and a bachelor's degree from Bates College.

Finance Director. The Finance Director is responsible for preparing and administering the annual budget and preparing complete reports on the financial activities for the Town. The Finance Director keeps the Council advised of the financial condition and future needs of the Town. The Finance Director also is responsible for the accounting, grants management, and utility billing for the Town.

Sara Hancock was selected as the Town's Finance Director in November 2023. Prior to joining the Town, Ms. Hancock worked as a Principal Budget Analyst for the Finance Department, and as the Performance and Strategy Analysis for different cities. Ms. Hancock holds over a decade of experience in budget and performance management, serving in both budgetary database and analyst positions.

Ms. Hancock attended the University of North Carolina at Greensboro, earning both a Bachelor's in Media Studies and later, a Master's of Public Administration, focused on municipal budgeting and economic development. She is also a Certified Budget and Management Officer, obtained through the University of North Carolina at Chapel Hill.

Employees; Benefits and Pension Matters

Employees. The Town currently budgets for and employs approximately 351 full-time equivalent positions which includes approximately 78 part-time personnel. No employees of the Town are members of any labor union or association. In the opinion of the Director of Finance, the state of employee relations is overwhelming positive.

Benefits. The Town's full-time employees working 30 hours or more per week are eligible for benefits. Benefits include health, dental and vision insurance for which the Town pays a part of the premiums for the employee, life insurance, accidental death and dismemberment insurance, short-term and long-term disability insurance, paid time off and other fringe benefits.

Pension Matters. The Town sponsors a 457(b)/401(a) defined contribution plan for its employees. The Town matches contributions to the 457 plan up to 5% into the 401(a) plan for benefited employees (excluding sworn police officers). Employee and Town contributed funds are 100% vested upon deposit into the plan. The Town contributed \$499,735 to this plan in 2024. The Town budgeted contributions of \$1,248,777 in 2025. More information about the Town's 457 plan can be found in Note 3.F. to the audited financial statements attached hereto as Appendix A.

In addition, all of the Town's sworn police officers are members of the State Fire and Police Pension Plan ("FPPA"). More information on the FPPA can be found in Note 3.F. to the audited financial statements attached hereto as Appendix A. The Town contributed \$492,297 to FPPA in 2024 and has budgeted contributions of \$487,325 for 2025.

The Town does not offer any post-retirement benefits ("OPEB") to its retirees other than access to insurance pursuant to COBRA. Accordingly, it does not have material unfunded actuarial liability for OPEB and does not expect to have any in the future.

Risk Management

Insurance. The Town is exposed to various risk of loss including damage to and loss of property and contents, general and automobile liabilities, professional liability (i.e., errors and omissions), and worker's compensation. The Town carries commercial insurance for the risks of loss, including workers' compensation and property/casualty loss insurance. The Town's current policies expire on January 1, 2026. See Note 4.A in the audited financial statements attached hereto as Appendix A.

Cybersecurity. The Town carries cyber insurance coverage and has not been the subject of any successful cyberattack that impacted or affected operations or financial recording/reporting functions. The Town has cyber training programs and mitigation/prevention plans for cyberattacks. The Town remains vigilant and proactive in strengthening its cybersecurity posture. As part of its ongoing efforts, the Town recently upgraded to CrowdStrike Falcon One, RMM and SIEM system to help its posture. This step reflects the Town's continued commitment to evolving its security measures and minimizing risk. No assurances can be given that these security measures will successfully prevent all cyberattacks.

Intergovernmental and Other Agreements

As discussed in this Official Statement, the Town has entered into various intergovernmental agreements providing for joint planning efforts with the communities and counties surrounding the Town, including the operation of a library in the Town, orderly development procedures and establishing mutually agreeable annexation boundaries. The Town also is a party to numerous agreements that impose obligations upon the Town. Except as discussed elsewhere in this Official Statement, none of those agreements have a material impact on the transactions contemplated by the Ordinance.

Comprehensive Plan

The Town adopted a Comprehensive Plan for the Town's planning area in 1996 and updated it in 1999, 2005, 2015 and 2024. The Comprehensive Plan serves as a guide to the Town's land use decisions. The Comprehensive Plan's guiding principles include the following three core values: sustainability (the Town is resilient and adaptable), livability (the Town is tailored to the community's needs) and connectivity (the Town is connected physically and socially). According to the Town's Community Development department, the Town's planning boundaries encompass approximately 48 square miles extending from State Highway 7 on the south to north of Highway 52, and from U.S. Highway 287 on the west to I-25 on the east. Of those 48 square miles, approximately 20 square miles have been incorporated into the Town. According to the Comprehensive Plan, over 75% of the Town's incorporated area has been entitled for future development as part of approved development agreements. According to the Town Planning Division, an additional 5,000 dwelling are expected to be developed in the near future.

Capital Improvement Plan

General. Pursuant to its established financial policies, the Town has developed a five-year plan for capital improvements (the "CIP") and updates it annually in conjunction with adoption of the budget. The CIP is a planning document that schedules needed infrastructure projects and identifies sources of paying for them. Although the CIP is revised annually, as circumstances change and new needs arise, priorities may change.

The Town continues to provide necessary services to its residents. In 2025 the Town is completing construction of the renovation and expansion of Town Hall. The project was funded through cash funds on hand. Additionally, in 2025, the Town completed the replacement of the bridge on Weld County Road 3, as well as the conversion of the old wastewater treatment lagoons into a stormwater quality treatment pond and wetland experience. In 2024, the Town also completed construction of a pipe extension of South Boulder Canyon and upgraded and relocated the Automated Weather Observing System at the airport.

The Town is pursuing land acquisition for the consideration of the Zone 2 storage tank and Zone 3 water tank, and is also currently designing a new 6.6 MGD water treatment facility. In addition, the Town is a participant in both the Windy Gap Project and the Northern Infrastructure Supply Project, part of its efforts to ensure adequate water supplies as the Town grows.

2024-2029 CIP. The Town's current CIP contemplates approximately \$124.5 million in capital expenditures in 2025. The Town has budgeted to spend approximately \$26.8

million on water treatment, open space, affordable housing and street improvements, approximately \$1.2 million on the Makerspace at Schofield Farms, approximately \$35.5 million for police facility expansion, \$2.1 million for the Sunset Area Plan, and \$4.5 million for street maintenance.

The Town may determine to issue general obligation or revenue bonds to finance certain of the planned projects, but has not yet determined whether or not to do so.

TOWN FINANCIAL INFORMATION

Budget Process

General. The Town's fiscal year runs from January 1 to December 31. Pursuant to the Charter, the Town Manager is required to submit a proposed budget to the Council on or before October 15th of each year. The Council then holds a public hearing on the budget, and adopts the budget with or without amendment. The Charter requires the Council to adopt the budget on or before December 15th of each year. If the Council fails to adopt a budget by that date, the amounts appropriated for the current fiscal year will be deemed adopted for the ensuing year on a month-to-month basis until the Council adopts a budget.

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

At any time during the fiscal year the Town Manager may transfer unencumbered appropriation balances from one department, office, agency or object to another. However, no appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below the amount required by law to be appropriated, or by more than the amount of the beginning fund balance or the funds available plus anticipated revenues and other sources of funds within the fund as estimated in the budget.

Financial Statements

General. Under Colorado law, the Town is required to have its financial statements audited annually. The audited financial statements must be filed with the State Auditor by July 31 each year. If the Town fails to file its audit report with the State Auditor, the State Auditor may, after notice to the Town, authorize the County Treasurer to prohibit release of the Town's tax revenues and other moneys held by the Treasurer until the Town files the audit report. The Town's 2024 ACFR was filed on time.

The Town's audited basic financial statements for the year ended December 31, 2024, and the report of the certified public accountants thereon are attached hereto as Appendix A. Those audited financial statements represent the most recent audited financial statements of the Town. *Prospective investors should be aware that the Certificates are payable only from legally available revenues; no funds are pledged to payment of the Certificates. Inclusion of the Town's basic financial statements is for informational purposes only and does not imply that the Certificates constitute a general obligation of the Town or a lien on any Town revenues.*

DEBT STRUCTURE

General

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

General Obligation Indebtedness

The Town has the power to contract indebtedness on behalf of the Town by borrowing money or issuing bonds to carry out the objects or purposes of the Town. However, pursuant to the provisions of the Charter and State law, the Town must adhere to the constitutional limitations affecting the issuance of general obligation debt. See “LEGAL MATTERS--Certain Constitutional Limitations.” The Town currently has outstanding General Obligation Refunding Bonds, Series 2013, in the aggregate principal amount of \$1,240,000, and General Obligation Bonds, Series 2014, in the aggregate principal amount of \$6,200,000.

Revenue Obligations

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

Wastewater Enterprise Revenue Obligations. The Town has outstanding \$11,825,000 aggregate principal amount of Wastewater Enterprise Revenue Refunding Bonds, Series 2016, payable from the net revenues of its wastewater system. In 2009, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority, payable from revenues in the Wastewater Fund. Principal payments are due through 2030; the outstanding principal amount is \$272,410. Interest is payable semiannually at a rate of 2.00%. Also in 2009, the Town entered into another loan agreement with the Colorado Water Resources and Power Development Authority, payable from revenues in the Wastewater Fund. Principal payments are due through 2030; the outstanding principal amount is \$550,000, and the interest rate is 0.00%.

Water Enterprise Revenue Obligations. The Town has outstanding \$11,360,000 aggregate principal amount of revenue bonds payable from the net revenues of its water system,

consisting of: (1) Water Revenue Refunding Bonds, Series 2015, outstanding in the aggregate principal amount of \$8,395,000; and (2) Water Revenue Refunding Bonds, Series 2017, outstanding in the aggregate principal amount of \$2,965,000.

Storm Drainage Revenue Obligations. In 1995, the Town entered into a loan agreement with a financial institution to finance storm drainage projects; the loan is payable solely from revenues in the Storm Drainage Fund. Principal payments are due annually through 2035; the outstanding principal amount was \$178,339 as of fiscal year end 2024. Interest is payable semiannually at a rate of 2.00%.

Special Assessment Bonds

The Town has the power to issue special assessment bonds payable from assessments against benefited properties within special improvement districts formed for the purpose of constructing certain improvements. Such bonds generally do not constitute a general obligation debt of the Town. The Town currently has no special assessment bonds outstanding.

Other Obligations

Lease-Purchase Agreements. In 2005, the Town entered into an annually renewable lease agreement (the “2005 Lease”) to finance the costs of purchasing Colorado-Big Thompson water units. The base rentals payable under the 2005 Lease supported the payment of certain certificates of participation. October 29, 2010, the Town entered into an annually renewable lease agreement (the “2010 Lease”) to refund certain certificates of participation that supported payments from the 2005 Lease. Base rentals payable under the 2010 Lease support payment of certain certificates of participation. The certificates of participation related to the 2010 Lease are outstanding in the aggregate principal amount of \$17,400,000. The following table sets forth the remaining Base Rentals due under the 2010 Lease; the Town has historically paid Base Rentals under the 2010 Lease from water revenues out of its Water Fund and intends to continue making payments from the Water Fund in the future.

Remaining Base Rentals Under the 2010 Lease

	2010 Base Rentals
2026	\$1,594,875
2027	1,597,625
2028	1,593,125
2029	1,596,625
2030	1,593,550
2031	1,598,200
2032	1,596,450
2033	1,597,200
2034	1,594,450
2035	1,595,200
2036	1,593,950
2037	1,594,700
2038	1,597,200
2039	1,595,400
2040	1,596,400
Total	<u>\$23,934,950</u>

Other Leases. The Town currently leases office equipment pursuant to operating leases and expects to continue doing so from time to time. All of these leases are subject to annual appropriation.

Short-Term Obligations. The Town is authorized by the Charter to issue short term securities (maturing within twelve months) without an election. The Town has no short-term securities outstanding.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population

The following table sets forth a history of the population of the Town, the Counties of Boulder and Weld, and the State. Between 2010 and 2020, the Town’s population increased approximately 65.6%, and the populations of Boulder County and Weld County increased 12.3% and 30.1%, respectively. The State’s population increased 14.8% during the same period.

<u>Year</u>	<u>Town of Erie</u>		<u>Boulder County</u>		<u>Weld County</u>		<u>Colorado</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
1980	1,254	--	189,625	--	123,438	--	2,889,735	--
1990	1,258	0.3%	225,339	18.8%	131,821	6.8%	3,294,394	14.0%
2000	6,291	400.1	269,814 ⁽¹⁾	19.7	180,936	37.3	4,301,261	30.6
2010	18,135	188.3	294,567	9.2	252,825	39.7	5,029,196	16.9
2020	30,038	65.6	330,758	12.3	328,981	30.1	5,773,714	14.8
2021	31,317	--	327,135	--	339,934	--	5,813,551	--
2022	33,419	6.7%	328,029	0.3%	350,563	3.1%	5,850,121	0.6%
2023	35,770	7.0	328,337	0.1	360,272	2.8	5,900,420	0.9
2024	38,847	8.6	329,996	0.5	369,880	2.7	5,956,729	1.0

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

Sources: United States Department of Commerce, Bureau of the Census (1980 to 2020) and Colorado State Demography Office (2021 to 2024 estimates, which are subject to periodic revisions, and the 2000 estimate for Boulder County).

Income

The following table sets forth a five-year history of the annual per capita personal income levels for the residents of the Counties, the State and the United States.

Annual Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Boulder County</u>	<u>Weld County</u>	<u>Colorado</u>	<u>United States</u>
2019	\$78,583	\$49,754	\$61,278	\$55,567
2020	81,963	51,918	64,704	59,151
2021	92,317	56,330	71,928	64,692
2022	95,454	59,270	76,685	66,298
2023	100,242	62,532	80,169	70,002
2024	n/a	n/a	83,055	73,204

(1) Figures for Boulder County and Weld County updated February 20, 2025. State and national figures updated September 26, 2025. All figures are subject to periodic revisions.

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

Employment

The following table presents information on employment within the Counties, the State and the nation for the time period indicated.

<u>Year</u>	<u>Labor Force and Employment</u>						
	<u>Boulder County⁽¹⁾</u>		<u>Weld County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2020	184,024	6.0%	165,138	6.5%	3,079,767	6.8%	8.1%
2021	188,886	4.6	167,535	5.8	3,146,263	5.5	5.3
2022	191,787	2.7	170,031	3.3	3,184,962	3.1	3.6
2023	193,551	3.2	174,156	3.5	3,231,187	3.3	3.6
2024	193,777	4.2	177,807	4.5	3,267,766	4.3	4.0
<u>Month of August</u>							
2024	192,573	4.7%	179,522	4.9%	3,290,782	4.6%	4.2%
2025	191,920	3.7	176,269	4.0	3,273,826	3.7	4.3

(1) Figures for the Counties 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.

The following table shows the number of individuals employed within selected Boulder County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Boulder County was professional and technical services (comprising approximately 18.0% of the county’s work force), followed, in order, by educational services; health care and social assistance; manufacturing; and accommodation and food services. For the twelve-month period ended December 31, 2024, total average employment in Boulder County decreased 0.6% as compared to the twelve-month period ending December 31, 2023, and the weekly average wage increased 5.2% during the same time period.

Average Number of Employees Within Selected Industries - Boulder County

<u>Industry</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽²⁾</u>
Accommodation and Food Services	13,441	15,391	17,074	17,250	16,694	15,402
Administrative and Waste Services	6,198	6,250	6,122	5,697	5,487	5,054
Agriculture, Forestry, Fishing, Hunting	611	650	694	634	655	587
Arts, Entertainment and Recreation	2,605	2,837	3,303	3,619	3,431	3,478
Construction	5,447	5,457	5,581	5,744	5,503	5,111
Educational Services	22,172	21,997	22,937	23,494	23,962	24,211
Finance and Insurance	4,108	4,158	4,297	4,123	3,973	3,973
Government	8,323	7,997	8,036	8,332	8,633	8,420
Health Care and Social Assistance	22,056	22,702	22,429	23,248	23,674	23,759
Information	8,527	8,977	9,391	8,580	8,585	8,175
Management of Companies/Enterprises	1,614	1,811	1,873	1,899	1,852	1,717
Manufacturing	20,056	21,076	21,949	21,230	20,858	20,252
Mining	172	226	206	195	217	212
Non-classifiable	20	18	20	72	42	-0-
Other Services	4,862	5,240	5,454	5,649	5,885	5,673
Professional and Technical Services	30,439	32,063	34,751	35,715	34,856	34,414
Real Estate, Rental and Leasing	2,700	2,843	2,766	2,741	2,572	2,548
Retail Trade	16,565	17,181	16,700	16,824	16,620	16,334
Transportation and Warehousing	2,291	2,343	2,185	2,197	2,213	2,279
Utilities	311	330	392	498	549	557
Wholesale Trade	<u>6,481</u>	<u>6,778</u>	<u>7,223</u>	<u>7,335</u>	<u>7,642</u>	<u>7,288</u>
Total ⁽¹⁾	<u>178,999</u>	<u>186,322</u>	<u>193,381</u>	<u>195,074</u>	<u>193,902</u>	<u>189,447</u>

- (1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.
- (2) Figures are averaged through the first quarter of 2025.

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

The following table sets forth the number of individuals employed within selected Weld County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Weld County was manufacturing (comprising approximately 11.7% of the county's work force), followed, in order, by construction; retail trade; health care and social assistance; and educational services. For the twelve-month period ended December 31, 2024, total average employment in Weld County increased 2.3% as compared to the twelve-month period ending December 31, 2023, and the average weekly wage increased 1.0% during the same time period.

Average Number of Employees Within Selected Industries - Weld County

<u>Industry</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽³⁾</u>
Accommodation and Food Services	7,724	8,439	9,246	9,661	9,713	9,388
Administrative and Waste Services	5,726	5,774	5,972	6,162	5,592	5,192
Agriculture, Forestry, Fishing, Hunting	4,243	4,223	4,101	4,037	3,935	3,733
Arts, Entertainment and Recreation	988	1,183	1,216	1,460	1,550	1,172
Construction	11,548	11,321	11,988	13,226	13,706	13,880
Educational Services	9,549	9,528	10,242	10,399	10,673	11,048
Finance and Insurance	2,865	2,817	2,903	2,808	2,797	2,772
Government	5,621	5,705	6,043	6,449	6,902	7,035
Health Care and Social Assistance	9,873	10,196	10,396	10,572	11,018	12,468
Information	799	800	781	826	792	837
Management of Companies/Enterprises	1,929	1,830	1,833	1,768	1,991	2,068
Manufacturing	13,803	13,165	13,314	13,435	13,959	14,976
Mining	5,728	4,693	5,230	6,150	6,577	6,659
Non-classifiable	n/a ⁽²⁾	13	27	55	20	-0-
Other Services	2,593	2,752	2,877	2,985	3,217	3,435
Professional and Technical Services	3,326	3,563	3,993	4,298	4,420	4,688
Real Estate, Rental and Leasing	1,389	1,366	1,401	1,517	1,618	1,568
Retail Trade	10,610	10,838	11,048	11,199	11,287	11,205
Transportation and Warehousing	3,977	4,051	4,137	4,145	4,009	4,071
Utilities	511	528	536	572	578	577
Wholesale Trade	<u>4,272</u>	<u>4,277</u>	<u>4,323</u>	<u>4,482</u>	<u>4,476</u>	<u>4,557</u>
Total ⁽¹⁾	<u>107,080</u>	<u>107,063</u>	<u>111,607</u>	<u>116,205</u>	<u>118,826</u>	<u>121,328</u>

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

(2) Figures were not released due to confidentiality.

(3) Figures are averaged through the first quarter of 2025.

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

Major Employers

The following table sets forth the major employers located in the Town. 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.

Major Employers in the Town of Erie

Employer	Product or Service	Estimated Numbers of Employees
St. Vrain Valley School District	Education	617
Town of Erie	Government	552
King Soopers	Retail grocery	548
Safeway	Retail grocery	135
Lowe's	Retail home improvement	93
Boulder Valley School District	Education	90
Relucent Plastic Solutions	Plastic molding manufacturing	60
Colorado National Golf Club	Recreation	50
Elementum 3d	Metal additive manufacturing	44
Boulder Community Health	Healthcare	30

Source: Town of Erie, *Annual Comprehensive Financial Report* for the year ended December 31, 2024.

Building Permits

The following tables set forth histories of building permits issued in the Town and in the unincorporated portions of the Counties.

Building Permit Issuances in the Town of Erie

Year	Residential		Commercial/Industrial	
	Permits/Units	Value	Permits	Value
2020	479	\$135,490,072	5	\$11,993,367
2021	801	191,754,517	47	92,805,371
2022	652	194,281,771	30	59,825,412
2023	723	215,892,190	10	16,595,550
2024	914	226,063,719	9	11,190,188
2025 ⁽¹⁾	349	153,607,602	6	25,629,783

(1) Figures are for permits issued from January 1 through December 1, 2025.

Sources: Boulder County Assessor's Office, Weld County Assessor's Office, and Town of Erie Building Department.

Building Permit Issuances in Unincorporated Boulder County

Year	New Residential		New Commercial/Industrial ⁽¹⁾	
	Permits	Valuation	Permits	Valuation
2020	69	\$49,903,272	-0-	-0-
2021	56	53,812,546	1	\$447,406
2022	66	72,794,258	-0-	-0-
2023 ⁽²⁾	100	113,397,321	2	1,505,000
2024	58	62,590,872	1	365,695
2025 ⁽³⁾	47	52,845,304	2	1,121,200

- (1) Includes new industrial; manufacturing; office, bank and professional buildings; and stores, customer service buildings and restaurants.
- (2) The unusually high number of new residential permits is partially due to permits issued to replace residences destroyed by wildfire.
- (3) Figures are for permits issued from January 1 through October 31, 2025.

Source: Boulder County Land Use Department, Building Division.

Building Permit Issuances for New Structures in Unincorporated Weld County

Year	New Residential		New Commercial		Oil and Gas	
	Permits	Value	Permits	Value	Permits	Value
2020	849	\$69,272,544	322	\$67,909,261	256	\$69,593,204
2021	838	78,402,387	324	146,714,369	203	64,177,766
2022	762	63,390,987	348	89,458,626	254	71,730,271
2023	467	56,504,250	280	77,337,104	223	72,008,999
2024	392	43,839,495	247	42,190,303	187	29,809,417
2025 ⁽¹⁾	207	29,206,115	130	40,855,090	109	25,437,196

- (1) Figures are for permits issued from January 1 through August 31, 2025.

Source: Weld County Planning Department.

Foreclosure Activity

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

History of Foreclosures - Boulder and Weld Counties

Year	Boulder County		Weld County	
	Number of Foreclosures Filed	Percent Change	Number of Foreclosures Filed	Percent Change
2020	48	--	116	--
2021	38	(20.8)%	61	(47.4)%
2022	127	234.2	453	642.6
2023	116	(8.7)	405	(10.6)
2024	123	6.0	414	2.2
2025 ⁽¹⁾	129	--	419	--

(1) Figures are for foreclosures filed from January 1 through October 31, 2025.

Sources: Colorado Division of Housing (2020 figures) and Public Trustees' Offices of Boulder and Weld Counties (2021 to 2025 figures).

TAX MATTERS

2026A Certificates

In the opinion of Special Counsel, the interest on the 2026A Certificates is not excludable from gross income under federal income tax laws or from Colorado taxable income under Colorado income tax laws in effect as of the date of delivery of the 2026A Certificates.

The Tax Code contains numerous provisions, including provisions related to the imposition of additional taxes, which may affect an investor's decision to purchase the 2026A Certificates. Further, under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2026A Certificates in certain situations including: (i) an owner who fails to provide certain required information to certain persons required to collect such information; (ii) the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406; or (iii) an owner fails to provide a certificate that the owner is not subject to backup withholding when such a certificate is required by the Tax Code.

The opinions expressed by Special Counsel are based on existing law as of the delivery date of the 2026A Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2026A Certificates. In addition, future court actions or regulatory decisions could affect the market value of the 2026A Certificates. Owners of the 2026A Certificates are advised to consult with their own tax advisors with respect to such matters.

2026B Certificates

In the opinion of Special Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the 2026B Certificates (including any original issue discount properly allocable to the owner of a 2026B Certificate) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code and interest on the 2026B Certificates is not a specific preference item for purposes of the federal alternative minimum tax, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations. Special Counsel is also of the opinion that, under existing State of Colorado statutes, interest on the 2026B Certificates is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2026B Certificates.

The opinions described above assume the accuracy of certain representations and compliance by the Town with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2026B Certificates. Failure to comply with such requirements could cause interest on the 2026B Certificates to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026B Certificates. The Town has covenanted to comply with such requirements. Special Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Special

Counsel has also expressed no opinion regarding other tax consequences arising with respect to the 2026B Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The opinion of Special Counsel does not cover the treatment for federal or Colorado income tax purposes of any monies received in payment of or in respect to the 2026B Certificates subsequent to the occurrence of an Indenture Event of Default, an Event of Lease Default or an Event of Nonappropriation.

The accrual or receipt of interest on the 2026B Certificates may otherwise affect the federal income tax liability of the owners of the 2026B Certificates. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Special Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2026B Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2026B Certificates.

Original Issue Premium. The 2026B Certificates that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

Original Issue Discount. The 2026B Certificates that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Certificates"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Certificate or is otherwise required to be recognized in gross income is added to the

cost basis of the owner of the 2026B Certificate in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Certificate (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Certificate that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

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

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

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the 2026B Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the 2026B Certificates that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2026B Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the 2026B Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2026B Certificates. It cannot be predicted whether any

such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2026B Certificates or the market value thereof would be impacted thereby. Purchasers of the 2026B Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special 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 2026B Certificates, and Special Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the 2026B Certificates are advised to consult their own tax advisors prior to any purchase of the 2026B Certificates as to the impact of the code upon their acquisition, holding or disposition of the 2026B Certificates.

LEGAL MATTERS

Litigation

The Town Attorney states that, as of the date hereof, to the best of his knowledge, there is no pending lawsuits or threatened litigation against the Town which would restrain or enjoin the Town's ability to enter into the Site Lease or the Lease or to pay Base Rentals under the Lease. The Town is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of the Town's business. It is the opinion of the Town Attorney that the Town's level of insurance coverage is adequate and that the pending or threatened litigation will not result in final judgments against the Town which would, individually or in the aggregate, materially adversely affect the Town's financial position or its ability to perform its obligations under the Lease.

Governmental Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. Immunity is also waived for peace officers who deprive any other person of individual rights under the conditions specified in State law. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The Town may not be held liable under the Immunity Act either directly or by indemnification for punitive or exemplary damages unless the Town voluntarily pays such damages in accordance with State law.

The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after January 1, 2026, 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 \$505,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,421,000; except in such instance, no person may recover in excess of \$505,000. These amounts increase every four years pursuant to a formula based on the Denver-Aurora-Greeley Consumer Price Index. The Town may increase any maximum amount that may be recovered from the Town for certain types of injuries. However, the Town may not be held liable either directly or by indemnification for punitive or exemplary damages unless the Town voluntarily pays such damages in accordance with State law. The Town has not acted to increase the damage limitations in the Immunity Act.

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

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, as Special Counsel, will be delivered with the Certificates. A form of the Special Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP, Denver, Colorado, has also acted as Special Counsel to the Town in connection with this Official Statement. Certain matters will be passed upon for the Town by the Town Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Straddling Yocca Carlson & Rauth LLP, Denver, Colorado.

Certain Constitutional Limitations

TABOR (Article X, Section 20 of the Colorado Constitution). At the general election on November 3, 1992, the voters of Colorado approved a constitutional amendment known as the “Taxpayers Bill of Rights,” which is codified as Article X, Section 20, of the Colorado Constitution (“TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including governments such as the Town (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined. Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the Town, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

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

In the opinion of Special Counsel, the Lease does not constitute a “multiple fiscal year obligation” which requires an election under the terms of TABOR.

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

In 1994, the Town received approval from its voters to collect and spend, during 1994 and each subsequent year, the full revenues received pursuant to its existing sales and use tax code and general taxes on all taxable property.

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

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

Police Power

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

MUNICIPAL ADVISOR

Hilltop Securities Inc., Denver, Colorado (the "Municipal Advisor") has served as Municipal Advisor to the Town with respect to the Certificates. As the Town's municipal advisor, the Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Certificates. In its role of Municipal Advisor to the Town, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

INDEPENDENT AUDITORS

The basic financial statements of the Town for the fiscal year ended December 31, 2024, included in this Official Statement as Appendix A, have been audited by CliftonLarsonAllen LLP, certified public accountants, Denver, to the extent and for the period indicated in their report.

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

RATINGS

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Denver, Colorado (the "Underwriter"), has agreed to purchase the Certificates from the Town pursuant to a Certificate Purchase Agreement at a purchase price equal to \$_____ (which is equal to the par amount of the Certificates, plus/minus [net] original issue premium/discount of \$_____ and less Underwriter's discount of \$_____). The Underwriter is committed to take and pay for all of the Certificates if any are taken.

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

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may

have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

OFFICIAL STATEMENT CERTIFICATION

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

TOWN OF ERIE, COLORADO

By: /s/ _____
Finance Director

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

NOTE: The audited basic financial statements of the Town included in this Appendix A have been excerpted from the Town's ACFR for the year ended December 31, 2024. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the Town.

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Erie
Erie, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Grants Fund, and the Erie Urban Renewal Authority Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Town Council
Town of Erie

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
August 29, 2025

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The Town of Erie's (Town) management offers readers this narrative overview and analysis of the Town's financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, found earlier in this report. Amounts in this section are rounded for purposes of easier understanding.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of 2024 by \$953.6 million (net position). Of this amount, \$200.8 million (unrestricted net position) may be used to meet the Town's ongoing obligations in accordance with financial policies.
- The Town's total net position increased by \$101.2 million or 11.9%, compared to 2023. Governmental net position increased by \$36.7 million or 10.2%, and business-type net position increased by \$64.5 million, or 13.1%.
- At December 31, 2024, the Town's governmental funds reported combined ending fund balances of \$137.4 million, an increase of \$8.5 million from 2023. This increase reflects higher levels of sales tax revenues, increased grant funding, and expense control efforts.
- The General Fund, the Town's primary operating fund, reported unassigned fund balance of \$20.4 million, representing 34.1% of actual operating expenditures for 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories 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 Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are 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 (e.g., uncollected taxes and earned but unused vacation leave). One purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct functions on revenues provided by the Town's taxpayers.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Both government-wide financial statements distinguish Town functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government (including the Town's urban renewal authority activities), public safety, public works, and parks and recreation. Business-type activities include the water system, wastewater system, storm drainage system and municipal airport.

The government-wide financial statements can be found on pages 26 and 27 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the governmental funds information with similar information presented for governmental activities in the government-wide financial statements. By comparing the information, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate a comparison between governmental funds and governmental activities.

During 2024, the Town had 14 individual governmental funds, including the Town's urban renewal authority (URA). The General Fund is considered a *major fund*, as is the Governmental Grants Fund, and the URA. Their fund information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining individual governmental fund statements are provided in the form of combining statements in a later section of this report.

The Town adopts an annual appropriated budget for each of its governmental funds other than the Erie Community Civic Fund. Budgetary comparison statements for the general fund and the major special revenue funds are included in the basic financial statements to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 28 – 34 of this report.

The Town maintains two types of **proprietary funds** - enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, wastewater, storm drainage and airport operations.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The Airport Fund qualifies as an enterprise fund under GAAP, as it charges fees to external users. However, it does not meet the Taxpayer's Bill of Rights (TABOR) definition of an enterprise fund due to its establishment prior to TABOR becoming law.

Internal service funds are accounting devices used to accumulate and allocate costs internally among the Town's various functions. At the end of 2019, the Town created its first internal service fund, to be used to account for its fleet of vehicles and heavy equipment. These services predominantly benefit the governmental rather than business-type functions. As such, they are included within the governmental activities in the government-wide financial statements. The activity in the Fleet and Equipment Acquisition Fund is used for monitoring the Town's fleet of vehicles and heavy equipment and is allocated between the governmental and business-type activities based upon actual usage. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The Town adopts an annual appropriated budget for its proprietary funds. Budgetary comparisons for the proprietary funds are included in a later section of this report.

The basic proprietary fund financial statements can be found on pages 35 – 38 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 – 75 of this report.

Required Supplementary Information

Required supplementary information providing certain supporting pension schedules can be found on pages 77 and 78.

Supplementary Information

Supplementary information, including combining statements for the nonmajor governmental funds (referred to earlier) are presented following the required supplementary information. In addition, budget statements for proprietary funds are also presented in this section. This information can be found on pages 80 – 105.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

As noted above, over time net position may serve as a useful indicator of a government's financial position. As of December 31, 2024, the Town's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) was \$953.6 million, an increase of \$101.2 million over the total at December 31, 2023. The Town reported positive balances in net position for both governmental and business-type activities. Net position increased by \$36.7 million in its governmental activities and \$64.5 million in its business-type activities.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The following table reflects the Town's condensed statement of net position.

**Statement of Net Position
December 31, 2024 and 2023
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and Other Assets	\$ 164,232	\$ 153,488	\$ 180,347	\$ 148,305	\$ 344,579	\$ 301,793
Capital Assets	274,736	247,708	424,053	395,466	698,789	643,174
Total Assets	<u>438,968</u>	<u>401,196</u>	<u>604,400</u>	<u>543,771</u>	<u>1,043,368</u>	<u>944,967</u>
Deferred Outflows of Resources	2,759	3,127	2,037	2,213	4,796	5,340
Liabilities:						
Long-Term Liabilities	17,456	18,703	47,914	50,675	65,370	69,378
Other Liabilities	10,898	9,878	2,418	3,724	13,316	13,602
Total Liabilities	<u>28,354</u>	<u>28,581</u>	<u>50,332</u>	<u>54,399</u>	<u>78,686</u>	<u>82,980</u>
Deferred Inflows of Resources	<u>15,901</u>	<u>14,925</u>	<u>-</u>	<u>-</u>	<u>15,901</u>	<u>14,925</u>
Net Position:						
Net Investment in Capital Assets	258,536	232,640	380,155	347,535	638,691	580,175
Restricted	113,088	77,621	931	1,433	114,019	79,054
Unrestricted	25,848	50,556	175,019	142,617	200,867	193,173
Total Net Position	<u>\$ 397,472</u>	<u>\$ 360,817</u>	<u>\$ 556,105</u>	<u>\$ 491,585</u>	<u>\$ 953,577</u>	<u>\$ 852,402</u>

The Town's net investment in capital assets represents 67.0% of its net position. These capital assets are used to provide necessary services to residents and therefore are not available for future spending. It should be noted that the resources to repay the associated debt must be provided from other sources, since capital assets themselves cannot be liquidated to provide the resources.

Restricted net position accounts for 12.0% of total net position, representing resources that are subject to external restrictions on how they may be used. The remaining component of net position is unrestricted, representing 21.0% of the Town's total net position and may be used to meet ongoing obligations to the Town's residents and creditors.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Statement of Activities

The following table provides a summary of the Town's statement of activities.

**Statement of Activities
Years Ended December 31, 2024 and 2023
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,920	\$ 14,466	\$ 24,388	\$ 20,285	\$ 41,308	\$ 34,751
Operating Grants and Contributions	7,373	7,637	1,764	-	9,137	7,637
Capital Grants and Contributions	23,300	40,977	56,348	56,509	79,648	97,486
General Revenues:						
Taxes	47,204	41,110	-	-	47,204	41,110
Grants	-	-	-	-	-	-
Investment Earnings	6,528	6,196	7,293	6,543	13,821	12,739
Other	1,963	5,137	282	121	2,245	5,258
Total Revenues	103,288	115,523	90,075	83,458	193,363	198,981
Expenses:						
General Government	23,501	16,466	-	-	23,501	16,466
Public Safety	10,126	9,778	-	-	10,126	9,778
Public Works	17,008	12,769	-	-	17,008	12,769
Parks and Recreation	15,172	13,188	-	-	15,172	13,188
Interest on Long-Term Debt	586	563	-	-	586	563
Water	-	-	15,262	13,181	15,262	13,181
Wastewater	-	-	7,170	7,190	7,170	7,190
Storm Drainage	-	-	2,722	1,932	2,722	1,932
Airport	-	-	641	288	641	288
Total Expenses	66,393	52,764	25,795	22,591	92,188	75,355
Increase (Decrease) in Net Position Before Transfers	36,895	62,759	64,280	60,867	101,175	123,626
Transfers	(240)	(252)	240	252	-	-
Increase (Decrease) in Net Position	36,655	62,507	64,520	61,119	101,175	123,626
Net Position - Beginning of Year	360,817	298,310	491,585	430,466	852,402	728,776
Net Position - End of Year	\$ 397,472	\$ 360,817	\$ 556,105	\$ 491,585	\$ 953,577	\$ 852,402

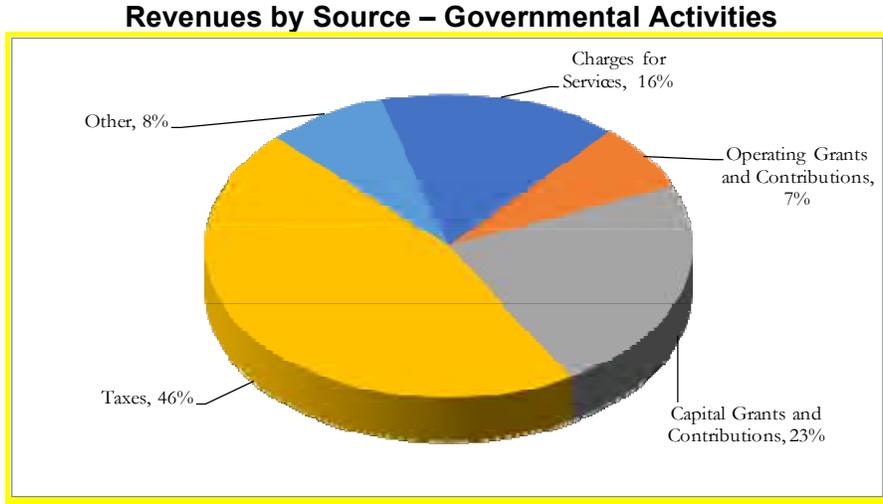
Governmental Activities – Revenues

During 2024, the Town's primary revenue sources for governmental operations included taxes, accounting for 45.7% of total governmental revenues. In addition, capital grants and contributions represented 22.6% of total governmental revenues while charges for services made up 16.4%. Program revenues of \$47.6 million were \$18.8 million less than expenses. This is an ordinary occurrence for governments and indicates that taxes provide a primary source of revenues to support governmental operations.

Total governmental activities revenues of \$103.3 million had a decrease of \$12.2 million or 10.6%, compared to 2023. Contributing to the decrease was capital grants and contributions which decreased a total of \$17.7 million or 43.1% compared to 2023.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The following chart provides the breakdown of revenues by source for 2024:



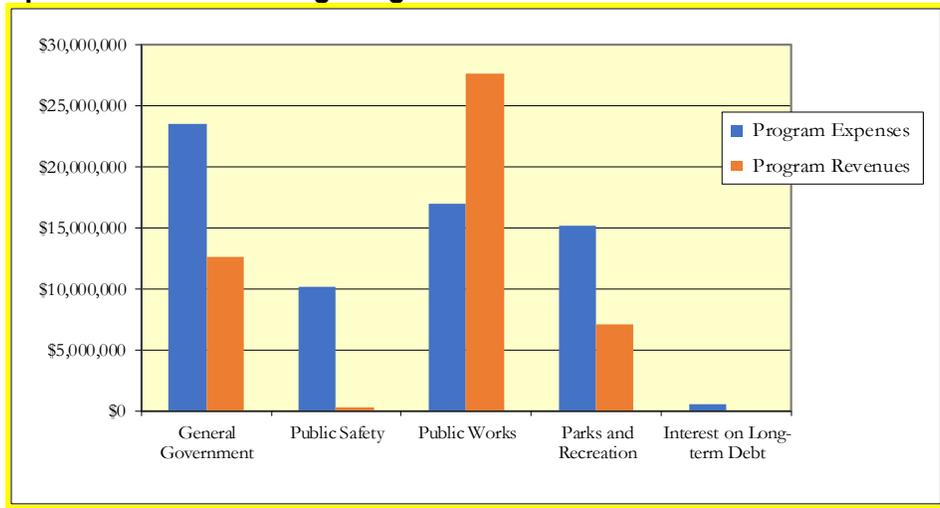
Governmental Activities – Expenses

Total governmental activities expenses were \$66.4 million in 2024, an increase of \$13.6 million, or 25.8%, compared to 2023. The increase in expenses was due to the following:

- Public works expenses increased \$4.2 million or 33.2%, compared to 2023. This reflects increasing service levels and maintenance of Town properties due to continued growth of the Town.
- All other expenses increased \$9.4 million, or 23.5%, compared to 2023. This reflects the additional staff and service level needed to support a growing town.

The following chart provides a comparison of 2024 expenses by function compared to the related program revenues for governmental activities:

Expenses and Offsetting Program Revenues – Governmental Activities



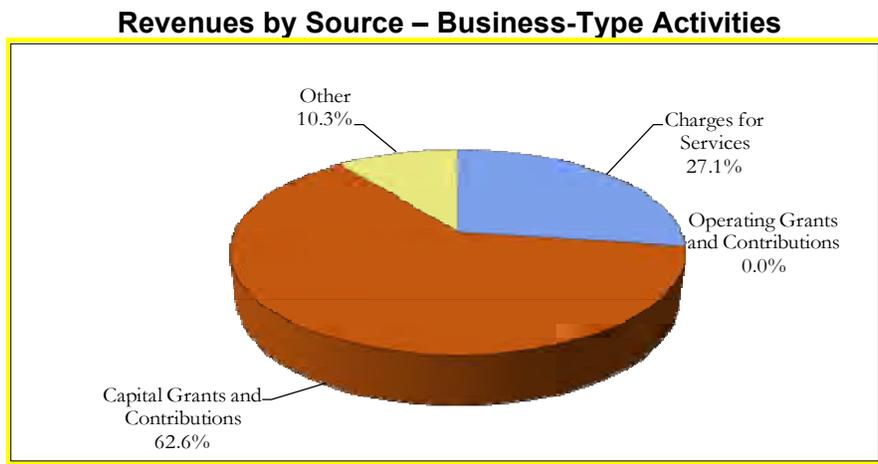
**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Business-Type Activities – Revenues

Business-type activities primarily rely on charges for services to support related expenses. Charges for services of \$24.4 million for business-type activities represented 27.1% of total 2024 business-type revenues.

The other primary source of revenue, representing 62.6% of revenues, comes primarily from capital contributions in the form of tap fees, developer constructed donated capital and reimbursements, and grants. This source of revenue was \$56.3 million in 2024, a decrease of \$0.2 million, or 0.3%, compared to 2023. This is due to a decrease in tap fees associated with new building development when compared to the prior year.

The following chart provides the breakdown of revenues by source for business-type activities for 2024:



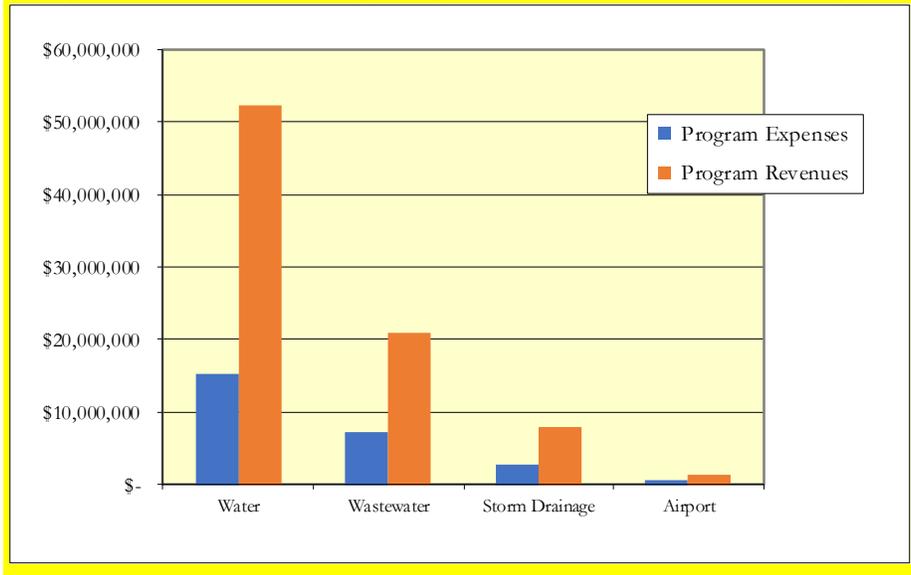
Business-Type Activities – Expenses

Business-type expenses were \$25.8 million in 2024, an increase of \$3.2 million , or 14.2%, compared to 2023. Contributing to this increase were increased personnel, operations and maintenance, and depreciation expenses in the Water, Wastewater, and Storm Drainage funds, all reflecting the continued growth of the Town.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The following chart provides a comparison of 2024 expenses by function compared to the related program revenues for business-type activities:

Program Expenses and Offsetting Program Revenues – Business-Type Activities



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As discussed earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance is one of five fund balance classifications, as follows: nonspendable, restricted, committed, assigned, and unassigned fund balance.

Fund balances are the differences between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by formal action of the government's highest level of decision-making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body and applies to remaining resources in any governmental fund other than the general fund. Unassigned fund balances include all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental fund.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$137.4 million. Of that amount, \$1.5 million was nonspendable, \$114.4 million was restricted, \$0.5 million was committed, \$3.3 million was assigned and \$17.7 million was unassigned fund balance.

The General Fund, the primary operating fund of the Town, had a fund balance at December 31, 2024, of \$30.2 million of which \$1.5 million was nonspendable, \$5.0 million was restricted, \$3.3 million was assigned and \$20.4 million was unassigned.

As just noted, the General Fund has \$1.5 million in nonspendable fund balance. This amount primarily represents the noncurrent portion of advances to the URA, used to fund operations and the acquisition of certain properties in planned urban renewal areas. This advance will be repaid by the URA as urban renewal projects are identified and tax increment bond financing related to these projects is obtained by the URA or recovered through other revenue sources. Additionally included are the prepaid insurance costs for the Town's insurance provider CIRSA, as well as technology fees related to the Town's financial system, Tyler. See Note 3.D. on page 56 for more information.

As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance of \$20.4 million represents 34.1% of General Fund 2024 actual operating expenditures and 25.6% of 2024 budgeted operating expenditures.

The Town has two General Fund reserve policies. The first requires a reserve of 25% of operating expenditures to be maintained. Based on 2024 budgeted expenditures, the required reserve is \$15.7 million.

Total fund balance of the General Fund decreased \$22.8 million for the current year, reflecting transfers to the Capital Improvement Fund for one-time expenditures of accumulated fund balance for capital projects. Total General Fund revenues of \$63.5 million increased \$7.1 million, or 13%, compared to 2023, primarily reflecting strong growth in sales, use and property taxes.

General Fund expenditures of \$60.0 million increased approximately \$3.5 million, or 6%, compared to the prior year. This is mainly driven by General Fund Public Works expenditures of \$11.8 million, which increased \$3.5 million, or 42%, compared to the prior year.

In 2024, the Town had one other major governmental fund. The revenues of the Grants Fund come from grants awarded to the Town from federal, state, and local agencies. Formerly non-major, the Grants Fund expenditures increased 8.8% in 2024, including over \$2 million dollars attributed to general government activities.

Formerly a major fund, the fund balance of the Transportation Impact Fund increased \$4.0 million, or 15% when compared to the prior year. This is due to continued inflows of impact fee revenue related to development, while there was only one major capital project that occurred in 2024. Accumulated fund balance will be used to acquire and improve transportation infrastructure in the coming years.

Formerly a major fund, the fund balance of the Parks Improvement Fund increased by \$2.9 million, or 24% compared to the prior year. Continued inflows of impact fees from development were offset by expenditures associated with capital improvements to park infrastructure.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

In 2024, the Town also added the Capital Improvements Fund, which will serve as the Town's capital infrastructure project fund. While nonmajor in 2024, it is funded with a \$27 million transfer from the General Fund and is expected to be a major fund in subsequent financial statements. The fund has budgeted projects in 2025 for both new and ongoing capital maintenance projects.

The remaining major governmental fund in 2024 was the Town's urban renewal authority. Prior to 2012 the URA had no significant activities. Since then, the URA has expended approximately \$7 million for the purchase and improvement of real estate for future urban renewal projects, almost all of which were related to the Nine Mile project, a mixed commercial/retail/multi-family development planned for the southwest corner of Highway 287 and Arapahoe Road. In addition, the URA has expended over \$3 million in operating expenses since inception, primarily for incentive agreements, legal and consulting fees to identify various urban renewal areas along with other related activities, and allocated personnel costs of Town support staff. In 2024, the fund balance of the URA decreased by \$0.5 million, or 4.6%, compared to the prior year. This is due to the increase of capital projects in the Colliers Hill area related to growth in the area, as well as an increase in capital projects in the Nine Mile area as development was completed in that area and businesses opened mid-year.

A total of \$98.5 million in fund balances are restricted or committed for future capital outlays and similar purposes in the other (nonmajor) governmental funds. See Note 1.D. starting on page 43 and Note 3.D. starting on page 56 for more information.

Proprietary Funds

The Town's proprietary fund financial statements provide the same type of information as found in the government-wide financial statements, but in more detail. The total net position of all enterprise funds as of December 31, 2024, was \$556.1 million, of which \$175.0 million was unrestricted net position. Total net position increased \$64.5 million over the prior year, with unrestricted net position increasing \$32.4 million. The \$64.5 million increase in total net position is attributable primarily to an increase in the donation of developer constructed infrastructure across all enterprise funds. In the Water Fund, net position increased \$42.8 million. In the Wastewater Fund, net position increased \$15.2 million. In the Storm Drainage and Airport Funds, net position increased \$6.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2024 General Fund original budget reflected revenues of \$53.5 million and expenditures of \$62.2 million. The final budget provided for a deficiency, or use of fund balance, primarily for one-time expenditures of accumulated fund balance for capital projects of \$24.6 million, reflecting revenues of \$53.2 million, expenditures of \$80.0 million, and other financing sources of \$2.0 million. The expenditure budget increased \$17.6 million to \$79.8 million in the final budget. The primary expenditure changes were related to capital construction projects that were started in 2023 but rolled forward to 2024 in the first supplemental budget appropriation.

Actual results for 2024 in the General Fund was a deficit of \$22.8 million, primarily for one-time expenditures of accumulated fund balance for capital projects. Revenues exceeded budget in almost all categories, with particularly favorable outcomes in sales and use tax, and licenses and permits. Expenditures were under budget primarily due to the timing of capital projects. Additional information can be found in the "Governmental Funds" above.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets includes land, water rights, buildings, improvements, machinery, equipment, and vehicles. It includes governmental activities as well as water, wastewater, storm drainage and airport infrastructure. Capital assets net of accumulated depreciation as of December 31, 2024, for its governmental and business-type activities amounted to \$698.8 million, a net increase of \$55.6 million from December 31, 2023. The increase in capital assets was the result of \$35.5 million in Town-funded additions and \$30.7 million in infrastructure constructed by developers and contributed to the Town, partially offset by depreciation.

**Capital Assets
December 31, 2024 and 2023
(Net of Accumulated Depreciation)
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 44,253	\$ 40,944	\$ 6,562	\$ 6,562	\$ 50,815	\$ 47,506
Water Rights	-	-	84,413	84,413	84,413	84,413
Buildings	29,723	29,405	12,134	12,346	41,857	41,751
Improvements Other Than Buildings	168,045	159,420	250,110	203,388	418,155	362,808
Machinery, Equipment, and Vehicles	3,549	3,456	3,478	2,908	7,027	6,364
Construction in Progress	26,173	12,155	66,793	85,501	92,966	97,656
Leased Assets	2,993	2,328	563	348	3,556	2,676
Total Capital Assets	<u>\$ 274,736</u>	<u>\$ 247,708</u>	<u>\$ 424,053</u>	<u>\$ 395,466</u>	<u>\$ 698,789</u>	<u>\$ 643,174</u>

Major capital improvements during the fiscal year ended December 31, 2024, included the following:

- Governmental Activities (total additions - \$21.5 million)
 - Developer-constructed infrastructure – primarily streets (\$9.7 million)
 - Reynolds Property (\$2.7 million)
 - Various street improvements (\$3.3 million)
- Business-Type Activities (total additions - \$55.8 million)
 - North Water Reclamation Facility (NWFR) (\$32.8 million)
 - Developer-constructed infrastructure (\$21 million)

Additional information on the Town's capital assets can be found in Note 3.C. starting on page 54 of this report.

Long-Term Debt

At the end of 2024, the Town had \$65.4 million in total outstanding long-term debt, a decrease of \$3.6 million from December 31, 2023. Of this amount, \$8.6 million represents general obligation bonds secured by all available Town revenue. The remainder is primarily secured by specific revenue sources (e.g., water revenues) and water rights.

**TOWN OF ERIE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The Town's general obligation bond rating was last reviewed by Moody's Investors Service in 2018, resulting in a rating increase from Aa2 to Aa1. The Town's ratings on its water system revenue bonds were reviewed in the prior year, resulting in a rating increase from Aa3 to Aa2. The wastewater system revenue bonds were increased from A+ to AA- by S&P Global in the prior year.

State statutes limit the amount of general obligation debt the Town may issue to 3% of estimated actual valuation. The current general obligation debt limitation for the Town is \$171.0 million.

During 2024, the Town implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 100 *Accounting Changes and Error Corrections*. This changed the presentation of the Town's compensated absences liability. This implementation had no impact on net position.

Additional information on the Town's long-term debt can be found in Note 3.E. starting on page 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several factors drive the Town's budget and financial performance. Some of these factors include area employment rates, retail sales, motor vehicle sales, construction activity, population growth, and capital infrastructure needs. Throughout 2024, the Town saw increased financial performance as the area continues to see rapid development and growth. The 2025 budget was approved by the Town Council in November 2024. The General Fund, the Town's primary operating fund, had a budgeted surplus of \$7.3 million, related primarily to increases in revenue collection. Revenue forecasts reflect a moderate increase in sales taxes, development related revenues, and recreation activities.

The Town has set aside significant amounts of reserves in the General Fund to enable it to continue to provide required services in the event of an economic downturn. The Town will continue to conserve resources until its commercial base grows, providing consistent and higher levels of sales, use, and property taxes.

FINANCIAL CONTACT

This financial report is designed to provide users (residents, taxpayers, customers, investors, creditors, and other interested parties) with a general overview of the Town's finances and to demonstrate the Town's accountability and compliance with generally accepted accounting principles. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Town of Erie, Finance Director, PO Box 750, Erie, CO 80516.

BASIC FINANCIAL STATEMENTS

TOWN OF ERIE, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 128,345,520	\$ 173,680,198	\$ 302,025,718
Restricted Cash and Investments	11,581,022	3,132,552	14,713,574
Receivables	23,036,984	4,119,321	27,156,305
Internal Balances	1,024,331	(1,024,331)	-
Prepaid Items and Other Assets	244,029	439,569	683,598
Capital Assets Not Being Depreciated:			
Land and Water Rights	44,253,110	90,975,006	135,228,116
Construction in Progress	26,173,436	66,792,960	92,966,396
Capital Assets and Right-to-Use Assets, Net of Accumulated Depreciation and Amortization	<u>204,309,773</u>	<u>266,284,736</u>	<u>470,594,509</u>
Total Assets	<u>438,968,205</u>	<u>604,400,011</u>	<u>1,043,368,216</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	168,523	2,037,321	2,205,844
Pension Related Items	<u>2,590,714</u>	-	<u>2,590,714</u>
Total Deferred Outflows of Resources	<u>2,759,237</u>	<u>2,037,321</u>	<u>4,796,558</u>
LIABILITIES			
Accounts Payable	6,866,444	1,704,874	8,571,318
Accrued Interest Payable	13,667	218,110	231,777
Accrued Wages Payable	1,129,538	169,542	1,299,080
Other Liabilities	2,234,416	259,059	2,493,475
Unearned Revenue	654,595	67,154	721,749
Noncurrent Liabilities:			
Due Within One Year	3,316,647	3,555,422	6,872,069
Due in More Than One Year	<u>14,139,174</u>	<u>44,358,591</u>	<u>58,497,765</u>
Total Liabilities	<u>28,354,481</u>	<u>50,332,752</u>	<u>78,687,233</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	12,971,415	-	12,971,415
Lease Related	2,586,701	-	2,586,701
Pension Related Items	<u>342,830</u>	-	<u>342,830</u>
Total Deferred Inflows of Resources	<u>15,900,946</u>	<u>-</u>	<u>15,900,946</u>
NET POSITION			
Net Investment in Capital Assets	258,536,275	380,154,786	638,691,061
Restricted:			
Capital Projects	102,183,838	-	102,183,838
Parks and Open Space	6,736,677	-	6,736,677
Operations and Maintenance Reserves	-	931,064	931,064
Other Purposes	1,694,818	-	1,694,818
Emergencies	2,472,585	-	2,472,585
Unrestricted	<u>25,847,822</u>	<u>175,018,730</u>	<u>200,866,552</u>
Total Net Position	<u>\$ 397,472,015</u>	<u>\$ 556,104,580</u>	<u>\$ 953,576,595</u>

See accompanying Notes to Financial Statements.

**TOWN OF ERIE, COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Program Revenues					Net Revenue (Expense) and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:								
Governmental Activities:								
General Government	\$ 23,500,908	\$ 9,804,228	\$ 2,769,554	\$ -	\$ 12,573,782	\$ (10,927,126)	\$ -	\$ (10,927,126)
Public Safety	10,125,655	155,566	21,779	83,057	260,402	(9,865,253)	-	(9,865,253)
Public Works	17,007,807	3,491,616	4,185,799	19,917,934	27,595,349	10,587,542	-	10,587,542
Parks and Recreation	15,172,873	3,468,117	395,703	3,299,412	7,163,232	(8,009,641)	-	(8,009,641)
Interest on Long-Term Debt	585,760	-	-	-	-	(585,760)	-	(585,760)
Total Governmental Activities	<u>66,393,003</u>	<u>16,919,527</u>	<u>7,372,835</u>	<u>23,300,403</u>	<u>47,592,765</u>	<u>(18,800,238)</u>	<u>-</u>	<u>(18,800,238)</u>
Business-Type Activities:								
Water	15,261,761	15,060,859	13,074	37,243,222	52,317,155	-	37,055,394	37,055,394
Wastewater	7,170,155	7,309,219	964	13,541,660	20,851,843	-	13,681,688	13,681,688
Storm Drainage	2,721,229	2,012,442	410,636	5,562,741	7,985,819	-	5,264,590	5,264,590
Airport	641,277	5,812	1,339,477	-	1,345,289	-	704,012	704,012
Total Business-Type Activities	<u>25,794,422</u>	<u>24,388,332</u>	<u>1,764,151</u>	<u>56,347,623</u>	<u>82,500,106</u>	<u>-</u>	<u>56,705,684</u>	<u>56,705,684</u>
Total Primary Government	<u>\$ 92,187,425</u>	<u>\$ 41,307,859</u>	<u>\$ 9,136,986</u>	<u>\$ 79,648,026</u>	<u>\$ 130,092,871</u>	<u>(18,800,238)</u>	<u>56,705,684</u>	<u>37,905,446</u>
General Revenues								
Taxes:								
						12,790,072	-	12,790,072
						32,732,591	-	32,732,591
						1,286,116	-	1,286,116
						394,736	-	394,736
						6,528,494	7,292,868	13,821,362
						1,963,345	281,589	2,244,934
						(240,000)	240,000	-
						<u>55,455,354</u>	<u>7,814,457</u>	<u>63,269,811</u>
Total General Revenues and Transfers								
CHANGES IN NET POSITION						36,655,116	64,520,141	101,175,257
Net Position - Beginning of Year						<u>360,816,899</u>	<u>491,584,439</u>	<u>852,401,338</u>
NET POSITION - END OF YEAR						<u>\$ 397,472,015</u>	<u>\$ 556,104,580</u>	<u>\$ 953,576,595</u>

See accompanying Notes to Financial Statements.
(27)

**TOWN OF ERIE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Grants Fund	Erie Urban Renewal Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Investments	\$ 24,640,290	\$ 1,761,875	\$ -	\$ 101,924,319	\$ 128,326,484
Restricted Cash and Investments	-	-	11,581,022	-	11,581,022
Receivables	14,356,529	2,215,308	3,486,379	2,978,768	23,036,984
Due from Other Funds	5,660,109	-	-	-	5,660,109
Prepaid Items and Other Assets	244,029	-	-	-	244,029
Advances to Other Funds	1,196,936	-	-	-	1,196,936
	<u>\$ 46,097,893</u>	<u>\$ 3,977,183</u>	<u>\$ 15,067,401</u>	<u>\$ 104,903,087</u>	<u>\$ 170,045,564</u>
Total Assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 2,960,128	\$ 28,255	\$ 286,712	\$ 3,525,302	\$ 6,800,397
Wages Payable	1,129,538	-	-	-	1,129,538
Other Liabilities	2,234,416	-	-	-	2,234,416
Advance from Other Funds	-	-	1,196,936	-	1,196,936
Due to Other Funds	-	3,431,451	-	-	3,431,451
Unearned Revenue	326,000	238,191	-	71,368	635,559
Total Liabilities	<u>6,650,082</u>	<u>3,697,897</u>	<u>1,483,648</u>	<u>3,596,670</u>	<u>15,428,297</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	6,666,919	-	3,462,066	2,842,430	12,971,415
Lease Related	2,586,701	-	-	-	2,586,701
Unavailable Fund Resources - Grants	-	1,694,818	-	-	1,694,818
Total Deferred Inflows of Resources	<u>9,253,620</u>	<u>1,694,818</u>	<u>3,462,066</u>	<u>2,842,430</u>	<u>17,252,934</u>
FUND BALANCES					
Nonspendable:					
Interfund Advances - Noncurrent	1,196,936	-	-	-	1,196,936
Prepaid Items	244,029	-	-	-	244,029
Restricted for:					
Capital Projects	1,648,000	-	11,429,641	92,133,564	105,211,205
Parks and Open Space	856,132	-	-	5,880,545	6,736,677
Emergency Reserves	2,472,585	-	-	-	2,472,585
Committed to:					
Cemetery Operations	-	-	-	449,878	449,878
Assigned to:					
Purchases on Order	3,330,708	-	-	-	3,330,708
Unassigned	20,445,801	(1,415,532)	(1,307,954)	-	17,722,315
Total Fund Balances	<u>30,194,191</u>	<u>(1,415,532)</u>	<u>10,121,687</u>	<u>98,463,987</u>	<u>137,364,333</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 46,097,893</u>	<u>\$ 3,977,183</u>	<u>\$ 15,067,401</u>	<u>\$ 104,903,087</u>	<u>\$ 170,045,564</u>

See accompanying Notes to Financial Statements.

TOWN OF ERIE, COLORADO
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds \$ 137,364,333

The amounts reported as governmental activities on the statement of net position are different because:

Capital assets utilized in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements. 271,018,788

Certain receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 1,694,818

Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

Bonds Payable	(12,575,000)
Leases Payable	(92,285)
SBITAs Payable	(578,533)
Unamortized Bond Issuance Premium and Discounts, Net	(254,385)
Unamortized Deferred Refunding Loss	168,523
Accrued Interest Payable	(13,667)
Compensated Absences	(1,609,582)
Other Noncurrent Liabilities	<u>(450,707)</u>
Total Long-Term Liabilities and Related Items	(15,405,636)

Deferred outflows of resources related to pensions used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Change in Investment Earnings	624,385
Changes in Assumptions	504,477
Change in Experience	869,728
Contributions Subsequent to the Measurement Date	499,735
Change in Proportionate Share	<u>92,389</u>
Total Deferred Outflows of Resources	2,590,714

Deferred inflows of resources related to pensions used in governmental activities are not due and payable in the current year and, therefore, are not reported in the funds.

Change in Experience	(41,788)
Change in Proportionate Share	<u>(301,042)</u>
Total Deferred Inflows of Resources	(342,830)

The internal service fund is used by management to charge the capital asset acquisition to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. 551,828

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 397,472,015

TOWN OF ERIE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	<i>Formerly Nonmajor</i> Grants Fund	<i>Formerly Major</i> Transportation Impact Fund	<i>Formerly Major</i> Parks Improvement	Erie Urban Renewal Authority	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 40,051,897	\$ -	\$ -	\$ -	\$ 4,205,884	\$ 2,945,734	\$ 47,203,515
Intergovernmental	2,343,458	3,290,128	-	-	-	381,657	6,015,243
Licenses and Permits	5,166,712	-	-	-	-	-	5,166,712
Fees and Charges for Services	11,520,545	-	-	-	24,670	52,000	11,597,215
Fines and Forfeitures	155,566	-	-	-	-	-	155,566
Capital Contributions and Fees	-	2,200	-	-	-	13,569,278	13,571,478
Investment Earnings	2,668,775	83,788	-	-	530,237	3,245,694	6,528,494
Miscellaneous	1,592,788	-	-	-	-	69,295	1,662,083
Total Revenues	63,499,741	3,376,116	-	-	4,760,791	20,263,658	91,900,306
EXPENDITURES							
Current Operating:							
General Government	16,428,393	2,059,827	-	-	3,334,144	8,075	21,830,439
Public Safety	9,791,329	21,426	-	-	-	-	9,812,755
Public Works	11,779,404	-	-	-	-	335	11,779,739
Parks and Recreation	11,820,243	16,246	-	-	-	156,601	11,993,090
Capital Outlay	8,265,968	2,875,812	-	-	1,586,980	13,685,878	26,414,638
Debt Service:							
Principal	1,509,658	-	-	-	165,000	-	1,674,658
Interest	352,809	-	-	-	158,207	-	511,016
Total Expenditures	59,947,804	4,973,311	-	-	5,244,331	13,850,889	84,016,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,551,937	(1,597,195)	-	-	(483,540)	6,412,769	7,883,971
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	27,000,000	27,000,000
Transfers Out	(27,240,000)	-	-	-	-	-	(27,240,000)
SBITAs	638,305	-	-	-	-	-	638,305
Leases	85,228	-	-	-	-	-	85,228
Sale of Capital Assets	96,889	-	-	-	-	-	96,889
Insurance Recoveries	63,717	-	-	-	-	-	63,717
Total Other Financing Sources (Uses)	(26,355,861)	-	-	-	-	27,000,000	644,139
NET CHANGES IN FUND BALANCES	(22,803,924)	(1,597,195)	-	-	(483,540)	33,412,769	8,528,110
Fund Balances - Beginning of Year, as Previously Presented	52,998,115	-	26,086,265	12,170,509	10,605,227	26,976,107	128,836,223
Changes within Financial Reporting Entity (Major to Nonmajor and Nonmajor to Major)	-	181,663	(26,086,265)	(12,170,509)	-	38,075,111	-
FUND BALANCES - END OF YEAR	\$ 30,194,191	\$ (1,415,532)	\$ -	\$ -	\$ 10,121,687	\$ 98,463,987	\$ 137,364,333

See accompanying Notes to Financial Statements.
(30)

TOWN OF ERIE, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Changes in Fund Balances - Governmental Funds	\$ 8,528,110
<p>The amounts reported as governmental activities on the statement of activities are different because:</p>	
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.</p>	
Capital Outlays	26,414,638
Depreciation and Amortization Expense	<u>(9,053,029)</u>
Excess of Capital Outlays Over Depreciation	17,361,609
<p>Contributions of capital assets by developers increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.</p>	
	9,728,924
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	1,347,952
<p>Governmental Funds report principal payments as expenditures. However, in the statement of activities these payments are reflected as a reduction in long-term debt obligations.</p>	
	1,674,658
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net Book Value of Disposed Assets	(113,065)
Change in Accrued Compensated Absences	(201,252)
Amortization of Premiums, Discounts, Deferred Refunding Losses, and Bond Insurance Premiums	13,026
Pension Expense	<u>210,753</u>
Total Expenses Not Requiring Current Resources	(90,538)
<p>Governmental Funds report proceeds from borrowings as other financing sources. However, in the statement of net position these proceeds are reflected as debt obligations.</p>	
	(723,533)
<p>The Town's internal service fund is used by management to charge costs related to fleet and equipment acquisition to individual funds. The net revenue of the internal service fund is reported in governmental activities.</p>	
	<u>(1,172,066)</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u><u>\$ 36,655,116</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF ERIE, COLORADO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 36,415,000	\$ 35,915,000	\$ 40,051,897	\$ 4,136,897
Intergovernmental	1,523,350	1,523,350	2,343,458	820,108
Licenses and Permits	2,999,000	2,999,000	5,166,712	2,167,712
Fees and Charges for Services	11,112,070	11,112,070	11,520,545	408,475
Fines and Forfeitures	100,000	100,000	155,566	55,566
Investment Earnings	525,000	525,000	2,668,775	2,143,775
Miscellaneous	860,000	985,387	1,592,788	607,401
Total Revenues	<u>53,534,420</u>	<u>53,159,807</u>	<u>63,499,741</u>	<u>10,339,934</u>
EXPENDITURES				
Current Operating:				
General Government:				
Legislative	238,803	468,941	536,761	(67,820)
Town Administration	9,419,896	10,443,073	9,348,191	1,094,882
Community Development	3,802,691	6,837,032	3,383,948	3,453,084
Finance	2,359,286	2,359,286	2,161,760	197,526
Central Charges	858,257	866,904	997,733	(130,829)
Public Safety	9,694,340	9,644,270	9,791,329	(147,059)
Public Works	9,139,517	11,550,951	11,779,404	(228,453)
Parks and Recreation	12,564,471	12,900,883	11,820,243	1,080,640
Capital Outlay	12,622,200	23,267,746	8,265,968	15,001,778
Debt Service:				
Principal	1,155,000	1,155,000	1,509,658	(354,658)
Interest	335,013	335,013	352,809	(17,796)
Total Expenditures	<u>62,189,474</u>	<u>79,829,099</u>	<u>59,947,804</u>	<u>19,881,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,655,054)	(26,669,292)	3,551,937	30,221,229
OTHER FINANCING SOURCES (USES)				
Transfers In	551,386	3,873,663	-	(3,873,663)
Transfers Out	(895,446)	(1,845,446)	(27,240,000)	(25,394,554)
SBITAs	-	-	638,305	638,305
Leases	-	-	85,228	85,228
Sale of Capital Assets	-	-	96,889	96,889
Insurance Recoveries	-	-	63,717	63,717
Total Other Financing Sources (Uses)	<u>(344,060)</u>	<u>2,028,217</u>	<u>(26,355,861)</u>	<u>(28,384,078)</u>
NET CHANGES IN FUND BALANCE	<u>\$ (8,999,114)</u>	<u>\$ (24,641,075)</u>	(22,803,924)	<u>\$ 1,837,151</u>
Fund Balance - Beginning of Year			<u>52,998,115</u>	
FUND BALANCE - END OF YEAR			<u>\$ 30,194,191</u>	

Public Safety, Public Works, and Parks and Recreation are considered departments of the Government.

See accompanying Notes to Financial Statements.

**TOWN OF ERIE, COLORADO
GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Intergovernmental	\$ 1,287,043	\$ 5,163,748	\$ 3,290,128	\$ (1,873,620)
Capital Contributions and Fees	-	-	2,200	2,200
Investment Earnings	-	-	83,788	83,788
Total Revenues	<u>1,287,043</u>	<u>5,163,748</u>	<u>3,376,116</u>	<u>(1,787,632)</u>
EXPENDITURES				
Current Operating:				
General Government	1,220,000	47,901	2,059,827	(2,011,926)
Public Safety	-	-	21,426	(21,426)
Parks and Recreation	-	-	16,246	(16,246)
Capital Outlay	-	118,403	2,875,812	(2,757,409)
Total Expenditures	<u>1,220,000</u>	<u>166,304</u>	<u>4,973,311</u>	<u>(4,807,007)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	67,043	4,997,444	(1,597,195)	(6,594,639)
OTHER FINANCING USES				
Transfers Out	<u>(1,287,043)</u>	<u>(5,523,694)</u>	-	5,523,694
Total Other Financing Sources (Uses)	<u>(1,287,043)</u>	<u>(5,523,694)</u>	-	5,523,694
NET CHANGES IN FUND BALANCE	<u>\$ (1,220,000)</u>	<u>\$ (526,250)</u>	(1,597,195)	<u>\$ (1,070,945)</u>
Fund Balance - Beginning of Year			<u>181,663</u>	
FUND BALANCE - END OF YEAR			<u>\$ (1,415,532)</u>	

**TOWN OF ERIE, COLORADO
 ERIE URBAN RENEWAL AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 5,216,756	\$ 5,216,756	\$ 4,205,884	\$ (1,010,872)
Fees and Charges for Services	1,654	1,654	24,670	23,016
Investment Earnings	335,000	335,000	530,237	195,237
Total Revenues	5,553,410	5,553,410	4,760,791	(792,619)
EXPENDITURES				
Current Operating:				
General Government	1,859,326	1,859,326	3,334,144	(1,474,818)
Capital Outlay	6,500,000	8,764,820	1,586,980	7,177,840
Debt Service:				
Principal	-	-	165,000	(165,000)
Interest	164,000	164,000	158,207	5,793
Total Expenditures	8,523,326	10,788,146	5,244,331	5,543,815
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,969,916)	(5,234,736)	(483,540)	4,751,196
NET CHANGES IN FUND BALANCE	\$ (2,969,916)	\$ (5,234,736)	(483,540)	\$ 4,751,196
Fund Balance - Beginning of Year			10,605,227	
FUND BALANCE - END OF YEAR			\$ 10,121,687	

See accompanying Notes to Financial Statements.

TOWN OF ERIE, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities				Governmental Activities	
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund ⁽¹⁾
ASSETS						
Current Assets:						
Pooled Cash and Investments	\$ 133,952,313	\$ 37,826,338	\$ 1,901,547	\$ -	\$ 173,680,198	\$ 19,036
Restricted Cash and Investments	3,132,552	-	-	-	3,132,552	-
Receivables	1,224,317	907,176	672,609	1,315,219	4,119,321	-
Prepaid Items	407,330	32,239	-	-	439,569	-
Total Current Assets	<u>138,716,512</u>	<u>38,765,753</u>	<u>2,574,156</u>	<u>1,315,219</u>	<u>181,371,640</u>	<u>19,036</u>
Noncurrent Assets:						
Capital Assets:						
Construction in Progress	54,502,061	997,591	10,063,972	1,229,336	66,792,960	-
Land and Water Rights	90,259,984	59,022	63,705	592,295	90,975,006	-
Buildings, Property, and Equipment	165,950,093	125,324,940	62,275,821	7,284,639	360,835,493	2,836,427
Accumulated Depreciation	(53,294,488)	(26,492,568)	(10,950,528)	(4,375,760)	(95,113,344)	(963,721)
Total Capital Assets, Net	<u>257,417,650</u>	<u>99,888,985</u>	<u>61,452,970</u>	<u>4,730,510</u>	<u>423,490,115</u>	<u>1,872,706</u>
Right-to-Use Assets:						
Leased Vehicles and Equipment	780,740	79,502	114,191	-	974,433	3,349,097
Accumulated Amortization	(345,523)	(28,015)	(38,308)	-	(411,846)	(1,504,272)
Total Right-to-Use Assets, Net	<u>435,217</u>	<u>51,487</u>	<u>75,883</u>	<u>-</u>	<u>562,587</u>	<u>1,844,825</u>
Total Noncurrent Assets	<u>257,852,867</u>	<u>99,940,472</u>	<u>61,528,853</u>	<u>4,730,510</u>	<u>424,052,702</u>	<u>3,717,531</u>
Total Assets	<u>396,569,379</u>	<u>138,706,225</u>	<u>64,103,009</u>	<u>6,045,729</u>	<u>605,424,342</u>	<u>3,736,567</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charges on Refunding	672,673	1,364,648	-	-	2,037,321	-
LIABILITIES						
Current Liabilities:						
Accounts Payable	903,927	233,989	421,954	145,004	1,704,874	66,047
Accrued Interest Payable	171,812	43,623	2,675	-	218,110	-
Wages Payable	87,300	51,969	30,273	-	169,542	-
Other Liabilities	259,059	-	-	-	259,059	-
Due to Other Funds	-	-	-	1,024,331	1,024,331	1,204,327
Unearned Revenue	53,424	13,730	-	-	67,154	19,036
Compensated Absences	92,673	55,167	32,136	-	179,976	-
Current Portion of Long-Term Debt:						
Certificates of Participation Payable	859,508	-	-	-	859,508	-
Loans Payable	-	147,337	14,657	-	161,994	-
Bonds Payable	1,540,669	650,000	-	-	2,190,669	-
Leases Payable	135,615	10,938	16,722	-	163,275	534,365
Total Current Liabilities	<u>4,103,987</u>	<u>1,206,753</u>	<u>518,417</u>	<u>1,169,335</u>	<u>6,998,492</u>	<u>1,823,775</u>
Noncurrent Liabilities:						
Compensated Absences	32,682	19,455	11,333	-	63,470	-
Long-Term Debt, Net of Unamortized Premiums and Discounts:						
Certificates of Participation Payable	18,213,078	-	-	-	18,213,078	-
Loans Payable	-	675,073	163,683	-	838,756	-
Bonds Payable	11,694,932	13,091,700	-	-	24,786,632	-
Leases Payable	352,399	44,508	59,748	-	456,655	1,360,964
Total Noncurrent Liabilities	<u>30,293,091</u>	<u>13,830,736</u>	<u>234,764</u>	<u>-</u>	<u>44,358,591</u>	<u>1,360,964</u>
Total Liabilities	<u>34,397,078</u>	<u>15,037,489</u>	<u>753,181</u>	<u>1,169,335</u>	<u>51,357,083</u>	<u>3,184,739</u>
NET POSITION						
Net Investment in Capital Assets	228,129,046	86,568,659	60,856,806	4,600,275	380,154,786	1,756,163
Restricted:						
Operations and Maintenance Reserves	-	931,064	-	-	931,064	-
Unrestricted	134,715,928	37,533,661	2,493,022	276,119	175,018,730	(1,204,335)
Total Net Position	<u>\$ 362,844,974</u>	<u>\$ 125,033,384</u>	<u>\$ 63,349,828</u>	<u>\$ 4,876,394</u>	<u>\$ 556,104,580</u>	<u>\$ 551,828</u>

⁽¹⁾ Fleet and Equipment Acquisition Fund

See accompanying Notes to Financial Statements.

TOWN OF ERIE, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities				Governmental Activities	
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund ⁽¹⁾
OPERATING REVENUES						
Charges for Services	\$ 15,060,859	\$ 7,309,219	\$ 2,012,442	\$ 5,812	\$ 24,388,332	\$ 34
OPERATING EXPENSES						
Personnel Services	2,210,843	1,304,323	740,239	-	4,255,405	-
Operations and Maintenance	6,774,643	2,971,622	630,305	378,842	10,755,412	-
Depreciation and Amortization	4,944,622	2,332,963	1,347,964	262,435	8,887,984	1,049,016
Total Operating Expenses	<u>13,930,108</u>	<u>6,608,908</u>	<u>2,718,508</u>	<u>641,277</u>	<u>23,898,801</u>	<u>1,049,016</u>
OPERATING INCOME (LOSS)	1,130,751	700,311	(706,066)	(635,465)	489,531	(1,048,982)
NONOPERATING REVENUES (EXPENSES)						
Investment Earnings	5,644,262	1,521,926	124,723	1,957	7,292,868	-
Intergovernmental	13,074	964	410,636	1,339,477	1,764,151	9,642
Other Nonoperating Income	137,907	-	-	143,682	281,589	-
Interest Expense	(1,331,653)	(561,247)	(2,721)	-	(1,895,621)	(175,694)
Gain (Loss) on Disposition of Capital Assets	-	57,550	-	-	57,550	42,968
Total Nonoperating Revenues (Expenses)	<u>4,463,590</u>	<u>1,019,193</u>	<u>532,638</u>	<u>1,485,116</u>	<u>7,500,537</u>	<u>(123,084)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,594,341	1,719,504	(173,428)	849,651	7,990,068	(1,172,066)
Capital Contributions and Grants	37,243,222	13,484,110	5,562,741	-	56,290,073	-
Transfers In	-	-	-	240,000	240,000	-
CHANGES IN NET POSITION	42,837,563	15,203,614	5,389,313	1,089,651	64,520,141	(1,172,066)
Net Position - Beginning of Year	<u>320,007,411</u>	<u>109,829,770</u>	<u>57,960,515</u>	<u>3,786,743</u>	<u>491,584,439</u>	<u>1,723,894</u>
NET POSITION - END OF YEAR	<u>\$ 362,844,974</u>	<u>\$ 125,033,384</u>	<u>\$ 63,349,828</u>	<u>\$ 4,876,394</u>	<u>\$ 556,104,580</u>	<u>\$ 551,828</u>

⁽¹⁾ Fleet and Equipment Acquisition Fund

TOWN OF ERIE, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities				Total Enterprise Funds	Governmental Activities
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Enterprise Funds		Internal Service Fund ⁽¹⁾
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 14,973,066	\$ 7,244,527	\$ 1,577,402	\$ (1,161,215)	\$ 22,633,780	\$ 34
Cash Received from Interfund Services Provided to Other Funds	-	-	-	-	-	1,204,327
Payments to Employees	(2,184,223)	(1,280,015)	(713,783)	-	(4,178,021)	-
Payments to Suppliers	(7,107,295)	(4,222,417)	(467,456)	(244,671)	(12,041,839)	(18,927)
Net Cash Provided (Used) by Operating Activities	5,681,548	1,742,095	396,163	(1,405,886)	6,413,920	1,185,434
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants Received	13,074	964	410,636	1,339,477	1,764,151	28,678
Cash Received on Interfund Borrowing	-	-	-	1,024,331	1,024,331	-
Transfer from Other Funds	-	-	-	240,000	240,000	-
Cash Flows Provided (Used) by Noncapital Financing Activities	13,074	964	410,636	2,603,808	3,028,482	28,678
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	(11,736,190)	(887,375)	(2,104,335)	(1,405,301)	(16,133,201)	(539,672)
Proceeds from the Sale of Capital Assets	-	57,550	-	-	57,550	56,500
Principal Paid on Capital Debt	(2,207,473)	(774,913)	(25,379)	-	(3,007,765)	(541,386)
Interest and Fiscal Agent Fees Paid	(1,387,990)	(563,985)	(2,937)	-	(1,954,912)	(175,694)
Capital Grants and Contributions	26,705,617	8,612,049	20,000	-	35,337,666	-
Cash Flows Provided (Used) by Capital and Related Financing Activities	11,373,964	6,443,326	(2,112,651)	(1,405,301)	14,299,338	(1,200,252)
CASH FLOWS FROM INVESTING ACTIVITIES						
Earnings on Investments	5,644,262	1,521,926	124,723	1,957	7,292,868	-
Cash Flows Provided by Investing Activities	5,644,262	1,521,926	124,723	1,957	7,292,868	-
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	22,712,848	9,708,311	(1,181,129)	(205,422)	31,034,608	13,860
Pooled Cash and Investments - Beginning of Year	114,372,017	28,118,027	3,082,676	205,422	132,143,380	5,176
POOLED CASH AND INVESTMENTS - END OF YEAR	<u>\$ 137,084,865</u>	<u>\$ 37,826,338</u>	<u>\$ 1,901,547</u>	<u>\$ -</u>	<u>\$ 176,812,750</u>	<u>\$ 19,036</u>

⁽¹⁾ Fleet and Equipment Acquisition Fund

See accompanying Notes to Financial Statements.

**TOWN OF ERIE, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2024**

	Business-Type Activities					Governmental Activities
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund ⁽¹⁾
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 1,130,751	\$ 700,311	\$ (706,066)	\$ (635,465)	\$ 489,531	\$ (1,048,982)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	4,944,622	2,332,963	1,347,964	262,435	8,887,984	1,049,016
Other Income	137,907	-	-	143,682	281,589	-
(Increase) Decrease in:						
Accounts Receivable	(225,700)	(63,113)	(435,040)	(1,310,710)	(2,034,563)	-
Prepaid Items	208	2,496	-	-	2,704	-
Increase (Decrease) in:						
Accounts Payable	(365,636)	(1,287,303)	162,849	134,172	(1,355,918)	(18,927)
Wages Payable	26,620	24,308	11,550	-	62,478	-
Compensated Absences Payable	32,776	32,433	14,906	-	80,115	-
Due to Other Funds	-	-	-	-	-	1,204,327
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,681,548</u>	<u>\$ 1,742,095</u>	<u>\$ 396,163</u>	<u>\$ (1,405,886)</u>	<u>\$ 6,413,920</u>	<u>\$ 1,185,434</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Contributed Capital Assets	\$ 10,537,605	\$ 4,872,061	\$ 5,542,741	\$ -	\$ 20,952,407	\$ -
Amortization of Premium	117,110	98,067	-	-	215,177	-
Lease Assets	290,285	34,439	56,831	-	-	639,734
Lease Liabilities	290,285	34,439	56,831	-	-	639,734

⁽¹⁾ Fleet and Equipment Acquisition Fund

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT TO STATEMENT OF NET POSITION CASH AND CASH EQUIVALENTS

Unrestricted Cash and Cash Equivalents	\$ 133,952,313	\$ 37,826,338	\$ 1,901,547	\$ -	\$ 173,680,198	\$ 19,036
Restricted Cash and Cash Equivalents	<u>3,132,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,132,552</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 137,084,865</u>	<u>\$ 37,826,338</u>	<u>\$ 1,901,547</u>	<u>\$ -</u>	<u>\$ 176,812,750</u>	<u>\$ 19,036</u>

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Erie, Colorado (the Town), incorporated in 1874, is a statutory municipality governed by a council-manager form of government through a mayor and six-member Town Council. The Town provides the following services: police, public works, parks and recreation, community development, administration, finance, human resources, environmental services, utilities, water, wastewater, and storm drainage. The Town also owns the Erie Municipal Airport.

A. Reporting Entity

The accompanying financial statements present the Town (the primary government) and its component units for which the government is financially accountable. The blended component units discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationship to the Town and to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Town. The Town considers the Town of Erie Urban Renewal Authority and the Erie Community Civic Fund as component units. Both entities are separate organizations for which the Town is financially accountable.

The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization.

A town's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the Town throughout the year. It is included at both the government-wide and fund financial reporting levels. Component units are considered special revenue governmental funds and are reported on a modified accrual basis.

Brief descriptions of the blended component units as follows:

Town of Erie Urban Renewal Authority (URA)

The URA was created in 2011 by action of the Town Mayor and Town Council, who serve as its Board of Commissioners in addition to four additional external commissioners, under the Colorado Urban Renewal Law. The URA is charged with the creation and implementation of the Town of Erie urban renewal plan pursuant to the Urban Renewal Law. Operations of the URA are funded from tax increment financing as well as General Fund resources, which will be repaid from various funding sources of the URA, including tax increment financing for urban renewal projects within its boundaries. The URA is reported as a special revenue fund. Separate audited financial statements of the URA are not available but are included as a blended fund.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Erie Community Civic Fund (ECCF)

The ECCF is a nonprofit organization established fully for the benefit of the Town, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The ECCF is used to facilitate certain contributions and grants for support of various Town activities. Separate audited financial statements of the ECCF are not available but are included as a blended fund as the governing body is substantially the same as the governing body of the Town and there is a financial benefit relationship between the Town and the ECCF.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report financial information on all the activities of the Town and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of net position presents the financial position of the governmental and business-type activities of the Town at year-end.

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

Separate financial statements are provided for governmental funds and proprietary funds. The Town does not operate any fiduciary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, and all other revenues to be available if they are collected within 120 days of the end of the current fiscal period.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, sales taxes, highway users' taxes, use taxes, franchise fees, other fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are measurable and available only when cash is received by the Town.

The fund financial statements provide information about the Town's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

General Fund

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

Grants Fund

The Grants Fund accounts for revenues received from federal, state, and local granting agencies. It is used to fulfill the requirements of the grant awards and/or contracts associated with the funds.

The Town of Erie Urban Renewal Authority is described above in 1.A.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Proprietary Funds

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

The Town reports the following major enterprise funds:

Water Fund

The Water Fund accounts for the acquisition, treatment, and distribution of the Town's water supply.

Wastewater Fund

The Wastewater Fund accounts for the collection and treatment of gray water in the Town's wastewater system.

Storm Drainage Operating Fund

The Storm Drainage Operating Fund accounts for the charges for services revenue from impact fees which are transferred to cover the proportionate share of capital projects related to growth.

Additionally, the Town utilizes an internal service fund to account for the acquisition of new and replacement vehicles and equipment, primarily for the benefit of its governmental activities.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

Interfund transactions are treated and classified as revenues, expenditures, or expenses (the same as if these same transactions involved external organizations). These include interfund transfers and billings from one fund to another for the purchase of goods or services. In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and the business-type activities.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

The Town's cash and cash equivalents are unrestricted cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Town's proprietary funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

Whenever possible the Town pools cash to enhance investment opportunities and to facilitate management of cash resources. Investments are made taking into consideration safety, liquidity, and income potential, in that order. The Town makes investments pursuant to its investment policy and relevant state of Colorado statutes.

Investments are reported in accordance with Governmental Accounting Standards Board (GASB) Statement 72, as amended.

2. Receivables and Payables

Activities between funds that represent lending/borrowing arrangements at the end of the fiscal year are referred to as either "due (to)/from other funds" (i.e., the current portion of interfund loans) or "advances to/(from) other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due (to)/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

By December 15 of each year, property taxes for the Town are levied by the Council and certified to Boulder County and Weld County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by the Boulder County and Weld County Treasurers on behalf of the Town. A 1% collection fee is retained by the Counties as compensation for collecting the taxes.

Property taxes levied in the General Fund, the Trails and Natural Areas Fund, and the URA are included in receivables and deferred inflows at December 31, 2024. These taxes are classified as deferred inflows since they are not normally available to the Town until the middle of the following year and are budgeted for in the year in which they are collected.

TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

2. Receivables and Payables (Continued)

Lease receivables result when the Town leases certain assets, primarily agricultural land and cellular antenna sites, to various third parties. Lease receivables are recognized at the commencement of the lease term, along with a deferred inflow of resources, with certain exceptions for short-term leases and leases that transfer ownership of the underlying asset and are measured at the present value of the lease payments expected to be received during the lease term. See Note 1.D.12 for more information.

3. Prepaid Items

Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption method).

4. Restricted Assets

Certain proceeds from the issuance of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. In addition, unexpended property tax receipts of the Town's urban renewal authority are classified as restricted assets because their use is restricted for various urban renewal activities.

5. Capital and Right-to-Use Assets

Capital assets, which include property, plant, equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) acquired since 1997, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at acquisition cost or estimated acquisition cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Right-to-use assets under lease arrangements are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The related amortization is included with depreciation expense in the accompanying financial statements.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

5. Capital and Right-to-Use Assets (Continued)

The right to use Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured at an amount equal to the present value of the SBITA liability plus any SBITA payments made at the start of the SBITA term, if applicable, plus capitalizable initial implementation costs at the start of the SBITA term, less any incentives received from the SBITA vendor at the start of the SBITA term. The right to use SBITA assets are amortized on a straight-line basis over the SBITA term.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated, and right-to-use assets are amortized, using the straight-line method with estimated useful lives as follows:

Buildings and Improvements	5 to 50 Years
Improvements Other Than Buildings	5 to 50 Years
Machinery and Equipment	3 to 10 Years
Vehicles	3 to 5 Years
Right-to-Use Assets	Varies*

* The shorter of the lease term or useful life of the underlying asset

6. Accrued Liabilities for Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method over the term of the debt. Long-term debt payable is reported net of the applicable unamortized premiums or discounts. Debt issuance costs are reported as an outflow of resources.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

7. Long-Term Obligations (Continued)

In the fund financial statements for governmental fund-types, the par amount of debt issued, and premiums received are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, even if withheld from the debt proceeds received, are reported as debt service expenditures.

8. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the Town that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net assets by the Town that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The Town has certain items that relate to its pension plan that qualify for reporting as a deferred outflow of resources. See Note 3.F for more information. In addition, a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources for the Town consist of property taxes receivable, reimbursement-based grants, and leases as applicable in the government-wide and fund financial statements. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. Reimbursement based grant revenue is considered a deferred inflow of resources in the year the Town has incurred qualified expenses/expenditures under the grant and is recognized as an inflow of resources in the period they are collected. Deferred inflows of resources related to leases is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Interest revenue on the lease receivable and revenue from the deferred inflows of resources is recognized in a systematic and rational manner over the term of the lease.

The Town also reports as deferred inflows of resources certain items related to its pension plan. See Note 3.F for more information.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

9. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan (SWDB), administered by the Fire & Police Pension Association of Colorado (FPPA), and additions to/deductions from the SWDB's fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balances and Net Position

Fund balances of governmental funds are reported in various categories, based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources for specific purposes.

Nonspendable Fund Balance – This category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes prepaid items and the long-term amount of interfund loans.

Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties such as creditors, grantors, contributors, other governments, or enabling legislation.

Committed Fund Balance – This includes amounts that can be used only for the specific purposes imposed by formal action through ordinance of the Town Council and remains binding unless removed in the same manner.

Assigned Fund Balance – This classification is intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund assigned amounts represent intended uses established by the Town Council, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned Fund Balance – This is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Equity (Continued)

10. Fund Balances and Net Position (Continued)

Generally, the Town would first apply restricted, then committed, and then assigned resources prior to unassigned resources when an expenditure is incurred for purposes for which more than one of the classifications of fund balance is available.

Minimum Fund Balances

The Town has established minimum unrestricted fund balances for certain of its funds. For the General Fund, the minimum fund balance is 25% of annual budgeted operating expenditures. Proprietary funds are to maintain a minimum unrestricted net position of 25% of annual operating and maintenance expenses plus 2% of capital assets.

The general fund unassigned fund balance is transferred into the capital improvements fund to support capital infrastructure projects.

All minimum fund balance policy requirements were met as of December 31, 2024.

Net position is classified in the following categories:

Net Investment in Capital Assets – This category represents the Town’s capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This category represents resources with legal or contractual obligations to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – This category includes all net position not invested in capital assets or restricted.

11. Use of Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town adopts annual budgets on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The budgets for proprietary funds are adopted on a non-GAAP modified accrual budgetary basis. All annual appropriations lapse at fiscal year-end. The Town does not adopt a budget for the Erie Community Civic Fund.

On or before October 15 of each year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing on the following January 1. Study sessions and public hearings are conducted during Council meetings to obtain input from elected officials, residents, and other interested parties. By December 15, the final budget is adopted.

The appropriated budget is adopted by fund. The budget is prepared by fund, department, and division. Managers can make transfers between line items within their departments, and the Town Manager and/or Finance Director can make transfers between departments without Council approval. Any changes between funds require Council approval. The Council made supplemental appropriations during the year, which are reflected in the final budget columns of the financial statements and schedules. The General Fund may be in violation of state statutes as the expenditures and transfers out exceed the appropriated budget by \$5,513,259. The Grants Fund may be in violation of state statutes as the expenditures exceeded the appropriated budget by \$4,807,007.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments are reported in the financial statements as follows:

Pooled Cash and Investments	\$ 302,025,718
Restricted Cash and Investments	14,713,574
Total	<u>\$ 316,739,292</u>

Cash and investments consist of the following:

Bank Checking Accounts	\$ 17,468,527
Investments	299,268,265
Cash on Hand	2,500
Total	<u>\$ 316,739,292</u>

As of December 31, 2024, the carrying amount of the Town's deposits was \$17,468,527.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Town bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the Town's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (CPDPA). The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance.

As of December 31, 2024, the Town had the following investments:

Investment Type	Rating		Carrying Value	Investment Maturities		% of Total
	Moody's	S&P		Less than 1 Year	1 to 5 Years	
U.S. Treasury Notes			\$ 45,746,005	\$ 17,347,235	\$ 28,398,770	15.29 %
Agency	Aaa	AA+	17,117,058	2,239,840	14,877,218	5.72
U.S. Corporate Notes	Aaa	AA+	3,336,872	2,134,484	1,202,388	1.12
Commercial Paper	P-1	A-1+	1,463,817	1,463,817	-	0.49
BlackRock Liquidity Funds -						
FedFund Series	Aaa-mf	AAAm	47,060,404	47,060,404	-	15.73
COLOTRUST PLUS+	n/a	AAAm	98,573,272	98,573,272	-	32.94
CSIP Liquid Portfolio	n/a	AAAm	81,885,444	81,885,444	-	27.36
UMB Money Market	Aaa-mf	AAAm	4,085,393	4,085,393	-	1.37
Total Fair Value			<u>\$ 299,268,265</u>	<u>\$ 254,789,889</u>	<u>\$ 44,478,376</u>	<u>100.00 %</u>

It is the policy of the Town to invest its funds in a manner that will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The Town's investment policy applies to all investment activities of the Town, under the control of the finance director. The Town Municipal Code, Section 2-1-4, authorizes the investments that the Town can hold. Investments of the Town may include obligations of the United States of America or its agencies thereof, certificates of deposit, bankers' acceptances, commercial paper, investment-grade obligations of state and local governments, repurchase agreements collateralized by any of the foregoing securities, money market mutual funds, local government investment pools, corporate securities, and supranational securities.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits the Town's investment portfolio to maturities of less than five years and a weighted average maturity of less than three years. Additionally, the Town structures its investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Credit Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the Town. The Town's investment policy limits investments to certain types of investments and diversifies the investment portfolio so the impact of potential losses from any one type of investment will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Pursuant to its investment policy, the Town has established various limits for issuers for each of the types of securities in which it is permitted to invest.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy addresses this risk by requiring the pre-qualifying of financial institutions, broker/dealers, intermediaries, and advisers with which the Town does business to ensure that such risk is minimized.

Local Government Investment Pools

As shown in the table on the previous page, the Town had investments in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Statewide Investment Program (CSIP) at year-end. COLOTRUST and CSIP are investment vehicles established for local government entities in Colorado to pool surplus funds. These funds were established under the authority of, and in conformity with, Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes. The state of Colorado regulates these funds.

These funds operate similarly to money market funds and each share is valued at \$1.00. Fund investments include U.S. Treasury bills, notes, note strips, repurchase agreements collateralized by U.S. Treasury securities and commercial paper. Designated custodial banks provide safekeeping and depository services to these funds in connection with the funds' direct investment and withdrawal functions. The custodians' internal records identify investments owned by the funds.

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Fair Value of Investments (Continued)

There is a hierarchy of three levels of inputs that may be used to measure fair value, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs for an asset or liability.

The Town’s investment in COLOTRUST PLUS+ is measured at net asset value, equal to \$1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. BlackRock Liquidity Funds – FedFund Series, CSIP Liquid Portfolio and the Wells Fargo Treasury Money Market Fund are valued at amortized cost. All other Town investments are valued using Level 2 inputs.

B. Accounts Receivable and Leases Receivable

Receivables as of year-end for the Town’s individual major funds and nonmajor funds, in the aggregate, are as follows:

	General	Grants	Erie Urban Renewal Authority	Nonmajor Governmental	Total Governmental
Governmental:					
Property Taxes	\$ 6,666,919	\$ -	\$ -	\$ 2,842,430	\$ 9,509,349
Sales Taxes	4,368,297	-	-	-	4,368,297
Other Taxes	104,675	-	-	-	104,675
Customers	40,167	-	-	-	40,167
Intergovernmental	-	2,215,308	3,462,067	-	5,677,375
Interest	141,312	-	24,312	136,338	301,962
Leases	2,586,701	-	-	-	2,586,701
Other	448,458	-	-	-	448,458
Total Receivables	<u>\$ 14,356,529</u>	<u>\$ 2,215,308</u>	<u>\$ 3,486,379</u>	<u>\$ 2,978,768</u>	<u>\$ 23,036,984</u>
	Water	Wastewater	Storm Drainage	Airport	Total Business-Type
Business-Type:					
Customers	\$ 916,176	\$ 834,798	\$ 258,030	\$ -	\$ 2,009,004
Intergovernmental	50,248	-	410,636	1,306,985	1,767,869
Interest	257,893	72,378	3,943	-	334,214
Other	-	-	-	8,234	8,234
Total Receivables	<u>\$ 1,224,317</u>	<u>\$ 907,176</u>	<u>\$ 672,609</u>	<u>\$ 1,315,219</u>	<u>\$ 4,119,321</u>

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Accounts Receivable and Leases Receivable (Continued)

The Town leases certain assets, primarily agricultural land and cellular antenna site leases, to various third parties, expiring in 2025-2051. Payments are generally fixed monthly or annually with certain variable payments not included in the measurement of the lease receivable. The Town recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Town measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The lease receivable as of December 31, 2024, is \$2,586,701. The Town recorded deferred inflows of resources for lease revenue related to leasing arrangements that occurred during the year. As of December 31, 2024, the Town recorded deferred inflows of resources of \$2,586,701.

During the year ended December 31, 2024, the Town recognized lease revenue related to its leases of \$140,643 and interest income related to its leases of \$74,662. The principal and interest on lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 107,394	\$ 77,787
2026	117,297	74,535
2027	115,981	70,984
2028	116,789	67,472
2029	125,163	63,933
2030 - 2034	534,627	273,595
2035 - 2039	683,511	181,310
2040 - 2044	555,487	77,735
2045 - 2049	173,343	21,725
2050 - 2051	57,109	2,583
Total	<u>\$ 2,586,701</u>	<u>\$ 911,659</u>

TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital and Right-to-Use Assets

Capital and Right-to-Use Lease and SBITA asset activity for Governmental Activities for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 12,154,694	\$ 16,684,201	\$ (2,665,459)	\$ 26,173,436
Land and Open Space	40,944,107	3,309,003	-	44,253,110
Total Capital Assets, Not Being Depreciated	53,098,801	19,993,204	(2,665,459)	70,426,546
Capital Assets, Being Depreciated:				
Buildings	41,342,833	1,454,851	-	42,797,684
Streets and Other Infrastructure	161,266,781	14,777,143	-	176,043,924
Parks and Trails	46,575,265	1,050,993	(125,000)	47,501,258
Furniture and Equipment	5,758,391	866,333	(41,047)	6,583,677
Vehicles	2,339,373	-	(188,473)	2,150,900
Total Capital Assets, Being Depreciated	257,282,643	18,149,320	(354,520)	275,077,443
Less: Accumulated Depreciation for:				
Buildings	(11,937,677)	(1,136,965)	-	(13,074,642)
Streets and Other Infrastructure	(33,050,171)	(4,770,461)	-	(37,820,632)
Parks and Trails	(15,371,802)	(2,307,880)	-	(17,679,682)
Furniture and Equipment	(3,304,314)	(548,417)	41,047	(3,811,684)
Vehicles	(1,337,328)	(224,683)	188,473	(1,373,538)
Total Accumulated Depreciation	(65,001,292)	(8,988,406)	229,520	(73,760,178)
Total Capital Assets, Being Depreciated, Net	192,281,351	9,160,914	(125,000)	201,317,265
Governmental Activities Capital Assets, Net	245,380,152	29,154,118	(2,790,459)	271,743,811
Right-to-Use Lease and SBITA Assets:				
Vehicles	2,809,862	639,734	(100,499)	3,349,097
Equipment	88,811	85,228	(23,296)	150,743
SBITAs	368,521	1,120,941	(4,548)	1,484,914
Total Right-to-Use Lease and SBITA Assets	3,267,194	1,845,903	(128,343)	4,984,754
Less: Accumulated Amortization for:				
Vehicles	(827,830)	(708,963)	32,521	(1,504,272)
Equipment	(45,962)	(34,466)	23,263	(57,165)
SBITAs	(65,149)	(370,210)	4,550	(430,809)
Total Accumulated Amortization	(938,941)	(1,113,639)	60,334	(1,992,246)
Total Right-to-Use Lease and SBITA Assets, Net	2,328,253	732,264	(68,009)	2,992,508
Governmental Activities Capital and Right-to-Use Lease and SBITA Assets, Net	<u>\$ 247,708,405</u>	<u>\$ 29,886,382</u>	<u>\$ (2,858,468)</u>	<u>\$ 274,736,319</u>

TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital and Right-to-Use Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 85,501,647	\$ 15,049,952	\$ (33,758,639)	\$ 66,792,960
Land and Reservoirs	6,562,209	-	-	6,562,209
Water Rights	84,412,797	-	-	84,412,797
Total Capital Assets, Not Being Depreciated	176,476,653	15,049,952	(33,758,639)	157,767,966
Capital Assets, Being Depreciated:				
Buildings	12,586,472	105,795	-	12,692,267
Improvements Other Than Buildings	287,881,894	54,605,252	-	342,487,146
Machinery and Equipment	4,709,130	1,090,831	(143,880)	5,656,081
Total Capital Assets, Being Depreciated	305,177,496	55,801,878	(143,880)	360,835,494
Less: Accumulated Depreciation for:				
Buildings	(240,348)	(318,489)	-	(558,837)
Improvements Other Than Buildings	(84,495,200)	(7,881,490)	-	(92,376,690)
Machinery and Equipment	(1,800,904)	(520,793)	143,880	(2,177,817)
Total Accumulated Depreciation	(86,536,452)	(8,720,772)	143,880	(95,113,344)
Total Capital Assets, Being Depreciated, Net	218,641,044	47,081,106	-	265,722,150
Business-Type Activities Capital Assets, Net	395,117,697	62,131,058	(33,758,639)	423,490,116
Right-to-Use Assets:				
Vehicles	592,878	381,555	-	974,433
Total Right-to-Use Assets	592,878	381,555	-	974,433
Less: Accumulated Amortization for:				
Vehicles	(244,635)	(167,212)	-	(411,847)
Total Accumulated Amortization	(244,635)	(167,212)	-	(411,847)
Total Right-to-Use Assets, Net	348,243	214,343	-	562,586
Business Type Activities Capital and Right-to-Use Assets, Net	\$ 395,465,940	\$ 62,345,401	\$ (33,758,639)	\$ 424,052,702

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital and Right-to-Use Assets (Continued)

Depreciation and amortization expense charged to functions/programs of the primary government are as follows:

Governmental Activities:		
General Government	\$	1,381,294
Public Safety		312,900
Public Works		5,228,068
Parks and Recreation		3,179,783
Total Depreciation and Amortization Expense - Governmental Activities		\$ 10,102,045
Business-Type Activities:		
Water	\$	4,944,622
Wastewater		2,332,963
Storm Drainage		1,347,964
Airport		262,435
Total Depreciation and Amortization Expense - Business-Type Activities		\$ 8,887,984

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2024, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Fund	\$ 1,204,327
General Fund	Governmental Grants Fund	3,431,451
General Fund	Nonmajor Proprietary Funds	1,024,331
Total		\$ 5,660,109

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The general fund expects to collect these amounts in the subsequent year.

Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Urban Renewal Authority	\$ 1,196,936

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers (Continued)

The amounts payable to the general fund from the Urban Renewal Authority related to advances to the URA to pay for purchases of certain properties and for operating expenditures of the URA. This advance is responsible for the negative unassigned fund balance in the URA fund. Repayment of the remaining advance is anticipated primarily pursuant to the development agreement for the development of the Nine Mile property at the corner of Highway 287 and Arapahoe Road. The exact timing, amount, and/or mechanism of repayment remains subject to terms and conditions as specified in the development agreement. As the advance is repaid, the unassigned fund balance in the URA will be replenished.

Interfund transfers for the year ended December 31, 2024 consisted of the following:

	Transfer To		Total
	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
Transfer From:			
General Fund	\$ 27,000,000	\$ 240,000	\$ 27,240,000
Total	\$ 27,000,000	\$ 240,000	\$ 27,240,000

As part of the budget process, the Town Council appropriates transfers between funds to allocate the Town's resources to support various programs across the Town. The \$27,000,000 transfer from the General Fund to the Capital Improvements Fund was to fund capital improvements in a separate fund. The transfer from the Grants Fund to the General Fund shown above of \$49,999 was related to grant funding received to support operations and capital projects normally occurring in those funds. The transfer from the General Fund to the Airport fund was related to support for airport improvements.

E. Long-Term Debt

1. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have only been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. They are payable from real property taxes. These bonds are issued as serial bonds with varying amounts of principal maturing each year. The Town also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The Town can also use other resources to pay debt service. For the year ended December 31, 2024, the net revenue available for service of this debt was \$8,578,110. The debt principal and interest paid in 2024 equals \$1,490,013 (17.4% of available pledged revenues).

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

1. General Obligation Bonds (Continued)

Long-term debt outstanding for general obligation bonds at December 31, 2024, was as follows:

Year Issued	Description	Coupon Interest Rate (%)	Effective Interest Rate (%)	Final Maturity Date	Issued	Outstanding
2013	General Obligation Refunding Bonds	2.00 - 4.00	2.14	2026	\$ 8,460,000	\$ 2,440,000
2014	General Obligation Bonds	3.25 - 3.75	3.24	2033	6,200,000	6,200,000
Total General Obligation Bonds						\$ 8,640,000

2. Notes from Direct Borrowings and Direct Placements Revenue Bonds and Loans

Revenue Bonds and Loans

The Town also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The Town also can use other resources to pay debt service. There are no unused lines of credit. For the year ended December 31, 2024, the net revenue available for service of this debt was \$40,079,259. The debt principal and interest paid in 2023 equals \$3,191,092 (8.0% of available pledged revenues).

Revenue bonds and loans outstanding at year-end were as follows:

Year Issued	Description	Coupon Interest Rate (%)	Effective Interest Rate (%)	Final Maturity Date	Issued	Outstanding
1995	Storm Drainage Revenue Loan	2.00	2.00	2035	\$ 498,512	\$ 178,339
2009	Wastewater Revenue Loan	2.00	N/A	2030	1,534,700	272,410
2009	Wastewater Revenue Loan	0.00	0.00	2030	2,000,000	550,000
2015	Water Revenue Refunding Bonds	2.00 - 5.00	3.17	2032	12,335,000	9,405,000
2016	Wastewater Revenue Refunding Bonds	2.00 - 5.00	2.91	2037	16,670,000	12,475,000
2017	Water Revenue Refunding Bonds	3.24	3.12	2032	4,575,000	3,335,000
2021	Urban Renewal Authority Revenue Bonds	4.00	4.00	2038	4,100,000	3,935,000
Total Revenue Bonds and Loans						\$ 30,150,749

Certificates of Participation

The Town formed the Erie Finance Corporation (EFC) to issue certificates of participation (COPs) for the acquisition and construction of major capital additions and improvements. The COPs are secured by the underlying capital assets. Debt service payments are made from rents collected by EFC based upon annually renewable lease agreements between the Town and EFC. Payments are subject to annual appropriation and do not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional or statutory debt limitation.

TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

2. Notes from Direct Borrowings and Direct Placements Revenue Bonds and Loans (Continued)

Certificates of Participation (Continued)

The Town entered into its first COPs transaction in 2005. COPs in the amount of \$32,030,000 were issued to purchase Colorado-Big Thompson water shares. The 2005 COPs were retired in 2010, when the 2010 COPs were issued. The 2010 COPs carried a fixed rate of 2.70% through October 1, 2017, and carried a variable rate after that date. In 2014 the COPs were remarketed, resulting in the issuance of new certificates with maturities extending through 2040 and carrying a fixed rate. The effective interest rate of the new certificates was 3.76%. There are no collateralized assets. COPs outstanding at year-end are as follows:

Year Issued	Description	Coupon Interest Rate (%)	Effective Interest Rate (%)	Final Maturity Date	Issued	Outstanding
2014	Water Certificates of Participation	2.00 - 5.00	3.76	2040	\$ 25,105,000	\$ 18,205,000
	Total Certificates of Participation					<u>\$ 18,205,000</u>

Annual debt service requirements to maturity for general obligation bonds and direct borrowings and direct placements are as follows:

Year Ending December 31,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds		Revenue Bonds of Urban Renewal Authority		Revenue Bonds and Loans from Direct Borrowings and Direct Placements		Certificates of Participation from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,200,000	\$ 288,813		\$ 164,000	\$ 2,191,994	\$ 1,002,833	\$ 805,000	\$ 790,125
2026	1,240,000	215,613	45,000	164,000	2,288,239	906,601	845,000	749,875
2027	800,000	215,613	145,000	162,200	2,384,508	805,857	890,000	707,625
2028	825,000	189,613	215,000	156,400	2,490,803	700,514	930,000	663,125
2029	855,000	162,800	225,000	147,800	2,537,125	601,809	980,000	616,625
2030 - 2034	3,720,000	348,163	1,130,000	491,400	9,452,712	1,454,560	4,285,000	2,100,400
2035 - 2039	-	-	2,175,000	323,200	4,870,368	368,714	6,460,000	1,515,500
2040	-	-	-	-	-	-	3,010,000	181,800
Total	<u>\$ 8,640,000</u>	<u>\$ 1,420,615</u>	<u>\$ 3,935,000</u>	<u>\$ 1,609,000</u>	<u>\$ 26,215,749</u>	<u>\$ 5,840,888</u>	<u>\$ 18,205,000</u>	<u>\$ 7,325,075</u>

3. Other Long-Term Debt

Lease Liability

The Town leases certain assets from various third parties. The Town recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

3. Other Long-Term Debt (Continued)

Lease Liability (Continued)

The assets leased include vehicles, copiers, printers, and a mail machine. Payments are fixed monthly. Lease assets are reported with other capital assets on the statement of net position. Lease asset activity of the Town is included in Note 3.C.

The Town monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. As of December 31, 2024, the Town had an outstanding liability for all its leases of \$2,607,544.

Principal and interest lease payments to maturity are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 561,654	\$ 163,905	\$ 159,494	\$ 49,546
2026	540,870	114,428	147,158	36,488
2027	496,827	64,502	129,126	23,356
2028	219,364	28,812	68,405	15,355
2029	168,899	8,215	115,747	5,920
Total	<u>\$ 1,987,614</u>	<u>\$ 379,862</u>	<u>\$ 619,930</u>	<u>\$ 130,665</u>

SBITA Liability

The Town has entered into agreements for various SBITA arrangements. The SBITA arrangements expire at various dates through 2027 and provide for renewal options.

As of December 31, 2024, SBITA assets and the related accumulated amortization totaled \$1,484,914 and \$430,809, respectively.

The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 261,644	\$ 22,971	\$ 284,615
2026	215,914	12,676	228,590
2027	100,975	4,039	105,014
Total	<u>\$ 578,533</u>	<u>\$ 39,686</u>	<u>\$ 618,219</u>

Other Liability

The other long-term liability of \$450,707 represents a reimbursement due in 2024 related to infrastructure constructed by a developer. Due to project delays, the project is ongoing and reimbursement is expected to be paid upon completion in 2025.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental Activities:					
Bonds and Other Debt Payable:					
General Obligation Bonds	\$ 9,795,000	\$ -	\$ (1,155,000)	\$ 8,640,000	\$ 1,200,000
Revenue Bonds	4,100,000	-	(165,000)	3,935,000	-
Deferred Premiums and Discounts	355,335	-	(100,950)	254,385	100,950
SBITA Liability	256,771	638,305	(316,543)	578,533	261,644
Lease Liability	1,908,566	720,155	(641,107)	1,987,614	564,114
Total Bonds and Other Debt Payable	16,415,672	1,358,460	(2,378,600)	15,395,532	2,126,708
Compensated Absences (1)	1,408,330	201,252	-	1,609,582	1,189,939
Other Long-Term Liability	450,707	-	-	450,707	-
Total Governmental Activities	<u>\$ 18,274,709</u>	<u>\$ 1,559,712</u>	<u>\$ (2,378,600)</u>	<u>\$ 17,455,821</u>	<u>\$ 3,316,647</u>
Business-Type Activities:					
Direct Placements and Direct Borrowings:					
Revenue Bonds and Loans	\$ 28,321,523	\$ -	\$ (2,105,774)	\$ 26,215,749	\$ 2,191,994
Certificates of Participation	18,980,000	-	(775,000)	18,205,000	805,000
Deferred Premiums and Discounts	2,845,065	-	(215,177)	2,629,888	215,177
Total Direct Placements and Direct Borrowings	50,146,588	-	(3,095,951)	47,050,637	3,212,171
Lease Liability	365,365	381,555	(126,990)	619,930	163,275
Compensated Absences (1)	163,332	80,114	-	243,446	179,976
Total Business-Type Activities	<u>\$ 50,675,285</u>	<u>\$ 461,669</u>	<u>\$ (3,222,941)</u>	<u>\$ 47,914,013</u>	<u>\$ 3,555,422</u>

(1) The change in the compensated absence liability is presented as a net change.

The liability attributable to the governmental funds is recorded as governmental activities - noncurrent liability. Liabilities relating to employees of governmental funds are liquidated out of the associated fund.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

5. Defeasance of Debt

In a prior year, the Town defeased certain water revenue bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. This transaction resulted in an economic gain to the Town. On December 31, 2024, defeased bonds had remaining balances outstanding of \$597,751.

F. Retirement Plans

Police Officers Pension Plan

1. General Information about the Pension Plan

Plan Description

The Town contributes to the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA) for firefighters hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. The SRP became effective January 1, 1980. As of August 5, 2003, the SRP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. Most full-time, paid firefighters of the District are members of the SRP, and all newly hired firefighters have to be enrolled in the SRP. Effective January 1, 2023, the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan were combined to form the Statewide Retirement Plan based on House Bill 22-1034. The Statewide Defined Benefit Plan became the Defined Benefit Component of the Statewide Retirement Plan and the Statewide Hybrid Plan became the Hybrid Component of the Statewide Retirement Plan.

The SRP assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members). The SRP is administered by FPPA. FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

2. Benefits Provided

SRP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the Normal Retirement Age. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances, with the Normal Retirement Age being not less than age 55 and not more than age 60. A member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual normal retirement benefit for the Defined Benefit Component is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

2. Benefits Provided (Continued)

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

3. Contributions

Contribution rates for the SRP are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

3. Contributions (Continued)

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 16.5 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component. A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members. A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Town reported a net pension liability of \$-0- for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the collective total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on Town contributions to the SRP relative to the total contributions of participating employers to the SRP based upon the January 1, 2024 actuarial valuation. At December 31, 2023, the Town's proportion was 0.45668%, which was a decrease of 0.02548% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Town recognized pension expense of (\$288,982). At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 869,728	\$ 41,788
Changes of Assumptions or Other Inputs	504,477	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	624,385	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	92,389	301,042
Contributions Subsequent to the Measurement Date	499,735	-
Total	<u>\$ 2,590,714</u>	<u>\$ 342,830</u>

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The \$499,735 reported as deferred outflows of resources relating to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred inflows and outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 299,049
2026	461,465
2027	675,978
2028	60,479
2029	86,718
Thereafter	164,460
Total	<u>\$ 1,748,149</u>

5. Actuarial Assumptions

The actuarial valuations for the SRP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2023. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30-Years
Long-Term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25 - 11.25%	4.25 - 11.25%
Cost-of-Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent).

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.00 %	8.33 %
Equity Long/Short	6.00	7.27
Private Markets	34.00	10.31
Fixed Income - Rates	10.00	5.35
Fixed Income - Credit	5.00	5.89
Absolute Return	9.00	6.39
Cash	1.00	4.32
Total	100.00 %	

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.77 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

Police Officers Pension Plan (Continued)

7. Sensitivity of the Town’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,560,803	\$ -	\$ -

As of the measurement period ended December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of FPPA Board’s Benefits Policy which includes a variable COLA and supplemental payments. Consistent with FPPA Board’s policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

General Employees

The Town contributes to an employer defined contribution plan established for non-police employees.

Plan Name	The Town of Erie Savings Plan
Plan Administrator	Town Finance Director
Recordkeeper	OneAmerica (a Third-Party Trustee)

The plan was established by authority of the Town Council and can be amended by the Plan Trustees (Town Manager and Finance Director). The Town Manager establishes and may amend contribution requirements.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Retirement Plans (Continued)

8. Pension Plan Fiduciary Net Position (Continued)

General Employees (Continued)

The plan is available to all non-police benefited employees (full-time employees and part-time employees working at least 24 hours per week). The plan was created in accordance with IRC Section 457(b) (employee contributions) and 401(a) (employer contributions). Employees are eligible to participate on the first day of each month after their date of hire.

Under the terms of the plan the Town is the only non-employee contributor and matches dollar-for-dollar up to the first 5% of employee contributions. Participants are not required to contribute to the plan but may contribute up to \$22,500 per year (\$30,000 for employees over 50). Employer contributions are based on the participant's salary (salary, pay, or earned income less salary reductions made under IRC §125). During 2024, the Town made all required contributions to the plan, contributing \$499,735. Employees contributed \$601,720 (including voluntary contributions).

Employees vest immediately. Employees have a non-forfeitable interest in the employer contributions to their accounts held by the plan recordkeeper. Voluntary pre-tax and Roth (after-tax) contributions are allowed. Since a third-party trustee holds the assets in trust, they are not reflected in the Town's financial statements.

NOTE 4 OTHER INFORMATION

A. Risk Management

The Town faces risks of loss, including damage to and loss of property and contents, general and automobile liabilities, professional liability (i.e., errors and omissions), and workers' compensation. The Town carries commercial insurance for the risks of loss, including workers' compensation and property/casualty loss insurance. Settlements have not exceeded coverages for each of the past three fiscal years. Coverage limits and deductibles have stayed relatively constant in the past three years.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Litigation

The Town is currently the defendant in several lawsuits. Some of the lawsuits are in the process of appeal or settlement. Those lawsuits do not involve significant claims which have not already been provided for in prior years. Therefore, there does not appear to be a threat of significant liability to the Town from those lawsuits. In addition, there are several claims asserted against the Town. Legal counsel is of the opinion that insurance carried by the Town is sufficient to cover any potential adverse settlements from those claims covered by insurance. As to those claims which may not be covered by insurance, legal counsel is unable to form an opinion as to any potential adverse settlements.

C. Commitments and Encumbrances

At year-end, commitments and encumbrances by fund were as follows:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
General Fund	\$ 3,330,708	\$ -	\$ 3,330,708
Capital Improvements Fund	6,755,082	-	6,755,082
Grants Fund	264,380	-	264,380
Trails and Natural Areas Fund	502,610	-	502,610
Parks Improvement Fund	430,677	-	430,677
Police Facilities Impact Fund	1,402,519	-	1,402,519
Transportation Impact Fund	1,424,907	-	1,424,907
Public Facilities Improvement Fund	1,611,599	-	1,611,599
Tree Impact Fund	5,200	-	5,200
Storm Drainage Impact Fund	272,401	-	272,401
Fleet and Equipment Acquisition Fund	513,228	-	513,228
Urban Renewal Authority	708,728	-	708,728
Water Fund	-	13,040,788	13,040,788
Wastewater Fund	-	4,918,427	4,918,427
Airport Fund	-	167,873	167,873
Storm Drainage Operating	-	2,798,761	2,798,761
Total Commitments	<u>\$ 17,222,039</u>	<u>\$ 20,925,849</u>	<u>\$ 38,147,888</u>

The commitments and encumbrances reflected in the above table technically lapse at the end of the year but are expected to be reappropriated and become part of the subsequent year's budget because performance under the various executory contracts is expected in the next year.

Most of the amounts reflected in the above table are related to capital projects, representing \$33.6 million of the total. Of this amount, \$3 million represents contractual commitments for the expansion and renovation of Town Hall. This project is expected to be completed in 2025.

TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Commitments and Encumbrances (Continued)

The Town is also participating in several raw water storage and delivery projects with the Northern Colorado Water Conservancy District. In 2024, the Town contributed \$4.4 million to the Northern Integrated Supply Project and \$2.1 million to the Windy Gap Firming Project. Future years' contributions to these projects depend on the Town Council election to participate.

D. Contingent Liabilities

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2024. If any costs are disallowed in the future, the Town expects them to be insignificant.

E. Annexation and Developer Agreements

The Town has entered into several annexation and developer agreements with various developers of residential/commercial developments. Among other things, these agreements indicate whether the Town or the developer is responsible for the construction of infrastructure and other improvements such as water, wastewater and storm drainage infrastructure, streets, trails, parks and similar capital improvements required to support the development. The Town's portion of these costs will be paid primarily from tap and impact fees collected from these developments.

The Town has entered into an agreement with Dillon Companies Inc. (Dillon) that provides for reimbursement by the Town to the developer up to \$1.5 million for certain public improvements to be constructed by the developer. Reimbursements by the Town will be limited to the amount of sales tax received in the prior year on certain commercial parcels. Such reimbursements shall cease after the 10th year of such payments regardless of the total amount reimbursed to Dillon. During 2024, the Town paid Dillon \$-0- pursuant to this agreement. Cumulative reimbursements since inception pursuant to this agreement were \$674,835 as of December 31, 2024.

The Town, through the URA, has entered into a public finance and development agreement with Erie Four Corners, LLC, Four Corners Business Improvement District and Four Corners Metropolitan District (collectively, the Developer). The Developer has agreed to construct the necessary infrastructure improvements for the project. The urban renewal authority will reimburse the Developer a portion of the cost of qualifying improvements, not to exceed \$35,000,000 over a period not to exceed approximately 20 years. Reimbursement will be from incremental property taxes on the commercial and retail portions of the project. No reimbursements have been made to date on this project.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Annexation and Developer Agreements (Continued)

Also through the URA, in 2017 two tax abatement agreements were entered into to provide incentives for development in Historic Old Town through reimbursements of incremental property taxes. The first was for the construction of a commercial/retail/office building at 105 Wells St. with D&H Erie, LLC, and the second was with Four Lakes, LLC (dba Echo Brewing Cask and Barrel) for the expansion of and improvements to 600/620 Briggs St. The maximum reimbursement under each of these agreements is \$1,500,000. During 2024, the Town reimbursed D&H Erie, LLC \$105,390 pursuant to this agreement. Reimbursements under the agreement for Echo Brewing began in 2023.

In 2019, the URA entered into a property tax sharing agreement with 615 Briggs LLC for construction of a new building to house a restaurant and retail/office space in Historic Old Town. The agreement has a cap of \$446,050 and has a term of up to 10 years, beginning with the date the certificate of occupancy is issued. During 2024, the Town paid 615 Briggs LLC \$60,223 pursuant to this agreement.

In 2019, the URA also entered into a reimbursement agreement with RTD Birdhouse Holdings LLC for improvements to and expansion of 526 Briggs in Historic Old Town, with the primary occupant being a restaurant. The agreement provides for sharing of sales tax for a period of up to seven years, with a cap of \$420,000. During 2024, the Town paid RTD Birdhouse Holdings LLC \$50,186 pursuant to this agreement.

The URA has entered into a property and sales tax sharing agreement with Evergreen-287 and Arapahoe LLC for the development of land located on the southeast corner of Highway 287 and Arapahoe Road, known as the Nine Mile development (Nine Mile). Nine Mile is a mixed-use development, with retail, commercial, and multi-family components. The agreement provides for tax increment revenue to pay debt service costs on up to \$12,800,000 in eligible infrastructure costs on the site, with the debt issued by the Nine Mile Metropolitan District. Certain operations and administrative costs will also be paid from the tax increment revenue. During 2024, the Town paid the Nine Mile Metropolitan District \$2,158,061 pursuant to this agreement.

F. Tax, Spending, and Debt Limitations

On November 3, 1992, the voters of the State approved Article X, Section 20, to the State Constitution (the Amendment). The Amendment provides for several limitations on government activities, including those related to revenue, expenditures, property taxes, and issuance of debt. These provisions of the Constitution are complex and subject to judicial interpretation. In the opinion of management, the Town is in compliance with such provisions.

The Amendment provides for exceptions related to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined. The Town’s management is of the opinion that its Water, Wastewater, Storm Drainage, and Airport operations qualify for this exclusion.

**TOWN OF ERIE, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Tax, Spending, and Debt Limitations (Continued)

In 1994, the Town’s electorate authorized the Town to retain any revenues in excess of the limits imposed by the Amendment, pursuant to its existing sales and use tax code and general taxes on all taxable property without any increase in sales and use tax rates or increase in the general property tax mill levy. This effectively removed all revenue and spending limits imposed by Amendment. However, any future tax rate or tax code changes increasing tax revenues are subject to voter approval.

G. Emergency Reserve

The Town Council approved a resolution to create an emergency reserve as required by Article X, Section 20, of the Colorado Constitution. The year-end reserve of \$2,472,585 is calculated based on the requirements of Article X, Section 20.

NOTE 5 ACCOUNTING CHANGES AND ERROR CORRECTIONS

Changes to or within Financial Reporting Entity

The Transportation Impact Fund and Parks Improvement Fund previously met the criteria to be reported as major governmental funds. However, effective January 1, 2024, the funds no longer met the criteria to be reported as major funds and are reported as nonmajor governmental funds for the fiscal year ended December 31, 2024.

The Grants Fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective January 1, 2024, the fund met the criteria to be reported as a major fund and is reported as major governmental fund for the fiscal year ended December 31, 2024.

The effect of those changes to or within the financial reporting entity is shown in the table below.

	Transportation Impact	Parks Improvement	Grants	Nonmajor Governmental
December 31, 2024, As Previously Reported Change in Fund Presentation from Major to Nonmajor	\$ (26,086,265)	\$ (12,170,509)	\$ -	\$ 38,256,774
December 31, 2024, As Previously Reported Change in Fund Presentation from Nonmajor to Major	-	-	181,663	(181,663)
December 31, 2024, As Adjusted or Restated	<u>\$ (26,086,265)</u>	<u>\$ (12,170,509)</u>	<u>\$ 181,663</u>	<u>\$ 38,075,111</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ERIE, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS*

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Town's Proportion of the Net Pension Liability (Asset)	0.45668%	0.48216%	0.43109%	0.38349%	0.37436%	0.34242%	0.34200%	0.33195%	0.33625%	0.33118%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ 427,970	\$ (2,336,210)	\$ (832,568)	\$ (211,723)	\$ 432,908	\$ (492,022)	\$ 119,945	\$ (5,928)	\$ (373,766)
Town's Covered Payroll	\$ 4,499,509	\$ 4,194,863	\$ 3,470,347	\$ 3,080,269	\$ 2,759,138	\$ 2,212,900	\$ 2,005,275	\$ 1,775,038	\$ 1,638,675	\$ 1,489,488
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.0%	10.2%	(67.3%)	(27.0%)	(7.7%)	19.6%	(24.5%)	6.8%	(0.4%)	(25.1%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

* The amounts presented for each fiscal year were determined as of December 31, based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year.

**TOWN OF ERIE, COLORADO
SCHEDULE OF TOWN CONTRIBUTIONS
LAST TEN FISCAL YEARS***

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 499,735	\$ 426,232	\$ 377,537	\$ 294,980	\$ 246,421	\$ 220,731	\$ 177,032	\$ 160,422	\$ 142,003	\$ 131,094
Contributions in Relation to the Contractually Required Contribution	<u>499,735</u>	<u>426,232</u>	<u>377,537</u>	<u>294,980</u>	<u>246,421</u>	<u>220,731</u>	<u>177,032</u>	<u>160,422</u>	<u>142,003</u>	<u>131,094</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Town's Covered Payroll	\$ 5,014,336	\$ 4,499,509	\$ 4,194,863	\$ 3,470,347	\$ 3,080,269	\$ 2,759,138	\$ 2,212,900	\$ 2,005,275	\$ 1,775,038	\$ 1,638,675
Contributions as a Percentage of Covered Payroll	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

*The amounts presented for each fiscal year were determined as of December 31.

APPENDIX B

CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF THE SITE LEASE, THE LEASE AND THE INDENTURE

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

DEFINITIONS

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

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

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

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

(c) payments into the Rebate Fund for rebate payments as provided in the Lease; and

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

Additional Rentals do not include Base Rentals.

“Appropriation” means the action of the Town Council in annually making moneys available for all payments due under the Lease, including the payment of Base Rentals and Additional Rentals.

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

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

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

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

“Base Rentals Payment Dates” means the Base Rentals Payment Dates set forth in Exhibit C (Base Rentals Schedule) of the Lease.

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

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

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

“Certificate Purchase Agreement” means the Certificate Purchase Agreement dated January 21, 2026, between the Underwriter and the Trustee and acknowledged by the Town relating to the Certificates.

“Certificate” or “Certificates” means, collectively, the Taxable Certificates and the Tax-Exempt Certificates.

“Certificate of Completion” means the Certificate of Completion in substantially the form attached as Exhibit F to the Lease to be delivered by the Town Representative to the Trustee pursuant to Section 7.3 of the Lease.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

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

“Completion Date” means the earlier of (a) March 12, 2029, or such later date established by the Town with the Approval of Special Counsel, or (b) any date on which the Certificate of Completion is delivered by the Town Representative to the Trustee pursuant to Section 7.3 of the Lease.

“Construction Fund” means the Town of Erie, Colorado 2026 Lease Project Construction Fund created under the Indenture.

“Continuing Disclosure Certificate” means the certificate executed by the Town of even date with the Indenture which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to

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

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

“Costs of the Project” means all costs and expenses incurred in connection with the Project, including without limitation:

- (a) any costs paid or incurred for the acquisition of any real estate acquired as part of the Leased Property;
- (b) obligations paid, incurred or assumed for labor, materials and equipment in connection with the construction, acquisition, installation, equipping and improvement of the Project;
- (c) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the Project;
- (d) the costs of engineering, architectural and other professional and technical services including obligations incurred or assumed for preliminary design and development work, test borings, soils tests, surveys, environmental review, estimates and plans and specifications;
- (e) administrative costs incurred in connection with the leasing of the Leased Property and the construction of the Project incurred prior to the Completion Date, including supervision of the construction, acquisition, installation and equipping as well as the performance of all of the other duties required by or consequent upon the construction, acquisition, installation and equipping of the Project, including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, building permit fees, water tap fees, sanitary sewer and wastewater fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees and advertising expenses in connection with the Project;
- (f) costs incurred in connection with the Certificates, including the initial compensation and expenses of the Trustee, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, the premium for a qualified surety bond, if any, and accounting fees;
- (g) all costs which are required to be paid under the terms of any Project Contract;
- (h) any costs associated with the leasing of the Site pursuant to the Site Lease;

(i) costs related to the preparation of the Site for construction of the Project, including, but not limited to, the costs of demolition and cleanup of any existing improvements on the Site and costs associated with the provision of sewer, water, gas, electricity and other infrastructure improvements and services to the Site;

(j) payments to a reserve fund to the extent necessary to establish or maintain a reserve requirement, if any;

(k) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under the Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel; and

(l) any and all other costs necessary to effect the Trustee's leasing of the Site and the implementation and completion of the Project to the extent the same are permitted by the laws of the State of Colorado and will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under the Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel.

"Counsel" means an attorney at law or law firm (who may be counsel for the Trustee).

"C.R.S." means Colorado Revised Statutes, as amended from time to time.

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

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

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

"Electronic Means" means telecopy, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission.

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

"Event(s) of Lease Default" means any event as defined in Section 14.1 of the Lease.

"Event of Nonappropriation" means the termination and non-renewal of the Lease by the Town, determined by the Town Council's failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in the Lease. An Event of Nonappropriation may also occur under certain circumstances described in the Lease. The term also means a notice under the Lease of the Town's intention to not renew and therefore terminate the Lease or an event described in the Lease relating to the exercise by the Town of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

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

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

“Finance Director” means the Finance Director of the Town or such person’s successor in functions, if any.

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

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America, the State of Colorado or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; pandemics or other declared health emergencies; or any other cause or event not within the control of the Town in its capacity as lessee under the Lease or the Trustee.

“Hazardous Substance” means and includes: (a) the terms “hazardous substance,” “release” and “removal” which, as used in the Lease, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term “hazardous substance” as used in the Lease shall also include “hazardous waste” as defined in paragraph (5) of 42 U.S.C. §6903 and “petroleum” as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term “superfund” as used in the Lease means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered, and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used in the Lease shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Indenture” means the Indenture of Trust, dated March 12, 2026, executed and delivered by the Trustee, as the same may be amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of the Lease and terminates on December 31, 2026.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) of the Lease.

“Interest Payment Date” means, in respect of the Certificates, each June 1 and December 1, commencing [____], 2026.

“Lease” means the Lease Purchase Agreement, dated February 26, 2026, between the Trustee, as lessor, and the Town, as lessee, as the same may be amended.

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

“Lease Term” means the Initial Term and any Renewal Terms as to which the Town may exercise its option to renew the Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals under the Lease, as provided in and subject to the provisions of the Lease. “Lease Term” refers to the time during which the Town is the lessee of the Leased Property under the Lease.

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

“Mayor” means the Mayor of the Town, or such person’s successor in functions, if any.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the Lease or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under any Project Contract, or proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the Town and the Trustee.

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

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

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

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

(a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of the Indenture;

(b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of the Indenture;

(c) Certificates which have been redeemed as provided in Article 4 of the Indenture;

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

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

“Owners” means the registered owners of any Certificates and Beneficial Owners.

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

“Permitted Encumbrances,” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) the Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease or other Project Contracts; (d) any sublease of the Leased Property that is permitted pursuant to the terms and provisions of the Lease; and (e) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B to the Lease and which the Town Representative certifies do not and will not interfere in any material way with the intended use of the Leased Property.

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

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

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) to the Lease.

“Project” means, collectively, the acquisition, construction, installation, equipping and improvement of a new police station facility with associated amenities and supporting public improvements needed or desired in connection therewith and other capital improvements of the Town.

“Project Contract” means any contract entered into before the Completion Date by the Town regarding the design, acquisition, construction, improvement or installation of any portion of the Project, including, without limitation, the design contracts between the Town and the design consultants, the construction contracts between the Town and the contractors, and any other contracts between the Town and anyone performing work or providing services in connection with the implementation and completion of the Project.

“Project Documents” means the following: (a) plans, drawings and specifications for the Project, when and as they are approved by the Town, including change orders, if any; (b) any necessary permits for the Project, including any building permits and certificates of occupancy; (c) the Project Contracts; (d) policies of title insurance, insurance policies required under the Project Contracts, including general liability, property damage and automobile, worker’s compensation and builders’ risk insurance policies in respect of the general contractor for construction of the Project and, on and after the Completion Date of the Project, insurance policies required under Article 9 of the Lease, including commercial general liability and public liability, property and worker’s compensation insurance policies, or certificates of insurance for any of such policies thereof, as required by the Lease; (e) contractor’s performance and payment bonds with respect to the Project; and (f) any and all other documents executed by or furnished to the Town or the Trustee in connection with the Project.

“Purchase Option Price” means the amount payable on any date, at the option of the Town, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided in the Lease.

“Rating Agency” or “Rating Agencies” means any nationally recognized securities rating agency or agencies as may be directed by the Town in writing to the Trustee.

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

“Regular Record Date” means the close of business on the 15th day of the calendar month (whether or not a Business Day) immediately preceding the Interest Payment Date.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of the Lease.

“Requisition” means the process by which the Town Representative will request the reimbursement to the Town or the payment to others of qualifying Costs of the Project, such Requisition to be initiated by the submission to the Trustee of a form substantially as set forth in Exhibit E to the Lease.

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

“Site Lease” means the Site Lease Agreement, dated March 12, 2026, between the Town, as lessor, and the Trustee, as lessee, as the same may be amended.

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

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

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

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

“Taxable Certificates” means the “Taxable Certificates of Participation, Series 2026A, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated March 12, 2026, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Erie, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Tax-Exempt Certificates” means the “Tax-Exempt Certificates of Participation, 2026B, each Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated March 12, 2026, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Erie, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Town” means the Town of Erie, Colorado.

“Town Attorney” means the Town Attorney of the Town or such person’s successor in functions, if any.

“Town Council” means the Town Council of the Town or any successor to its functions.

“Town Manager” means the Town Manager of the Town or such person’s successor in functions, if any.

“Town Representative” means the Town Manager, the Finance Director or the Town Attorney or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under the Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor or Mayor Pro Tem of the Council.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means UMB Bank, n.a., acting solely in the capacity of trustee pursuant to the Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and any successor thereto appointed under the Indenture.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

THE SITE LEASE

Site Lease and Terms

Under the Site Lease, the Town demises and leases to the Trustee and the Trustee leases from the Town, on the terms and conditions set forth in the Site Lease, the Leased Property, subject to Permitted Encumbrances.

The term of the Site Lease (the “Site Lease Term”) shall commence on the date of the Site Lease and shall end on December 31, 20[] (the “Site Lease Termination Date”), unless such term is sooner terminated as provided in the Site Lease. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee’s leasehold interest in all of the Leased Property pursuant to the Lease as a result of the Town’s payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in the Lease, then the term of the Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee’s interest in the Site Lease, pursuant to the Site Lease, the Lease and the Indenture, shall not extend beyond December 31, 20[]. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee’s, sublessee’s or assignee’s respective interests in the Leased Property.

Rental

The Trustee has paid to the Town and the Town has acknowledged receipt from the Trustee as and for rental under the Site Lease, paid in advance, the sum of \$[_____], as and for all rent due under the Site Lease, and other good and valuable consideration, the receipt and the sufficiency of which are acknowledged. The Town has determined that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease.

Purpose

The Site Lease provides that the Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the Town pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the Town shall vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in the Site Lease, the Lease and the Indenture.

Owner in Fee

The Town has represented in the Site Lease that (a) it is the owner in fee of the Leased Property, subject only to Permitted Encumbrances, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property. The Trustee acknowledges that it is only obtaining a leasehold interest in the Leased Property pursuant to the Site Lease.

Sales, Assignments and Subleases

Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and be continuing and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under the Site Lease or sublet all or any portion of the Leased Property, without the written consent of the Town.

In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Leased Property, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of the Site Lease, the Lease, and the Indenture. The Town and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by the Site Lease, the Lease, and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the Town, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage, or encumber the Leased Property or any portion thereof during the term of the Site Lease.

The Trustee and any other person who has the right to use the Leased Property under the Site Lease, at its own expense, may install machinery, equipment, and other tangible property in or on any portion of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

Termination

The Trustee agrees, upon the termination of the Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of the Site Lease shall remain thereon.

Taxes; Maintenance; Insurance

During the Lease Term of the Lease and in accordance with the provisions of the Lease, including Sections 9.1 and 9.3 thereof, the Town covenants and agrees to pay any and all taxes, assessments, or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any purchaser, sublessee, or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from the Site Lease) shall pay or cause to be paid when due, all such taxes, assessments, or governmental charges and maintain the Leased Property in good condition and working order, and shall not demolish any building or other improvements constituting the Leased Property. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing, or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments, or governmental charges and to maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance under the Site Lease during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any sublessee, purchaser, or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death, or damage to property of others occurring on or in the Leased Property in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as amended), and (ii) property insurance in an amount not less than the full replacement value of the improvements and structures constituting the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the Town as insured and the Trustee as an additional insured or loss payee. The Town and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser, or assignee, and the Town, and their members, directors, officers, agents, and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Damage, Destruction or Condemnation

The provisions of the Lease shall govern with respect to any damage, destruction, or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Town, and the Trustee, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 10 of the Lease.

Default

In the event the Trustee is in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the Town may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long

as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, the Site Lease shall not be terminated except as described under "Site Lease and Terms."

THE LEASE

The Lease Term

The Lease Term shall commence as of the date of the Lease. The Initial Term shall terminate on December 31, 2026. The Lease may be renewed, solely at the option of the Town, for [] Renewal Terms, with the Lease Term terminating no later than December 31, 20[], except that the Renewal Term beginning on January 1, 20[] shall terminate upon the Town's payment of the final Base Rental payment as set forth in Exhibit C to the Lease.

The Lease Term will terminate upon the earliest of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the Lease);

(b) the occurrence of an Event of Nonappropriation under the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the Lease);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under the Lease to the Town upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the Town for such purpose, as provided in the Lease; or

(d) an uncured Event of Lease Default and termination of the Lease under the Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of the Lease, the Town agrees to peacefully deliver possession of the Leased Property to the Trustee.

The Town Manager or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town has been directed in the Lease to include in the annual budget proposals submitted to the Town Council, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the Town may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Town Council in its absolute discretion and not by any other official of the Town. During the Lease Term, the Town shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted. The Trustee has no duty to examine the Town's annual budget.

Not later than December 15 of the Initial Term or any then current Renewal Term, the Town Representative is required to give written notice to the Trustee that either (a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient

amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, whereupon, the Lease shall be renewed for the ensuing Fiscal Year; or (b) the Town has determined, for any reason, not to renew the Lease for the ensuing Fiscal Year.

The Town's option to renew or not to renew the Lease will be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in the Lease.

Termination of the Lease Term will terminate all unaccrued obligations of the Town under the Lease, and will terminate the Town's rights of possession under the Lease (except to the extent of the holdover provisions, and except for any conveyance pursuant to the Lease). All obligations of the Town accrued prior to such termination shall be continuing until the Trustee gives written notice to the Town that such accrued obligations have been satisfied.

Payments to Constitute Currently Budgeted Expenditures of the Town

In the Lease, the Town and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations under the Lease shall constitute currently budgeted expenditures of the Town, if an Appropriation has been effected for such purpose. The Town's obligations to pay Base Rentals, Additional Rentals and any other obligations under the Lease shall be from year to year only (as further provided in the Lease), shall extend only to moneys for which an Appropriation has been effected by the Town, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town or a general obligation or other indebtedness of the Town within the meaning of any constitutional, Charter or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado Constitution. No provision of the Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. Neither the Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those for which an Appropriation has been effected by the Town for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of the Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of the Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

Base Rentals, Purchase Option Price and Additional Rentals

Under the Lease, the Town shall pay Base Rentals for which an Appropriation has been effected by the Town, directly to the Trustee during the Initial Term and any Renewal Term. The Town shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The Base Rentals will be recalculated in the event of the execution and delivery of Additional Certificates as provided in the Indenture and will also be recalculated in the event of a partial redemption of the Certificates.

The Lease provides that the Town may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating the Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in the Lease. Subject to the Approval of Special Counsel, the Town may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due

under the Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C to the Lease (Base Rentals Schedule). Any such revised Exhibit C (Base Rentals Schedule) shall be prepared by the Town Representative and delivered to the Trustee. The Trustee may conclusively rely upon such revised Exhibit C (Base Rentals Schedule) and has no duty to make any independent investigation in connection therewith. The Town is required to give the Trustee notice of its intention to exercise either of such options not less than 45 days in advance of the date of exercise and is required to deposit with the Trustee by not later than the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the Town shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals which have been specifically appropriated by the Town Council for such purpose as if no such notice had been given. The Trustee may waive the right to receive 45 days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

The Lease also requires the Town to pay all Additional Rentals during the Lease Term on a timely basis directly to the person or entity to which such Additional Rentals are owed.

The Lease provides that, notwithstanding any dispute between the Town and the Trustee, the Town shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the Town, pending final resolution of such dispute (with certain exceptions as to Additional Rentals as provided in the Lease), nor shall the Town assert any right of set-off or counterclaim against its obligation to make such payments required under the Lease.

Nonappropriation by the Town

In the event that the Town gives notice that it intends to not renew the Lease or the Town shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in the Lease, or in the event that the Town is proceeding under the provisions of the Lease (when applicable) relating to certain events of damage, destruction and condemnation, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by the Lease or evidence that an Appropriation has been effected by the Town on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the Town that the Lease will not be renewed; provided that the Trustee's failure to declare an Event of Nonappropriation on such date will not be construed as a waiver of the Event of Nonappropriation or the consequences of an Event of Nonappropriation under the Lease. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the Town.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the Town, within 30 days of the receipt by the Town of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Town to such effect (subject to waiver by the Trustee as provided in the Lease).

If an Event of Nonappropriation occurs, the Town shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments under the Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to certain limitations set forth in the Lease, the Town shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Town shall continue to occupy, use or retain possession of the Leased Property.

Subject to the holdover provisions set forth in the Lease, the Town shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred. After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The Town has acknowledged that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund, and any defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

Holdover Tenant

If the Town fails to vacate the Leased Property after termination of the Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default as provided in Section 14.2(a) of the Lease, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis, and will be bound by all of the other terms, covenants and agreements of the Lease. Any holding over by the Town without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the Town is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

Title to the Leased Property

Title to the Leased Property shall remain in the Town, subject to the Site Lease, the Lease, the Indenture and any other Permitted Encumbrances. Except for personal property purchased by the Town at its own expense pursuant to Section 9.2 of the Lease, a leasehold estate in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee until the Trustee has exercised Lease Remedies or until the Trustee's leasehold interest in the Leased Property is conveyed to the Town as provided in Article 12 of the Lease, or until termination of the Site Lease, notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of one or more Events of Lease Default; (c) the occurrence of any event of damage, destruction, condemnation, or construction, manufacturing or design defect or title defect, as provided in Article 10 of the Lease; (d) termination of the right of the Town to direct the acquisition, construction and equipping of the Project pursuant to Section 7.1 of the Lease, or (d) the violation by the Trustee of any provision of the Site Lease or the Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property...

No Encumbrance, Mortgage or Pledge of the Leased Property

Except as may be permitted by the Lease, the Town shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the Town shall first notify the Trustee of the intention of the Town to do so, the Town may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Town shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by the Lease, the Town shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Town shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

Maintenance and Modification of the Leased Property

Maintenance. Subject to its right to not appropriate and as otherwise provided in the Lease with respect to damage, destruction or condemnation, the Town has agreed that at all times during the Lease Term, the Town will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee has no responsibility in any of these matters or for the making any additions, modifications or replacements to the Leased Property.

Modifications of the Leased Property; Installation of Furnishings and Machinery of the Town. The Town is permitted to make substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such substitutions, additions, modifications and improvements to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included under the terms of the Site Lease, the Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the Town (except to the extent of permitted subleasing) or cause

the Town to violate its tax covenant as provided in the Lease; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Town in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property shall become part of the Leased Property and be included under the terms of the Lease to the extent that (a) any such machinery, equipment, or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment, or other tangible property would damage or impair the Leased Property.

The Town also has the right to make substitutions to the Leased Property upon compliance with the provisions described in “Release and Substitution of Leased Property” below.

Substitution of Leased Property

So long as no Event of Lease Default or Event of Nonappropriation shall have occurred and be continuing, the Town shall be entitled to substitute any improved or unimproved real estate (collectively, the “Replacement Property”), for any Leased Property then subject to the Site Lease, the Lease, and the Indenture, upon receipt by the Trustee of a written request of the Town Representative requesting such release and substitution, provided that: (a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the Town as the Leased Property proposed to be released, as determined by a certificate from the Town to that effect; (b) the insured replacement value of Replacement Property, together with the insured replacement value of any portion of the Leased Property that remains after such substitution, shall be not less than the aggregate principal amount of the Outstanding Certificates, as certified in writing by the Town Representative; and (c) the execution and delivery of such supplements and amendments to the Site Lease, the Lease and the Indenture, as applicable, and any other documents necessary to subject the Replacement Property to the encumbrance of the Site Lease, the Lease and the Indenture, and to release the portion of the Leased Property to be released from the encumbrance of the Site Lease, the Lease and the Indenture.

The Trustee has acknowledged the Town’s rights to release and substitute property pursuant to Section 11.4 of the Lease and has agreed it will execute any and all conveyances, releases, or other documents presented to it by the Town that the Town determines are necessary or appropriate in connection therewith.

Taxes, Other Governmental Charges and Utility Charges

In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Town shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Town shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Town shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues. The Town shall also pay as Additional

Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

The Town may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Required Insurance

During the Initial Term and each Renewal Term and until termination of the Lease Term pursuant to the Lease, the Town shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to the Leased Property in an amount at least equal to the estimated replacement cost of the buildings and improvements comprising the Leased Property. Such insurance policy or policies may have a deductible clause in an amount deemed reasonable by the Town. The Town may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings and equipment as well, as long as such blanket insurance policies comply with the requirements the Lease. If the Town insures against similar risks by self-insurance, the Town may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town elects to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves.

Upon the execution and delivery of the Lease and until termination of the Lease Term pursuant to Section 4.2 of the Lease, the Town shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by the Town in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10 of Title 24, Colorado Revised Statutes, as amended). The required public liability insurance may be by blanket insurance policy or policies. The Town, at its election, may provide for such public liability insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. Any such self-insurance shall be deemed to be insurance coverage under the Lease.

Any casualty and property damage insurance policy required by the Lease shall be so written or endorsed as to make losses, if any, payable to the Town and the Trustee, as their respective interests may appear. All insurance policies issued pursuant to the Lease, or certificates evidencing such policies, shall be deposited with the Trustee.

Upon completion of the Project, the Town shall provide the Trustee with evidence that the insurance required pursuant to the Lease is in effect. A certification by the Town Representative that such insurance is in effect shall be sufficient evidence of insurance. A certificate of insurance from the Town or the Town's insurance agent will also be acceptable evidence of insurance.

Granting of Easements

As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee, shall upon the request of the Town, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in the Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the Lease and any security interest or other encumbrance created thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the Town Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

Damage, Destruction and Condemnation

Damage, Destruction and Condemnation. If, during the Lease Term, (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate or any interest of the Town or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto; then the Town shall be obligated to continue to pay Base Rentals and Additional Rentals pursuant to the Lease (subject to Article 6 of the Lease).

Obligation to Repair and Replace the Leased Property. The Town and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards received prior to the Completion Date to be deposited in the Construction Fund and after the Completion Date to be deposited in a separate trust fund held by the Trustee. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Town, upon receipt by the Trustee of requisitions signed by the Town Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or entity to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The Trustee shall agree to cooperate with the Town and the Town shall use its best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed (as confirmed in writing to the Trustee by the Town), this balance shall be used by the Town, to: (a) add to, modify or alter the Leased Property or add new components thereto, or (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to the Lease or (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included as part of the Leased Property under the Lease.

Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.2 of the Lease, the Town may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the Town are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the Town agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the Town shall make any payments pursuant to the provisions of this paragraph, the Town shall not be entitled to any reimbursement therefor from the Trustee, nor shall the Town be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, payable under Article 6 of the Lease; or

(b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with the Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the Town shall, subject to the limitations of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the Town); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the Town in the same manner as set forth in the Lease; or

(c) if the Town does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the Town's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the Town within 90 days of the occurrence of an event specified in the Lease (Damage, Destruction and Condemnation). It is declared in the Lease to be the Town's present intention that, if an event described in the Lease (Damage, Destruction and Condemnation) should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the Town would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the Town must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the Town.

Purchase Option and Conditions for Purchase Option

The Town has the option to purchase the Trustee's leasehold interest in the Leased Property at any time, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The Town shall give the Trustee notice of its intention to exercise its option not less than 45 days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the Town in the manner provided for in the Lease; provided, however, that prior to such transfer and release, either:

(a) the Town shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee or any other Additional rentals required to be paid under the Lease; or

(b) the Town shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) to the Lease, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid pursuant to the Lease.

At the Town's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any defeasance escrow funds) may be credited toward the Purchase Option Price.

Assignment by the Trustee; Replacement of the Trustee

Except as otherwise provided in the Lease and the Indenture, the Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the Town which consent shall not be unreasonably withheld. The Trustee will notify the Town of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred and is continuing, the Trustee may act as provided in the Lease, including exercising the remedies set forth in Section 14.2 of the Lease, without the prior written direction of the Town.

Assignment and Subleasing by the Town

Except as otherwise provided in the Lease and the Indenture, the Lease may not be assigned by the Town for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the Town, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) The Lease, and the obligations of the Town thereunder, shall, at all times during the Lease Term remain obligations of the Town, and the Town shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

(c) The Town will furnish or cause to be furnished to the Trustee a copy of any sublease agreement;

(d) Any sublease of the Leased Property shall provide that it is subject to the terms and conditions of the Lease and that, except as provided in the Lease, it shall automatically terminate upon a termination of the Lease; provided, however, that upon a termination of the Lease due to an Event of Lease Default or an Event of Nonappropriation, the Trustee may, upon notification to the sublessee, keep any

such sublease in full force and effect as a direct lease by the Trustee to the sublessee and, upon notice to the Town, the Town shall cooperate with the Trustee to effectuate the assignment of all its right, title and interest in and to all subleases to the Trustee; and

(e) No sublease by the Town shall cause the Leased Property to be used for any purpose which would cause the Town to violate its tax covenant in the Lease.

Events of Lease Default

Each of the following is an Event of Lease Default under the Lease:

(a) failure by the Town to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the Town for such purpose, during the Initial Term or any Renewal Term, within 5 Business Days of the date on which they are due; or

(b) subject to the holdover tenant provisions of the Lease, failure by the Town to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or

(c) failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in (a) or (b), (and other than a failure to comply with Section 11.6 of the Lease) for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be received by the Town from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if, in the Trustee's reasonable judgment, corrective action can be instituted by the Town within the applicable period and diligently pursued until the default is corrected; or

(d) failure by the Town to comply with the terms of the Site Lease.

The foregoing provisions of the Lease are subject to the following limitations: (i) the Town shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the Town for such purpose, only during the then current Lease Term, except as otherwise expressly provided in the Lease; and (ii) if, by reason of Force Majeure, the Town or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts contained in the Lease other than the Town's agreement to pay the Base Rentals and Additional Rentals due under the Lease, the Town or the Trustee shall not be deemed in default during the continuance of such inability. The Town and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Town or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town.

Remedies on Default; Limitations on Remedies

Remedies on Default. Whenever any Event of Lease Default has happened and is continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture without any further demand or notice, take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property, which vacation and surrender the Town agrees to complete within 60 days from the

date of such notice; provided, in the event the Town does not vacate and surrender possession on the termination date, the holdover provisions of the Lease shall apply;

(b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;

(c) recover from the Town:

(i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under the Lease, during any period in which the Town continues to occupy, use, or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or

(d) take whatever action at law or in equity that may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the Town the amounts set forth in the Lease if the Town continues to occupy the Leased Property after December 31 of the Fiscal Year in which such Event of Nonappropriation occurs. The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

Limitations on Remedies. The remedies in connection with an Event of Lease Default are limited as described in this paragraph. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Lease Default only as to the Town's liabilities described in paragraph (c) above. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Nonappropriation only to the extent that the Town fails to vacate and surrender possession of the Leased Property as required by the Lease, and only as to the liabilities described in paragraph (c)(i) above. The remedy described in paragraph (c)(ii) above is not available for an Event of Lease Default consisting of failure by the Town to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

No Remedy Exclusive; Waivers

No remedy exclusive. Subject to the limitations on remedies described in the preceding paragraph, no remedy conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy is cumulative and in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Waiver. The Trustee may waive any Event of Lease Default under the Lease and its consequences. In the event that any agreement contained in the Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be

deemed to waive any other breach under the Lease. Payment of Base Rentals or Additional Rentals by the Town shall not constitute a waiver of any breach or default by the Trustee under the Lease.

THE INDENTURE

General

The Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the net proceeds of which will be used to finance the Project. The Certificates evidence undivided interests in the right to receive Revenues under the Lease. The Trustee has entered into the Indenture for and on behalf of the Owners of the Certificates and the Trustee will hold the Revenues and the Leased Property and will exercise the Trustee's rights under the Site Lease and the Lease for the equal and proportionate benefit of the Owners of the Certificates as described in the Indenture, and will disburse money received by the Trustee in accordance with the Indenture.

Application of Revenues and Other Moneys

All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

Except as otherwise provided in the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with the Indenture.

Funds and Accounts

The Indenture provides for the creation and establishment of the various funds and accounts as described in the following paragraphs. The Trustee holds these funds and accounts in trust for the benefit of the Owners of the Certificates.

Base Rentals Fund. The Base Rentals Fund shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except as otherwise provided in the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in Section 3.05 of the Indenture.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 15 and November 15 annually. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

Rebate Fund. A special fund is created and established under the Indenture to be held by the Trustee, and to be designated the “Town of Erie, Colorado, 2026 Lease Purchase Agreement, Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, the Trustee shall transfer into the Rebate Fund investment income on moneys in any fund created under the Indenture (except defeasance escrows) in the following order: first from the Construction Fund, then from the Base Rentals Fund. In addition to the deposit of investment income as provided in the Indenture, there shall be deposited into the Rebate Fund moneys received from the Town as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund from any other fund created pursuant to the Indenture; and all other moneys received by the Trustee when accompanied by directions that such moneys are to be paid into an account of the Rebate Fund. The Town will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the Town’s rebate obligations are met, in accordance with the Town’s tax covenants in the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of the Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the Town to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or there is insufficient investment income on moneys in any fund created under the Indenture so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee shall transfer moneys to the Rebate Fund from the Base Rentals Fund. Any moneys so advanced shall be included in the Town’s estimates of Additional Rentals for the ensuing Fiscal Year pursuant to the Lease, and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Town may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the Town has failed to comply with the Lease so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

Costs of Execution and Delivery Fund. A special fund is created and established with the Trustee and designated the “Town of Erie, Colorado, 2026 Lease Purchase Agreement, Costs of Execution and Delivery Fund.” Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the net proceeds of the Certificates the amounts directed by Section 3.01(b) of the Indenture. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon either (i) receipt of a requisition for the provision of Costs of Execution and Delivery of the Certificates approved in writing by the Town Representative (a) stating the payee, the amount to be paid, method of payment, and the purpose of the payment and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund, or (ii) as provided in a closing memorandum prepared by the Underwriter and signed by the Town Representative. The Trustee may conclusively rely on requisitions (or the closing memorandum) submitted in accordance with this Section as complete authorization for the disbursements made pursuant thereto and shall not be responsible for any representations or certifications made therein.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

Upon the final payment of all Costs of Execution and Delivery, as certified in writing by the Town Representative, the Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the Town to be used to pay costs of the Project, or shall credit such moneys to the Base Rentals Fund, as directed in writing by the Town Representative. Any amounts remaining in the Costs of Execution and Delivery Fund 90 days after the execution and delivery of the Certificates shall be credited to the Base Rentals Fund or used to pay costs of the Project, as directed in writing by the Town Representative.

Construction Fund. A special fund is created and established with the Trustee to be designated as the “Town of Erie, Colorado, Fire Station Project Construction Fund.” Moneys on deposit in the Construction Fund shall be disbursed by the Trustee, upon the written direction of the Town Representative, to pay the Costs of the Project for the Project as set forth in the Lease.

Prior to the Completion Date, (i) all income earned from the investment of moneys in the Construction Fund shall be retained in the Construction Fund; provided, however, income from the Construction Fund may be transferred to the Rebate Fund if required by the Indenture, and (ii) all such income shall be reinvested or used for purposes of the Construction Fund until transferred, if applicable, as described in (a) and (b) below.

(a) Any moneys remaining in the Construction Fund on the Completion Date, except for amounts set aside by the Trustee to pay remaining Costs of the Project relating to the Project as provided in the Certificate of Completion (in form provided in Exhibit F to the Lease) filed with the Trustee by the Town Representative, shall be transferred to the Town to be used to pay any other Costs of the Project or to the Base Rentals Fund and used for the purposes of such Fund.

(b) Any moneys held in the Construction Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

Defeasance and Discharge of the Indenture

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered under the Indenture have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.03 of the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided therein), together with all other sums payable under the Indenture relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee’s leasehold interest in the Leased Property to the Town as provided by the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the Town, and (4) turn over to the Town all balances then held by the Trustee in the Funds or Accounts under the Indenture except for amounts held in the Rebate Fund or in any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the Town.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be

sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of the Indenture or the defeasance of any Certificates becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to the Indenture shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(d) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than 45 days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall give a notice by electronic or other means stating that such moneys or Federal Securities have been deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

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

Investment of Moneys

All moneys held as part of the Base Rentals Fund, the Construction Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the Town Representative, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created under the Indenture which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust thereunder or for payment of the Certificates at or before maturity or interest thereon as required thereunder.

If the Trustee is not provided written directions concerning investment of moneys held in the Funds, the Trustee shall invest in a money market fund available to the Trustee that qualifies as a Permitted Investment, provided such investment matures or are subject to redemption prior to the date such funds will be needed. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Town shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Town, unless the Town notifies the Trustee in writing to the contrary within 30 days of the date of delivery of such statement.

The Trustee is specifically authorized to purchase or invest in shares of any investment company provided that such investments are Permitted Investments at the time of such investment that such

investment (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, or repurchase agreements backed by such obligations, and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments 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.

The Town has acknowledged in the Indenture that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions relating to the funds held pursuant to the Indenture, the Town waives receipt of such confirmations, to the extent permitted by law. The Trustee shall furnish a statement of security transactions on its regular monthly reports.

Events of Indenture Default

Each of the following shall be an Event of Indenture Default:

- (a) failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default of which the Trustee is required to take notice or receive notice pursuant to the Indenture, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the Town within 30 days of the receipt of notice by the Trustee as provided in the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in the preceding sentence.

Remedies

If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under the Indenture, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, take such action as, in the judgment of the Trustee, upon advice of its counsel, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Article 4 of the Indenture and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the Town.

Application of Moneys in Event of Indenture Default

Any moneys received, collected or held by the Trustee following an Event of Indenture Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund or any defeasance escrow account) shall be applied in the following order:

(a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its Counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

(b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and

(c) To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the Town.

Duties of the Trustee

The Trustee accepts the provisions of the Site Lease, the Lease and the Indenture and accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and the Indenture, and no implied covenants or obligations shall be read into the Indenture, the Lease or the Site Lease against the Trustee.

The Trustee covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and the Indenture.

After the occurrence of an Event of Default, the Trustee shall, subject to Section 8.01 of the Indenture, at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under the Indenture against all claims and demands of all persons whomsoever.

Before taking any action pursuant to the Indenture, the Lease or the Site Lease, the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

Notice of Default; Right to Investigate

If an Event of Indenture Default occurs of which the Trustee is required to take notice, the Trustee shall, within 30 days after it receives notice thereof, give written notice by first class mail or by electronic means to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the Town, unless such defaults have been remedied. The Trustee shall not be required to take notice or be deemed to have notice of any default unless it has actual knowledge thereof or has been

notified in writing of such default by the Town or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the Town to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

Provisions Concerning the Trustee

Liability of Trustee; Trustee's Use of Agents.

(a) The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

(b) The Trustee may exercise any powers under the Indenture and perform any duties required of it through attorneys, agents, officers, receivers or employees, and shall be entitled to the advice or opinion of Counsel concerning all matters involving the Trustee's duties under the Indenture, and may in all cases pay such reasonable compensation to all such agents, attorneys, receivers, and employees as may reasonably be employed in connection with the trusts of the Indenture. The Trustee may conclusively rely and act upon the opinion or advice of any attorney engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice. The Trustee shall not be liable for any loss or damage resulting from any action or omission taken by its agents, officers, receivers and employees to whom discretion or authority under the Indenture has been delegated by the Trustee, provided the Trustee was not negligent in its selection of or delegation to the agent, officer, or employee.

(c) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

(e) The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7 of the Indenture.

(f) Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of the provisions described in Section 8.02 of the Indenture.

(g) The Trustee shall not be responsible for any recital in the Indenture or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Site Lease, the Lease or the Indenture or of any supplements thereto or instruments of further assurance, or collecting any insurance moneys, or for the sufficiency of the security for the Certificates issued under the Indenture or intended to be secured thereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Town, except as provided in the Indenture; but the Trustee may require of the Town full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Town under the Site Lease or the Lease; and the Trustee shall not be responsible or

liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.01 of the Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds and investments held by the Trustee), or the validity or sufficiency of the Indenture or of the Certificates. The Trustee shall not be accountable for the use of any proceeds of any Certificates executed and delivered hereunder, provided that the Trustee shall comply with the provisions of the Indenture related to the requisition of such proceeds that are deposited in the Costs of Execution and Delivery Fund and the Construction Fund. The Trustee shall not be accountable for the use or application of any Certificates or the proceeds thereof or of any money paid to or upon the order of the Town under any provisions of this Indenture or the Lease.

(i) 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 the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Town by the Town Representative or such other person as may be designated for such purpose by ordinance or resolution of the Town Council, as sufficient evidence of the facts therein contained, and before the occurrence of a default of which the Trustee has been notified as provided in Section 8.05 of the Indenture, or of which by said subsection it is deemed to have been notified, the Trustee may rely upon 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.

(j) All moneys received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. The Trustee shall not be under any liability for interest on any moneys received under the Indenture except that the Trustee is responsible for investing moneys in funds held under the Indenture in compliance with the written investment direction of the Town Representative.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything contained in the Indenture, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms of the Indenture, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Town to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Notwithstanding any other provision of the Indenture, the Trustee shall not be required to advance any of its own funds in the performance of its obligations under the Indenture, or any other document related to the Indenture, unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any preliminary official statement, official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Certificates except to the extent that such statement was

provided by the Trustee for inclusion in such document, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Certificates.

(o) Notwithstanding any other provision of the Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, registrar, or Paying Agent.

(p) 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 Town pertaining to the Leased Property and the Certificates, and to take such memoranda from and in regard thereto as may be desired.

(q) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(r) The Trustee is authorized and directed to enter into the Site Lease and the Lease, solely in its capacity as Trustee under the Indenture.

(s) None of the provisions of the Indenture require the Trustee to expend or risk its own funds or otherwise to incur and liability, financial or otherwise, in performance of any of its duties under the indenture, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(t) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under the Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or upon transfer or in place thereof.

Compensation. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered under the Indenture (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances, agent and Counsel fees and other ordinary expenses for its services rendered under the Indenture as and when the same become due and all expenses reasonably made or incurred by the Trustee in connection with such services as and when the same become due, as provided in the Lease. 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 extraordinary costs and 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 therefore. The Trustee shall be entitled to payment and reimbursement of the reasonable fees and charges of the Trustee as Paying Agent and as registrar for the Certificates.

Obligation to Act on Defaults. If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has notice pursuant to the Indenture, the Trustee shall exercise such of the rights and remedies vested in it by the Indenture and shall use the same degree of care in its exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Intervention by Trustee. In any judicial proceeding to which the Trustee or the Town 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 Certificates, the Trustee may intervene on behalf of the Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of Outstanding Certificates and furnished satisfactory indemnity. The rights and obligations of the Trustee are subject to the approval of a court of competent jurisdiction.

Environmental Matters. Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions: (a) the Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Indenture Default, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or investigate whether the real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance; (b) following an Event of Indenture Default, if the Trustee determines that the release, threatened release, use, generation, treatment, storage or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State of Colorado, local or common law, or devalues or threatens to devalue such real property, the Trustee may, after being adequately indemnified pursuant to Section 8.01(d) of the Indenture, take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State of Colorado, or local environmental laws and regulations. The Trustee has the right to take no action and, in such event no fiduciary duty exists which imposes any obligation for action with respect to the Trust Estate or any portion thereof if the Trustee determines to take no action for, including that any such action could adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified, or local environmental laws and regulations.

Resignation of Trustee

The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Town not less than 60 days before the date when it is to take effect; provided notice of such resignation is sent by electronic means or mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within 60 days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Removal of Trustee

Any Trustee may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the Town or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the Town and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

Appointment of Successor Trustee

If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Town shall appoint a successor, and shall cause a notice of such appointment to be sent by electronic means or mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the Town fails to make such appointment within 30 days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the Owners have failed to make such appointment within 60 days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Supplemental Indentures

Supplemental Indentures and Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the Town, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental thereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in the Indenture;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Tax-Exempt Certificates; or
- (e) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provisions contained therein or to make such other amendments to the Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.

(a) Exclusive of supplemental indentures and amendments covered by the Indenture, the written consent of the Town and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental thereto.

(b) Notwithstanding the foregoing, without the consent of the Owners of all of the Certificates at the time Outstanding nothing contained in the Indenture shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;

(ii) The deprivation of the Owner of any Certificate then Outstanding of the interest created by the Indenture (other than as originally permitted thereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the Town shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by electronic means or mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the Town following the giving of such notice, the required consents have been furnished to the Trustee as provided in the Indenture, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Amendment of the Lease and the Site Lease

The Trustee and the Town shall have the right to amend the Lease and the Site Lease without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(a) to add covenants of the Trustee or the Town or to grant additional powers or rights to the Trustee;

(b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(c) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(d) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 of the Indenture;

(e) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Tax-Exempt Certificates; or

(f) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

If the Trustee or the Town proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Outstanding Certificates, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Erie, Colorado (the “Issuer”) in connection with the authorization, execution, and delivery of the Lease Purchase Agreement, dated as of March 12, 2026 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the Issuer, as lessee, and the execution and delivery of the Taxable Certificates of Participation, Series 2026A, in the aggregate principal amount of \$5,050,000 and Tax-Exempt Certificates of Participation, Series 2026B, in the aggregate principal amount of \$45,940 000 (collectively, the “Certificates”). The Certificates are being issued pursuant to the Indenture of Trust, dated as of March 12, 2026 (the “Indenture”) executed by the Trustee. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Certificates.

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with an offering of the Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s Fiscal Year, commencing nine (9) months following the end of the Issuer’s Fiscal Year ending December 31, 2025, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if any. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer: it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Certificates.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Certificates:

- (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 Certificates, or other material events affecting the tax status of the Certificates;
- (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 Certificates, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the

of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Certificates; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture or the Lease, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

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DATE: March 12, 2026.

TOWN OF ERIE, COLORADO

By: _____
Mayor

[Signature Page to Continuing Disclosure Certificate]

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Erie, Colorado
Name of Bond Issue: \$[] Certificates of Participation, Taxable Series 2026A and
Tax-Exempt Series 2026B
Date of Issuance: March 12, 2026
CUSIP Number: []

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated March 12, 2026. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

TOWN OF ERIE, COLORADO

By: _____
Mayor

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

The information to be updated may be reported in any format chosen by the Town; it is not required that the format reflected in the Official Statement be used in future years. The budget information contained in the General Fund budget summary and comparison table is to be satisfied with the current year budget information found in the ACFR.

See page -iv- of the Official Statement

APPENDIX E
FORM OF OPINION OF SPECIAL COUNSEL

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Based upon such examination, and subject to the following qualifications, it is our opinion as special counsel that:

1. The Site Lease has been duly authorized by the City and County and duly executed and delivered by authorized officials of the Town and, assuming due authorization, execution, and delivery by the Trustee, constitutes a valid and binding obligation of the Town. The Lease has been duly authorized by the Town and duly executed and delivered by authorized officials of the Town and, assuming due authorization, execution, and delivery by the Trustee, constitutes a valid and binding obligation of the Town. Notwithstanding the foregoing, the Town's failure specifically to budget and appropriate funds to make payments due under the Lease for the ensuing Fiscal Year will extinguish the obligations of the Town to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year. None of the Site Lease, the Lease, or the Certificates constitutes a general obligation, other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, home rule charter, or statutory debt limitation.

2. Assuming the due authorization, execution, and delivery of the Site Lease, the Lease, and the Indenture by the Trustee, and the due execution and delivery of the Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the 2026B Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), interest on the 2026B Certificates is not a specific item of tax preference for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and interest on the 2026B Certificates is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the Town's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Town's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the 2026A Certificates is includable in gross income for federal and Colorado income tax purposes.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Certificates and the enforceability of the Certificates, the Site Lease and the Lease are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not opining upon matters relating to the corporate status of the Trustee, the power of the Trustee to execute or deliver the Site Lease, the Lease, the Indenture or the Certificates, or the enforceability of the Site Lease, the Lease, the Indenture or the Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Certificates or any other statements made in connection with any offer or sale of the Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the Site Lease, the Lease, or the Certificates, except those specifically addressed above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

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