

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P: "AA+"
See "RATING"**

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

\$161,320,000*
FORT COLLINS-LOVELAND WATER DISTRICT
(LARIMER AND WELD COUNTIES, COLORADO)
WATER ENTERPRISE REVENUE BONDS
SERIES 2025

Dated: Date of Delivery

Due: December 1, as shown below

The Fort Collins-Loveland Water District (the "District") will issue its Water Enterprise Revenue Bonds, Series 2025 (the "Bonds") as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth below, payable to the registered owner of the Bonds (initially Cede & Co.) on June 1 and December 1 of each year, commencing June 1, 2026, to and including the maturity dates as shown on the inside cover page of this Official Statement, unless the Bonds are redeemed earlier. The principal of, and premium, if any, on the Bonds will be payable upon presentation and surrender at UMB Bank, n.a., Denver, Colorado, or its successor as the Paying Agent for the Bonds. See "THE BONDS."

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

The Bonds are subject to redemption prior to maturity at the option of the District as described in "THE BONDS--Redemption Provisions."

The proceeds of the Bonds will be used to: (i) acquire certain land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, including acquisition of additional water rights for the System and construction of a water pipeline to transport those water rights; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds are special, limited obligations of the District payable solely from the Net Pledged Revenues (defined herein) derived by the District from operation of its System. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with any additional Parity Bonds issued in the future, as more particularly described herein. See "SECURITY FOR THE BONDS." **The Bonds do not constitute a general obligation of the District, Larimer or Weld Counties, the State of Colorado (the "State") or any other political subdivision. Owners of the Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the Bonds.**

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

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter subject to the approval of legality of the Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP has also acted as special counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by its General Counsel, Collins Cole Winn & Ulmer, PLLC, Lakewood, Colorado. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as the Underwriter. Stradling, Yocca, Carlson & Rauth LLP, Denver, Colorado, is acting as Underwriter's Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about November 13, 2025.*

STIFEL

* Subject to change.

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

\$161,320,000*
FORT COLLINS-LOVELAND WATER DISTRICT
(LARIMER AND WELD COUNTIES, COLORADO)
WATER ENTERPRISE REVENUE BONDS
SERIES 2025

Year (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue No.
2026	\$6,670,000			
2027	7,410,000			
2028	7,775,000			
2029	8,165,000			
2030	8,575,000			
2031	9,005,000			
2032	9,450,000			
2033	9,925,000			
2034	10,420,000			
2035	10,940,000			
2036	11,490,000			
2037	12,070,000			
2038	12,670,000			
2039	13,300,000			
2040	13,965,000			
2041	1,715,000			
2042	1,805,000			
2043	1,895,000			
2044	1,990,000			
2045	2,085,000			

\$ _____ % Term Bond Due December 1, 20__ . Price 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 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website that contains information about the District; 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 Bonds.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, 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 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

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

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

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

**FORT COLLINS-LOVELAND WATER DISTRICT
(LARIMER AND WELD COUNTIES, COLORADO)**

Board of Directors

William Dieterich, Chairman
Peter O'Neill, Vice Chairman
Denis Symes, Treasurer
James Borland, Director
Craig Medina, Director

District Officials

Chris Pletcher, General Manager
Amanda Proctor, Deputy General Manager

GENERAL COUNSEL TO THE DISTRICT

Collins Cole Winn & Ulmer, PLLC
Lakewood, Colorado

PAYING AGENT AND REGISTRAR

UMB Bank, n.a.
Denver, Colorado

BOND AND SPECIAL COUNSEL TO THE DISTRICT

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 District; it is not required that the format reflected in this Official Statement be used in future years. Further, the Budget to Actual Comparison table referred to below is to be updated using current year budget information found in the audited financial statements; no separate budget documents required to be filed.

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OFFICIAL STATEMENT

\$161,320,000*

**FORT COLLINS-LOVELAND WATER DISTRICT
(LARIMER AND WELD COUNTIES, COLORADO)
WATER ENTERPRISE REVENUE BONDS
SERIES 2025**

INTRODUCTION

General

This Official Statement, including the cover page and appendices, is furnished by the Fort Collins-Loveland Water District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado (the “State”), to provide information about the District and its \$161,320,000* Fort Collins-Loveland Water District Water Enterprise Revenue Bonds, Series 2025 (the “Bonds”). The Bonds will be issued pursuant to a bond resolution (the “Bond Resolution”) adopted by the board of directors of the District (the “Board”) on October 21, 2025.

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, 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. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.

The Issuer and the System

The District was formed by court decree on July 6, 1961, for the purpose of providing water for domestic, municipal, industrial, agricultural and all other lawful purposes within and without its boundaries. The District operates a water distribution system (the “System”) and provides water services to all areas included within the District’s boundaries, including parts of the cities and towns of Fort Collins, Loveland, Timnath, Windsor and Larimer and Weld Counties. The District encompasses approximately 60 square miles and has a current estimated population of 67,000 as of January 1, 2025. The District has determined that the System in an “enterprise” under the provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”).

The Bonds; Prior Redemption

The Bonds are issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting

* Subject to change.

as the securities depository for the Bonds. See “THE BONDS--Book-Entry Only System.” The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page hereof. The payment of principal and interest on the Bonds is described in “THE BONDS--Payment Provisions.”

The Bonds are subject to redemption prior to maturity at the option of the District as described in “THE BONDS--Redemption Provisions.”

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State, particularly Title 32, Article 1, Colorado Revised Statutes (“C.R.S.”) (the “Special District Act”), Title 31, Article 35, Part 4, C.R.S., Title 37, Article 45.1, C.R.S. and Title 11, Article 57, Part 2 (the “Supplemental Public Securities Act”), and pursuant to the Bond Resolution.

Purpose

The proceeds of the Bonds will be used to: (i) acquire certain land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, including acquisition of additional water rights for the System and construction of a water pipeline to transport those water rights (the “Project,” as more fully described herein); and (ii) to pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”

Security

General. The Bonds are special, limited obligations of the District, secured by the Net Pledged Revenues. The Bond Resolution defines “Net Pledged Revenues” as the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the System. See Appendix B for a more detailed definition of the System.

The Bond Resolution defines “Gross Pledged Revenues” to mean all income, rents, receipts, charges and revenues derived directly or indirectly by the District from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, rents, receipts, charges and revenues received by the District from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but: (i) excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys; and (ii) excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom; and

(b) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all Net Pledged Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition or construction fund, reserve fund, or any escrow fund for any Parity Bonds payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues); and

(c) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are lawfully extended by the Board or by the qualified electors of the District.

The Bond Resolution defines “Operation and Maintenance Expenses” to mean, generally, all actual maintenance and operation costs of the System incurred by the District in any particular period or charges made therefore during such period, but only if such charges are made in conformity with generally accepted accounting principles including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Expenses the payment of which is not then immediately required. Operation and Maintenance Expenses do not include depreciation, and do not include certain other items. The complete definition of Operation and Maintenance Expenses is found in Appendix B--Summary of Certain Provisions of the Bond Resolution--Certain Definitions.

Special, Limited Obligations. The Bonds do not constitute a general obligation of the District. Owners of the Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the Bonds. The Bonds do not constitute an obligation of Larimer or Weld Counties, the State or any political subdivision other than the District.

Lien Priority. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien thereon of the District’s Water Enterprise Revenue Bonds, Series 2023 (the “2023 Bonds”), which are currently outstanding in the aggregate principal amount of \$62,585,000, and any Parity Bonds issued in the future. Any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds are referred to as the “Parity Bonds.”

Additional Bonds. Upon the satisfaction of certain conditions set forth in the Bond Resolution, the District may issue additional obligations that have a lien on the Net Pledged Revenues on a parity with the lien thereon of the Bonds (“Additional Bonds”). The Bonds, the 2023 Bonds and any Additional Bonds are sometimes referred to herein as “Parity Bonds.” See “SECURITY FOR THE BONDS--Additional Bonds.”

Reserve Fund. The Bonds will not be secured by a reserve fund.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the Bonds. Butler Snow LLP also has acted as special counsel to the District in connection with this Official Statement. The fees of Butler Snow LLP will be paid only from Bond proceeds at closing. Certain legal matters will be passed upon for the District by its General Counsel, Collins Cole Winn & Ulmer, PLLC, Lakewood, Colorado. UMB Bank,

n.a., Denver, Colorado, will act as the Paying Agent and Registrar for the Bonds. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado will act as the underwriter for the Bonds (the “Underwriter”). Stradling Yocca, Carlson & Rauth LLP, Denver, Colorado, will act as counsel to the Underwriter. See “UNDERWRITING.” The District’s financial statements for the years ended December 31, 2024 and 2023, attached hereto as Appendix A, have been audited by Baker Tilly US, LLP, certified public accountants, Madison, Wisconsin, to the extent and for the period indicated in their report thereon. See “INDEPENDENT AUDITORS.”

Tax Status

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations. Under laws of the State in effect on the date of delivery of the Bonds, the Bonds and the income therefrom are exempt from taxation, except inheritance, estate and transfer taxes. See “TAX MATTERS.”

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the “Disclosure Agreement”) at the time of the closing for the Bonds. The Disclosure Agreement will be executed for the benefit of the beneficial owners of the Bonds and the District has covenanted in the Bond Resolution to comply with its terms. The Disclosure Agreement will provide that so long as the Bonds remain outstanding, the District will provide, or cause to be provided, the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain Listed Events; all as specified in the Disclosure Agreement. The form of the Disclosure Agreement is attached hereto as Appendix D.

Pursuant to a previous continuing disclosure agreement, the District did not timely file certain annual financial information for the fiscal years ended December 31, 2020, or 2021, and did not timely file its audited financial statements for the fiscal year ended December 31, 2022. No associated failure to file notices were filed. The District also failed to file its audited financial statements for the fiscal years ended December 31, 2020, and 2021. The District has corrected these issues.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the information contained under the headings “CERTAIN RISK FACTORS,” “SOURCES AND USES OF FUNDS,” and “FINANCIAL INFORMATION--Budget Summary and Comparison,” 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 ability of the District to pay debt service on the Bonds.

Additional Information

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

Additional information and copies of the documents referred to herein are available from the District and the Underwriter at the following addresses:

Fort Collins-Loveland Water District
5150 Snead Drive
Fort Collins, Colorado 80525
Telephone: (970) 226-3104
Attn: Deputy General Manager

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

CERTAIN RISK FACTORS

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

Limited Obligations

General. The Bonds do not constitute a general obligation of the District. Owners of the Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the Bonds. See “SECURITY FOR THE BONDS--Limited Obligations.”

The ability of the District to meet its payment obligations under the Bond Resolution will depend upon the ability of the System to generate sufficient Gross Pledged Revenues to meet such obligations, the System’s operating expenses, debt service on other debt or obligations, extraordinary costs or expenses that may occur and other costs and expenses. Accordingly, investors should be aware that future revenues and expenses of the District will be subject to conditions that may differ materially from current conditions to an extent that cannot be determined at this time.

No Mortgage Secures the Bonds. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds (other than the District’s right to foreclose upon property to enforce the lien of unpaid customer fees). See “SECURITY FOR THE BONDS--Limited Obligations.”

Insufficient Revenues

General. The Bonds are payable solely from Net Pledged Revenues and payment of the Bonds is dependent upon the generation of sufficient Net Pledged Revenues from the System. The components of the Net Pledged Revenues which constitute traditional user fees and tap fees are subject to fluctuation and certain risks. For example, if the System were to become inoperable for any reason, which could occur from damage, destruction or environmental restriction, if the District should lack raw water or lack treatable water for any reason, which could result from contamination, lack of adequate water rights to serve customers or drought, if the District has inadequate storage or transmission facilities for any reason, which could result from the District’s inability to increase rates and charges or if the District for any reason incurs unanticipated expenses or reduced revenues, the District may be unable to generate adequate user fee and tap fee revenues from the System to pay debt service on the Bonds. See “SECURITY FOR THE BONDS” and “THE SYSTEM.”

Water Supply. In addition to the factors described above, the District’s water supply, the cost thereof, and generation of Net Pledged Revenues are dependent upon additional

factors outside the District's control, such as the economy, weather and climate, reductions in snowpack due to drought, climate change, continued growth in the area of the System (or lack thereof), water use, groundwater basin quality and recharge trends, the rate of groundwater withdrawals, federal and State environmental rules and regulations, environmental restoration commitments, water quality, area of origin issues and changes in law. For example, years with large amounts of precipitation tend to reduce customer demand for water which could also result in a reduction in revenue from water sales. Current and future national and regional economic conditions may increase the rate of nonpayment of fees and charges by the District's customers.

Additionally, any natural disaster or other physical calamity, including acts of terrorism, earthquake, earth movements, floods, extreme weather or gradual climate change, may have the effect of reducing water availability, quality and/or distribution capabilities of the District, impair the financial stability of the System, affect infrastructure and other public improvements and private improvements. It is impossible to predict whether current economic conditions will continue or worsen or to predict how future conditions will affect the operation of the System or the District's finances in general.

Drought

Periodically, the State experiences drought conditions. The most recent severe drought conditions occurred during 2002-03. The District adopted an updated drought and water supply plan in 2023, although the District's water sources have not been materially impacted by past droughts, including 2002-03. The District's primary water sources are diverted from the Colorado River Basin and the South Platte River Basin. Both basins have experienced droughts in the past and various drought scenarios were analyzed as part of the District's drought and water supply plan. Future droughts, however, could reduce the amount of water sold by the District and therefore could reduce Net Pledged Revenues. Although the District may increase rates and charges without restriction in response to lower usage (and may be required to do so to satisfy the Rate Maintenance Covenant of the Bond Resolution), it is not possible to predict at this time whether any rate increases can or will be implemented in time to pay debt service on the Bonds in any given fiscal year.

With respect to the District's water portfolio, increased heat and risk of drought caused by climate change may impact the availability of the District's water supplies as well as the form and timing of those sources due to future streamflow decreases caused by increased evapotranspiration, increased temperatures, decreases in precipitation, declines in snowpack, or if runoff occurs earlier during the season.

Construction Risk

Acquisition and construction of the Project will be financed with the net proceeds of the Bonds. There is no assurance that the Project can be purchased or completed with the net proceeds of the Bonds or within the budget proposed by the District. See "SOURCES AND USES OF FUNDS--The Project." Normal contingencies generally involved with the acquisition of any water right or 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 or poor water quality requiring unanticipated treatment or the necessity to construct a new water treatment plant, difficulties in obtaining materials or sharp increases in the price of materials, a shortened construction season

due to weather conditions, economic conditions in general, delays or adverse rulings in water court, or issues related to the water table may cause delays resulting in increased costs.

Water Quality and Environmental Requirements

The System is subject to numerous federal and State regulatory requirements. Those regulations are subject to change at any time. Public drinking water systems like the System are regulated by the United States Environmental Protection Agency (“EPA”); the Colorado Department of Public Health and Environment (“CDPHE”) has the authority to enforce drinking water quality standards. Water quality standards imposed by the Federal government or the State may affect the water available to the District and implementation of those standards or enforcement by CDPHE could result in increased costs associated with the District’s water treatment, storage or distribution operations or require significant capital expenditures. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service could negatively impact Net Pledged Revenues.

In operating the System, the District also may be subject to various environmental regulations which could subject the District to increased operating costs or capital expenditures. Such risks include the use of hazardous materials in the water treatment process and the disposal of such materials, the occurrence of upstream events that could cause contamination of the District’s surface water sources, or other factors. Such increased costs could reduce the amount of Net Pledged Revenues available to pay debt service on the Bonds.

Delay in Collection of Fees and Enforcement of Liens

The District is entitled by statute to certify delinquent fees and charges to the Larimer and Weld County Treasurers, to be collected in the same manner as property taxes. See “REVENUES AVAILABLE FOR DEBT SERVICE--Billing and Collection.” The Larimer and Weld County Treasurers currently accept such certifications once per year, and any such fees would be due in the same manner as property taxes the following spring. Accordingly, this collection process can result in significant delays in collections.

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

Bankruptcy and Foreclosure; Other Federal Issues

The ability and willingness of an owner or operator of property to remit water rates and charges in a timely manner may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent water service charges using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a property. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies

could result in the collection of Net Pledged Revenues in amounts that may be insufficient to pay debt service on the Bonds when due.

A federal tax lien or other federal lien could exist in the future which could have a lien upon the Net Pledged Revenues which, pursuant to federal law, is prior to the lien thereon of the Bond Resolution. The District is unaware of the current existence of such a lien or circumstances which could give rise to such a lien, but it is possible that such a lien could arise in the future.

Additional Parity Bonds

The District is permitted to incur other debt payable on a parity with the lien of the Bonds. See “SECURITY FOR THE BONDS--Additional Bonds.” Debt service on the Bonds and any Additional Bonds (collectively, the “Parity Bonds”) will be payable from Net Pledged Revenues on a pro-rata basis. To the extent that future obligations are issued on a parity with the lien of the Bonds, the security for the Bonds may be diluted. See “SECURITY FOR THE BONDS--History of Net Revenues and Pro-Forma Debt Service Coverage.”

Changes in Law

Various Colorado constitutional provisions, laws and regulations apply to the operation of the System and the operation and finances of the District. Various federal laws and regulations also apply to the operation of the System. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District or the operation of the System in the future.

Limitations on Remedies Available to Owners of Bonds

General; Bankruptcy. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the District in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. Colorado law currently provides that a special district may file for federal bankruptcy protection only if it can show the United States Bankruptcy Court that it has been unsuccessful with other existing alternatives to bankruptcy and that it would be unable to discharge its obligations as they become due by means of a mill levy of not more than one hundred (100) mills.

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

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

Secondary Market

There can be no assurance or guaranty that a secondary market for the Bonds will be maintained or that sufficient information will be publicly available to permit the maintenance of such a market. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The District expects to apply the proceeds from the sale of the Bonds as set forth in the following table.

Sources and Uses of Funds

SOURCE:

Par amount
 Plus: [net] original issue premium/(discount)
 Total

USES:

The Project
 Costs of issuance (including Underwriter's discount)
 Total.....

Source: The Underwriter.

The Project

General. The District expects to use the net proceeds of the Bonds to acquire certain land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, including acquisition of additional water rights for the System and construction of a water pipeline to transport those water rights.

Purchase of New Water Rights. The District expects to use a portion of the net proceeds of the Bonds to purchase a new water right in an aquifer storage and recovery project. This new water right is expected to help the District meet the long-term demand of its customers, provide resilience during droughts and is not expected to require construction or expansion of a water treatment plant.

Construction of Water Transmission Pipeline. In addition, the District expects to use a portion of the net proceeds of the Bonds to finance its share of the Cobb Lake Regional Water Treatment Authority's large diameter water transmission pipe which is expected to be approximately 8 miles in length. This transmission pipeline will bring the water from the aquifer storage component of the Project south to connect to the existing System, and will allow the District to deliver the water derived from aquifer storage to its customers.

THE BONDS

General

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

For a complete statement of the details and conditions of the Bond issue, reference is made to the Bond Resolution and the Sale Certificate (defined in Appendix B). Copies of those documents are available from the sources listed in “INTRODUCTION--Additional Information.”

Payment Provisions

Interest on the Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on June 1 and December 1, commencing June 1, 2026. Interest on the Bonds is payable by the Paying Agent on or before the interest payment date (or if such day is not a business day, on or before the next succeeding business day) to such Owner at such Person’s address as it appears on the registration records kept by the Paying Agent at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the “Record Date”). Any interest not timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest and notice of the Special Record Date and the date fixed for payment of the defaulted interest will be given to the Owners of the Bonds not less than ten days prior to the Special Record Date by first class mail. If any Bond is not paid upon presentation and surrender at or after its maturity or prior redemption, it will continue to draw interest at the interest rate borne by the Bond until the principal is paid in full. All such payments will be made in lawful money in the United States of America.

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

Redemption Provisions*

Optional Redemption.* The Bonds maturing on and before December 1, 20__, are not subject to redemption prior to maturity at the option of the District. The Bonds maturing on and after December 1, 20__, are subject to redemption prior to their respective maturities, at the

* Subject to change.

option of the District, in whole, or in part from any maturity and interest rate, in any order of maturity and by lot within a maturity and interest rate, in such manner as the District may determine (giving proportionate weight to Bonds in denominations larger than \$5,000), from any legally available funds of the District, on December 1, 20__, or on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

Mandatory Sinking Fund Redemption.* The Bonds maturing on December 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Registrar shall determine.

As a sinking fund for the redemption of the Term Bonds maturing on December 1, 20__, the District will deposit into the Bond Fund moneys which are sufficient to redeem (after any credit as described below) the following principal amounts on the Term Bonds maturing on December 1, 20__:

Redemption Date (December 1)	Principal Amount
(maturity)	

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

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

Notice of Redemption. Notice of optional redemption shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, or by electronic means to DTC or its successors, not more than sixty nor less than thirty days prior to the Redemption Date to each Owner at such Person's address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon each Bond so to be redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued

interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner described above, the Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the Bonds so called for redemption. No further interest shall accrue on the principal of any such Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

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

No Partial Redemption After Default. Further, if an Event of Default under the Bond Resolution has occurred and is continuing (see Appendix B--Summary of Certain Provisions of the Bond Resolution - Events of Default and Remedies), of which an officer of the Paying Agent has actual knowledge, there shall be no redemption of less than all of the Bonds at the time Outstanding.

Tax Covenants

In the Bond Resolution, the District covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds 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 Bonds and the income therefrom to lose their exemption from State taxation, except inheritance, estate, and transfer taxes under present State law. In furtherance of this covenant, the District agrees to comply with the procedures set forth in the Tax Compliance Certificate with respect to the Bonds. The foregoing covenant remains in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond 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 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds and the 2023 Bonds.

<u>Debt Service Requirements (1)*</u>					
<u>Year</u>	<u>The Bonds*</u>			<u>2023</u>	<u>Grand</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Bonds</u>	<u>Total</u>
2026	\$6,670,000			\$6,664,250	
2027	7,410,000			6,662,500	
2028	7,775,000			6,662,000	
2029	8,165,000			6,662,250	
2030	8,575,000			6,662,750	
2031	9,005,000			6,663,000	
2032	9,450,000			6,662,500	
2033	9,925,000			6,660,750	
2034	10,420,000			6,662,250	
2035	10,940,000			6,661,250	
2036	11,490,000			6,662,250	
2037	12,070,000			6,664,500	
2038	12,670,000			6,662,250	
2039	13,300,000			--	
2040	13,965,000			--	
2041	1,715,000			--	
2042	1,805,000			--	
2043	1,895,000			--	
2044	1,990,000			--	
2045	2,085,000			--	
Total	\$161,320,000			\$86,612,500	

(1) Totals may not add due to rounding.

Source: The Underwriter.

* Subject to change.

SECURITY FOR THE BONDS

Limited Obligations

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

Pledge of Net Pledged Revenues of the System

The Bonds are secured by and constitute an irrevocable lien (but not necessarily an exclusive lien) on the Net Pledged Revenue; that lien is on a parity with the lien thereon of the 2023 Bonds. The District is permitted to issue additional obligations which have a lien on the Net Pledged Revenues which is on a parity with the lien of the Bonds. See “Additional Bonds” below. The Bonds are payable from the Bond Fund, into which the District has covenanted to deposit Net Pledged Revenues of the System in amounts sufficient to pay promptly, when due, the principal of, premium if any, and interest on the Bonds.

The pledge of the Net Pledged Revenues shall be valid and binding from and after the date of the delivery of the Bonds and the moneys as received by the District and pledged by the Bond Resolution shall immediately be subject to the lien of the District’s pledge without any physical delivery thereof, any filing, or further act. The lien of the pledge and the obligation to perform the contractual provisions made in the Bond Resolution shall have priority over any or all other obligations and liabilities of the District except any Outstanding Parity Bonds hereafter authorized, and any Policy Costs as provided in the Bond Resolution. The lien of the pledge of the Net Pledged Revenues as described above shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as otherwise provided in the Bond Resolution) irrespective of whether such parties have notice thereof.

Rate Maintenance Covenant

In the Bond Resolution, the District covenants to maintain rates and charges at certain levels. Set forth below is the rate covenant contained in the Bond Resolution (the “Rate Maintenance Covenant”).

In the Rate Maintenance Covenant, the District agrees to charge against users of the System, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Resolution in each Fiscal Year. The charges pertaining to the System must be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year: (A) an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year, (B) an amount equal to 110% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding that are payable from the Net Pledged Revenues in that Fiscal Year (excluding the reserves therefor), and (C) any amounts

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

History of Net Pledged Revenues and Debt Service Coverage

The following table sets forth Net Pledged Revenues for 2020 through 2024, as compared to the maximum annual debt service on the Parity Bonds in each year. The maximum annual debt service on the Parity Bonds is \$21,809,250* occurring in 2037.*

Investors should be aware that collections of Net Pledged Revenues may not continue at the levels stated below, and the coverage factors in future years may not remain at the historical levels indicated. In particular, due to local and national economic conditions, tap fee revenues may fluctuate. Tap fees are one-time fees that are directly tied to new development, which may or may not occur in future years. Information about the sources of the Net Pledged Revenues can be found in “REVENUES AVAILABLE FOR DEBT SERVICE.”

History of Net Pledged Revenues and Debt Service Coverage*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Gross Pledged Revenues (1)	\$35,959,620	\$49,307,183	\$50,400,038	\$70,846,361	52,691,572
Operation and Maintenance Expenses (2)	<u>13,296,823</u>	<u>15,462,106</u>	<u>13,437,473</u>	<u>15,534,026</u>	<u>19,656,266</u>
Net Pledged Revenues	<u>\$22,662,797</u>	<u>\$33,845,077</u>	<u>\$36,962,565</u>	<u>\$55,312,335</u>	<u>\$33,035,306</u>
Maximum Annual Principal and Interest Requirements (3)	\$21,809,250	\$21,809,250	\$21,809,250	\$21,809,250	\$21,809,250
Pro-Forma Debt Service Coverage	1.04x	1.55x	1.69x	2.54x	1.51x

(1) Gross Pledged Revenues in 2023 were higher than typical due to the sale of a large number of multi-family water taps (which cost more, on a per tap basis, than single family taps).

(2) Excludes depreciation expense and non-operating expenses.

(3) Represents the maximum annual debt service on the Parity Bonds which is \$21,809,250* occurring in 2037.* See “DEBT SERVICE REQUIREMENTS” for the annual debt service payments due on the Bonds in each year.

Sources: Derived from the District’s audited financial statements for 2020-2024.

Based upon District estimates at the time of preparation of the 2026 budget, the 2025 estimate amounts, which are conservatively estimated and subject to change once actual results are received, the District expects to receive Gross Pledged Revenues of approximately \$57,283,755 and Operation and Maintenance Expenses of \$16,865,128, resulting in budgeted Net Pledged Revenues of \$40,418,627 in 2025.

Flow of Funds

So long as any of the Bonds and any Parity Bonds are Outstanding, as to any Bond Requirements related to the Bonds and any Parity Bonds, the entire Gross Pledged Revenues,

* Subject to change.

upon their receipt from time to time by the District, shall be set aside and credited immediately to the special and separate account created pursuant to the resolutions associated with the prior Parity Bonds and known as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Gross Income Fund” (the “Income Fund”). Payments shall be made from the Income Fund in the following order of priority:

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

(2) Bond Fund Payments. Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate account created by the Bond Resolution and known as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Bond Fund,” (the “Bond Fund”) the following amounts:

(A) Interest Payments. Monthly to the Bond Fund, commencing on the first day of the calendar month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding Bonds on the next succeeding interest payment date.

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

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment described in paragraph (A) or (B) (whichever is applicable) above may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds then Outstanding, as such Bond Requirements become due. No interest or principal shall be paid on any Bonds owned by or on behalf of the District.

(3) Reserve Fund Payments. Third, except as otherwise provided in the Bond Resolution (no reserve fund is established for the Bonds, but a reserve fund could be established for Additional Bonds), and concurrently with any payments required to be made pursuant to any Parity Bond Resolution with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Income Fund there shall be credited to the Reserve Fund

monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Reserve Fund for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the Reserve Fund Requirement by not more than 12 such monthly payments. Also see Appendix B--Summary of Certain Provisions of the Bond Resolution--Reserve Fund.

(4) Termination of Deposits. No payment need be made into the Bond Fund or the Reserve Fund if there are no Policy Costs due and owing and if the amount in the Bond Fund and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all Bonds Outstanding are deemed to have been paid pursuant to the Bond Resolution (see Appendix B--Summary of Certain Provisions of the Bond Resolution--Defeasance), in which case moneys therein (taking into account the known minimum gain from any investment of such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the District, as directed in writing by the Finance Director.

(5) Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then, an amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The District shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i) upon notice from the District requesting a draw or (ii) failure of the Paying Agent to receive the Bond Requirements by the third Business Day prior to June 1 or December 1 in each year, the Paying Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying Agent shall present a demand for payment, in the form and manner required by the Reserve Fund Insurance Policy, at least two Business Days before funds are needed. If there is more than one Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each.

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

(6) Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Resolutions with respect to any rebate funds established thereby, there shall be deposited into the special and separate account created in the Bond Resolution and known as the "Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Rebate Fund" (the "Rebate Fund") moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the District to comply with its tax covenant (see "THE BONDS--Tax Covenants"). Amounts on deposit in the Rebate Fund shall not be subject to the

lien and pledge of the Bond Resolution to the extent that such amounts are required to be paid to the United States Treasury. For a further discussion of the use of moneys on deposit in the Rebate Fund, see Appendix B--Summary of Certain Provisions of the Bond Resolution - Rebate Fund.

(7) Payment of Subordinate Securities. Fifth, and subject to the above provisions, but subsequent to the payments required by the above provisions, any moneys remaining in the Income Fund may be used by the District for the payment of Bond Requirements of subordinate securities, including reasonable reserves for such subordinate securities and for rebate of amounts to the United States Treasury with respect to such subordinate securities.

(8) Use of Remaining Revenues. After the above payments are made, any remaining Net Pledged Revenues in the Income Fund shall be used, first, for any one or any combination of reasonably necessary purposes and in the Board's discretion relating to the operation, improvement or debt management of the System and, second, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Board may from time to time conclusively determine.

Reserve Fund

The Bonds will not be secured by a Reserve Fund.

Additional Bonds

Parity Bonds. The District is authorized to issue additional Parity Bonds upon the satisfaction of the following conditions set forth in the Bond Resolution.

A. At the time of the adoption of the resolution authorizing the issuance of the additional securities, the District shall not be in default in making any payments described in "Flow of Funds" above or other Parity Bond Resolutions, including any payments of Policy Costs.

B. The Net Pledged Revenues derived in any consecutive 12 month period within the 18 months immediately preceding the month in which the additional Parity Bonds are to be issued shall be not less than 110% of the Combined Maximum Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued and 100% of the Policy Costs then due and owing, if any, except as hereinafter otherwise expressly provided.

In any computation under paragraph B above, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Finance Director, as the case may be, which results from any changes which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined, in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Finance Director estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise

included in the calculations described above, and estimates any loss under this sentence will not at any time materially and adversely affect the District's apparent ability to comply with the Rate Maintenance Covenant (described in "Rate Maintenance Covenant" above) without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

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

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

A written certificate or written opinion by the Finance Director that such annual revenues, when adjusted as provided above, are sufficient to pay the amounts required by paragraph B above, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

The proceeds of any Parity Bonds or other securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements and/or to refund all or any portion of the Bonds, Parity Bonds, or other securities payable from Net Pledged Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

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

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

REVENUES AVAILABLE FOR DEBT SERVICE

Customer Rates and Charges

General Information. The District's monthly water service charges consist of a minimum base charge, which is determined based on meter size, plus an additional water consumption charge, which is determined by the amount of water a customer uses. Any utility rate and tap fee increases normally occur in January. The District's current water rates became effective January 1, 2025. The Board may consider an increase in water rates at any time. All water service is metered. Rates have increased each year over the past five years, including a 5% increase in 2024 and 30% increase in 2025.

Beginning January 1, 2026, the District will impose a 10% across the board increase for all monthly rates and usage charges, with the exception of Tier 4 Residential and Tier 2 Irrigation. Tier 4 Residential and Tier 2 Irrigation rates will be set at 1.2 times the charge in the preceding tier. In addition, for Tier 2 irrigation, the water allocation will be spread over four months instead of five.

A portion of the District (approximately 2,100 customers) is located within the City of Fort Collins' ("Fort Collins") City limits, and served by the District pursuant to an intergovernmental agreement between Fort Collins and the District. Based on this intergovernmental agreement, the rates the District charges customers within Fort Collins are different from rates charged outside of Fort Collins. Both rate tiers are specified in the tables below. The average monthly water bill for a single-family residence within the District for calendar year 2024 was approximately \$50 for 12,500 gallons of water use.

All District customers pay the same monthly base fee based on the size of tap which services the property. That fee is \$23.22 for 5/8" and 3/4" taps, \$33.84 for 1" taps, \$60.11 for 1.5" taps, \$91.82 for 2" taps, \$176.40 for 3" taps and \$352.81 for 4" taps. Multi-family residential taps are charged \$10.26 for each unit and \$2.72 for each 1,000 gallons used for customers who are not located inside Fort Collins, and \$4.58 for each 1,000 gallons used for customers who are located inside Fort Collins.

Residential Water Service. In addition to the monthly base fees described above, the monthly usage charges for the different residential customer classes are shown below:

Monthly Residential Water Usage Rates

<u>Residential Customer Class (1)</u>	<u>5,000 gal or less</u>	<u>5,001- 15,000 gal</u>	<u>15,001- 50,000 gal</u>	<u>50,001+ gal</u>
Not served under Fort Collins IGA	\$2.72	\$3.85	\$5.17	\$10.34
Served under Fort Collins IGA	4.58	6.50	8.71	\$17.42

(1) Charge per 1,000 gallons.

Monthly Conservation Water Usage Rates (Residential)

<u>Residential Conservation Customer Class (1)</u>	<u>(0-5,000 gal.)</u>	<u>(5,001+ gal.)</u>
Not served under Fort Collins IGA	\$2.72	\$27.17
Served under Fort Collins IGA	4.58	45.76

(1) Charge per 1,000 gallons.

Commercial Water Service. In addition to the monthly base fees described above, the monthly usage charges for the different commercial customer classes are shown below:

Monthly Commercial Water Usage Rates

<u>Commercial Customer Class</u>	<u>Rate Per 1,000 gal.</u>	<u>Water Resource Surcharge per 1,000 gal.</u>
Not served under Fort Collins IGA	\$3.65	\$1.50
Served under Fort Collins IGA	6.05	1.50

Irrigation Water Service. In addition to the monthly base fees described above, the monthly usage charges for the different irrigation customer classes are shown in the following table. Allotments are associated with tap size, and when an irrigation tap is purchased the allotment represents the amount of raw water purchased with, and necessary to serve, the tap. The total raw water allotment is then divided by five to calculate a monthly allotment which is intended to reflect peak usage of irrigation taps during summer months.

Monthly Irrigation Water Usage Rates

	<u>Rate Per 1,000 gallons under allotment</u>	<u>Rate per 1,000 gallons over allotment</u>	<u>Monthly Allotment (in gallons)</u>
<u>Not Served Under Fort Collins IGA</u>			
5/8" & 3/4"	\$5.50	\$11.00	38,688
1"	5.50	11.00	96,719
1.5"	5.50	11.00	193,438
2"	5.50	11.00	309,501
3"	5.50	11.00	677,034
4"	5.50	11.00	1,160,629
<u>Served Under Fort Collins IGA</u>			
5/8" & 3/4"	\$8.50	\$17.00	38,688
1"	8.50	17.00	96,719
1.5"	8.50	17.00	193,438
2"	8.50	17.00	309,501
3"	8.50	17.00	677,034
4"	8.50	17.00	1,160,629

Tap Fees

General. Tap fees are assessed and collected at the time a building permit is issued for construction of a residence or commercial facility, and are charged to recover costs of system acquisition, construction and expansion, and the cost of raw water. Tap fees are reviewed by the

Board annually and the District increased tap fees each year since 2018. Tap fee average increases were 6.5% in 2024 and 22.6% in 2025. The District will increase the plant investment fee portion of tap fees by \$10,000 in 2026. The District’s current tap fees for different types of water users are listed below.

Residential Water Tap Fee Schedule – Single Family

<u>Lot Size (sq. ft.)</u>	<u>Infrastructure</u>	<u>Water</u>		<u>Total</u>
	<u>PIF</u>	<u>Resource Fee</u>	<u>Meter</u>	<u>Water Fee</u>
Conservation Tap (1)	\$27,175	\$18,000	\$510	\$45,685
<= 3,000	27,175	18,000	510	45,685
3,001-4,000	27,175	21,000	510	48,685
4,001-5,000	27,175	33,000	510	60,685
5,001-6,000	27,175	42,000	510	69,685
6,001-7,000	27,175	51,000	510	78,685
7,001-8,000	27,175	52,500	510	80,185
8,001-9,000	27,175	60,000	510	87,685
9,001-10,000	27,175	67,500	510	95,185
10,001-11,000	27,175	72,000	510	99,685
> 11,000	27,175	75,000	510	102,685

(1) A “Conservation Tap” is a new Single Family Residential water tap application that has a non-potable irrigation system for outdoor irrigation needs, or that has a deed restriction that prohibits outdoor watering. No outdoor potable water irrigation is permitted. Conservation taps and documentation of above requirements must be approved by the Engineering Department prior to approval of the tap application.

Residential Water Tap Fee Schedule – Multi-Family

<u>Tap Description</u>	<u>Dwelling Units</u>	<u>Infrastructure PIF</u>	<u>Required acre-feet</u>	<u>Water Resource Fee</u>	<u>Meter</u>	<u>Total Tap Fee</u>
1"	2	\$8,696	0.4	\$48,000	\$620	\$57,316
1"	3	13,044	0.6	72,000	620	85,664
1 ½"	4	17,392	0.8	96,000	1,995	115,387
1 ½"	5	21,740	1.0	120,000	1,995	143,735
1 ½"	6	26,088	1.2	144,000	1,995	172,083
1 ½"	7	30,436	1.4	168,000	1,995	200,431
1 ½"	8	34,784	1.6	192,000	1,995	228,779
1 ½"	9	39,132	1.8	216,000	1,995	257,127
1 ½"	10	43,480	2.0	240,000	1,995	285,475
2"	11	47,828	2.2	264,000	2,260	314,088
2"	12	52,176	2.4	288,000	2,260	342,436
2"	13	56,524	2.6	312,000	2,260	370,784
2"	14	60,872	2.8	336,000	2,260	399,132
2"	15	65,220	3.0	360,000	2,260	427,480
2"	16	69,568	3.2	384,000	2,260	455,828
2"	17	73,916	3.4	408,000	2,260	484,176
2"	18	78,264	3.6	432,000	2,260	512,524
2"	19	82,612	3.8	456,000	2,260	540,872
2"	20	86,960	4.0	480,000	2,260	569,220
2"	21	91,308	4.2	504,000	2,260	597,568
2"	22	95,656	4.4	528,000	2,260	625,916
2"	23	100,004	4.6	552,000	2,260	654,264
2"	24	104,352	4.8	576,000	2,260	682,612
2"	25	108,700	5.0	600,000	2,260	710,960
2"	26	113,048	5.2	624,000	2,260	739,308
2"	27	117,396	5.4	648,000	2,260	797,656
2"	28	121,744	5.6	672,000	2,260	796,004
2"	29	126,092	5.8	696,000	2,260	824,352
2"	30	130,440	6.0	720,000	2,260	852,700
2"	31	134,788	6.2	744,000	2,260	881,048
2"	32	139,136	6.4	768,000	2,260	909,396
2"	33	143,484	6.6	792,000	2,260	937,744
2"	34	147,832	6.8	816,000	2,260	966,092
2"	35	152,180	7.0	840,000	2,260	994,440
2"	36	156,528	7.2	864,000	2,260	1,022,788

To determine tap fees for multi-family properties with greater than 36 dwelling units, the District uses the following table and equation:

<u>Dwelling Unit Range</u>	<u>Infrastructure PIF</u>	<u>Water Resource Fee</u>	<u>Sub-total, per DU</u>		<u>Plus: Meter</u>	
37-46	\$4,348	\$24,000	\$28,348	Multiply by # DU	2" - \$2,260	= Total tap fee
47-93	4,348	24,000	28,348	Multiply by # DU	3" - \$2,780	= Total tap fee
94-150	4,348	24,000	28,348	Multiply by # DU	4" - \$4,605	= Total tap fee

Commercial and Irrigation Water Tap Fee Schedules

<u>Meter Size and Use (1)</u>	<u>Infrastructure PIF</u>	<u>Required Acre-Feet</u>	<u>Water Resource Fee</u>	<u>Meter Fee</u>	<u>Water Tap Fee</u>
3/4" Commercial	\$27,175	0.63	\$75,000	\$510	\$102,685
3/4" Irrigation	27,175	0.85	102,000	510	129,685
1" Commercial	67,938	1.56	187,500	620	256,058
1" Irrigation	67,938	2.13	255,000	620	323,558
1.5" Commercial	135,875	3.13	375,000	1,995	512,870
1.5" Irrigation	135,875	4.25	510,000	1,995	647,870
2" Commercial	217,400	5.00	600,000	2,260	819,660
2" Irrigation	217,400	6.80	816,000	2,260	1,035,660
3" Commercial	475,563	10.94	1,312,500	2,780	1,790,843
3" Irrigation	475,563	14.88	1,785,000	2,780	2,263,343
4" Commercial	815,250	18.75	2,250,000	4,605	3,069,855
4" Irrigation	815,250	25.50	3,060,000	4,605	3,879,855
6" Commercial	1,698,438	39.06	4,687,500	6,576	6,392,514
6" Irrigation	1,698,438	53.13	6,375,000	6,576	8,080,014

(1) 3", 4" and 6" prices are estimates only. Actual costs are determined on a case-by-case basis. Meter size is also associated with a set design GPM as follows: 3/4" meters have a design GPM of 10, 1" meters have a design GPM of 25, 1.5" meters have a design GPM of 50, 2" meters have a design GPM of 80, 3" meters have a design GPM of 175, 4" meters have a design GPM of 300 and 6" meters have a design GPM of 625.

History of Tap Fee Collections. The following table sets forth a history of water taps issued and the associated fee collections by the District.

History of Tap Fees Collected

<u>Year</u>	<u>Water Taps Issued (1)</u>	<u>Water Tap Revenue</u>
2014	515	\$14,154,240
2015	424	17,397,626
2016	384	12,999,600
2017	433	15,207,003
2018	584	27,105,798
2019	256	14,484,240
2020	311	18,964,382
2021	554	31,863,332
2022	561	28,351,305
2023 (2)	461	47,919,472
2024	349	26,106,061
2025 (3)	156	15,184,289

(1) Reflects the number of new water taps added to the District's billing system in each year.

(2) Water tap revenues in 2023 were higher than typical due to the sale of a large number of multi-family water taps (which cost more, on a per tap basis, than single family taps).

(3) Reflects the amount of water taps issued and revenue collected through July 31, 2025.

Source: The District.

The District hired a consultant to perform a rate study that was issued on December 15, 2023. The rate study used average water data for several years, along with past audits and budgets and a ten-year capital expenditure schedule. The study recommended to change the volumes in the residential tier rate structure; several years of 50% rate increases; and modifications to the required raw water amount to be purchased with a tap fee.

In 2024, the District conducted another study with the same consultant to review tap fees only. Through this study, the District has added a climate contingency factor to the raw water portion of the tap fees, and increased the plant investment fee portion of it.

Management Discussion and Analysis

Water tap sales have increased between 1–3% each year for the past five years. From 2018 to 2022, total revenues have increased 16% and total expenses have increased 29%. The District is making strides at utilizing reserve resources to complete projects related to growth activities (e.g. waterline expansions and purchasing raw water resources). The audited financial statements attached to this Official Statement as Appendix A include a Management Discussion and Analysis for 2024.

Customer Information

The following tables set forth a history of the District’s customer levels and the revenues generated by the different customer types.

<u>Water Customer Information</u>						
<u>Year</u>	<u>Commercial Customers</u>	<u>Irrigation Customers</u>	<u>Residential Customers</u>	<u>Other Customers</u>	<u>Total Customers</u>	<u>Percent Increase</u>
2020	796	289	17,476	35	18,596	--
2021	812	296	18,007	36	19,151	3.0%
2022	825	299	18,536	36	19,696	2.8
2023	769	308	19,123	29	20,229	2.7
2024	761	319	19,415	28	20,523	1.5
2025 ⁽¹⁾	767	319	19,621	28	20,735	--

(1) Reflects the number of customers through July 31, 2025.

Source: The District.

Revenues Generated by Customer Type

<u>Year</u>	<u>Commercial Customers</u>	<u>Irrigation Customers</u>	<u>Residential Customers⁽²⁾</u>	<u>Other Customers⁽³⁾</u>	<u>Total Revenue</u>
2020	\$1,594,242	\$1,915,402	\$10,011,068	\$515,908	\$14,036,620
2021	1,942,843	2,274,011	10,421,373	529,087	15,167,316
2022	2,176,180	2,472,575	11,307,765	570,228	16,526,748
2023	1,960,377	1,924,952	10,864,038	139,188	14,888,554
2024	2,480,741	2,924,679	13,261,342	166,632	18,833,394
2025 ⁽¹⁾	1,411,847	1,220,772	8,140,901	150,501	10,924,021

(1) Reflects revenues generated through July 1, 2025.

(2) Residential includes multi-family residential customers.

(3) Other Customers includes customers who are classified by the District as conservation, non-residential, standby and other.

The ten largest customers of the District (based upon total monthly service charges paid) for the 12-month period ending on December 31, 2024, accounted for approximately 6.9% of total charges. The single largest customer makes up approximately 3.2% of the total charges and the next largest customer makes up approximately 1.0%.

The District expects that the largest customers for 2025 will be materially similar to the largest customers for 2024. The District's customers primarily consist of residential water users so the loss of any particular business, industry or user would not materially affect the District's operations or finances. Loss of any one single customer (even a master meter customer) would not significantly impact the District's operations.

Billing and Collection

The District's customers are billed on a monthly basis. Payments are due approximately 20 days after the billing date. Accounts are considered delinquent when payment is not received by the due date. A late fee of \$5 is added to all accounts that are not paid by their due date. A minimum fee of \$20 is charged when the District notifies a customer of discontinuation of service for non-payment, and payment of the entire account balance is due within ten days of that notice or the District disconnects service. Each Thursday, customers who have not paid their past due balance within the ten day notice period are notified via a door hanger that their service will be discontinued on the following Tuesday. If payment is not received by Tuesday morning at 8:00 a.m., water service is disconnected. In order to restore water service, the customer must pay the entire balance due.

Less than 1% of the District's delinquent accounts are older than 120 days. For final accounts where the parcel was sold or the tenant changed, the District typically writes off amounts of less than \$10 and pursues collections on outstanding amounts greater than \$10.

THE SYSTEM

General; Service Area

The District provides water service to approximately 19,621 residential customers and 1,114 non-residential customers within a service area of approximately 60 square miles. The District's water service area is coterminous with its boundaries, and the service area may be increased if landowners request an inclusion into the District. Approval of inclusions is based on the District's ability to serve and the District has inclusions nearly every year. As a water supplier, the District is responsible for providing an adequate water supply, guarding against the effect of drought and protecting its water supply from encroachment, depletion, contamination and from legal attack in water court. The District estimates that its service area is approximately 40% built out.

Water Sources

The District owns a portfolio of water rights. Approximately 75% of the District's dry-year water supply yield is sourced from the Colorado River Basin (this percentage does not include the South Platte water rights expected to be generated by the Project or from NISP). The District's water rights sourced from the Colorado River include its Colorado-Big Thompson Project ("C-BT") units, certain contract water the District purchased from Fort Collins, and the Divide Canal Company Class A shares. If the NISP project is completed and if the District participates in NISP, the District's future NISP allocations would also be diverted from the Colorado River Basin. The remainder of the District's water rights are sourced from the South Platte River Basin (primarily from the Cache La Poudre River) and from the Laramie River Basin.

Water supplies in the Colorado, South Platte and Laramie River basins have been overallocated and each basin has experienced persistent drought conditions and reduced runoff in recent years, resulting in historically low reservoir levels. Continued hydrologic stress may lead to reductions in available supply in certain years. Although the District's water rights portfolio is managed to provide reliable supplies under a range of conditions, material curtailments of the District's water rights, including those sourced from the Colorado River, could adversely affect overall water supply and availability. Negotiations between various states related to water supply are underway, but it is unclear what agreement, if any, the states may come to or how any agreement would affect the District.

The following table sets forth the District's water sources along with their respective average annual yields and dry-year yields.

<u>Water Right Name</u>	<u>Average Yield (volume in AF)(1)</u>	<u>Dry-year Yield (volume in AF)</u>
Decreed / Available		
C-BT	9,108.4	6,506.0
C-BT (fixed)	137.9	137.9
North Poudre Irrigation Co.	3,268.2	1,885.5
Josh Ames (C-BT)	175.0	175.0
1995 Contract C-BT	645.0	645.0
Divide Canal Co. Class A	2,381.4	1,587.6
Divide Canal Co. Class B	128.1	63.3
Laramie-Poudre Tunnel (06CW259)	598.0	255.0
JR Brown Ditch (05CW264)	59.3	59.3
JR Brown Ditch (17CW3160)	44.4	44.4
New Mercer Ditch (23CW3104)	37.4	35.5
Jackson Ditch (08CW277)	112.5	110.2
Pending		
NISP – Phase 1	1,700.0	1,700.0
NISP – Phase 2	1,700.0	1,700.0
Unchanged Rights (2)		
Larimer County No. 2	10.0	5.8
WSSC	675.0	511.9
Variable Conditional Rights (3)		
PVP right (98CW435)	--	--
Overland Trail (00CW251)	--	--

(1) One acre-foot (“AF”) is equal to 325,851 gallons of water.

(2) The District must apply for and receive a change in use decree from the water court before it may deliver its currently unchanged rights for use within the District’s service area.

(3) The District must beneficially use its conditional water rights in order to perfect these water rights and receive a final decree from the water court.

The District’s total available water supplies produce an average annual yield of 19,309.1 acre-feet and a dry-year yield of 15,861.7 acre-feet. Approximately 94% of the District’s current water supply is single-use water and approximately 6% is reusable. The table above does not include the water the District is purchasing with proceeds from the 2025 Bonds.

The District has purchased its limit of C-BT units and is not permitted to purchase additional units under Northern Water’s rules. The District’s current water supply serves over 20,000 taps and its water supply is adequate to serve existing customers. The District is approximately 40% built out. Final build out of the District has a projected demand of 40 MGD and is projected to occur around 2065.

The District has an 20.25% participant interest in the Northern Integrated Supply Project (“NISP”), which is a proposed water project planning a new reservoir northwest of Fort Collins and another east of the Town of Ault. The proposed project is currently estimated to cost approximately \$2 billion and is anticipated to be financed by 15 water provider participants. The District is evaluating the economics of its participation in NISP as information becomes available.

The District currently has sufficient water, even in a drought year, to provide water to current customers and meet the needs of near term growth. However, the District continues to sell taps for new development within its service area. The District must continue to acquire additional water supplies for future demand, maintain the resiliency standard for periods of drought as described in the Drought and Supply Plan, and maintain the Level of Service Standard approved by its Board of Directors.

The District experienced its historical peak usage in 2021 and used that year for the existing system assessment in a recent water model update. Modeling indicated a stressed system during summer months, primarily due to limitations in the current distribution system. While there is sufficient pumping and storage capacity in the system, it does not have excess delivery capacity to move water around among facilities. Since this peak period was identified, the District is in the process of several large scale transmission (e.g. Western Backbone and Zone 5) and storage projects (e.g. Trilby Tank expansion).

Treatment and Distribution Facilities

Water Treatment. The District receives the majority of its treated water from the Soldier Canyon Water Treatment Authority (“SCWTA”), which is jointly owned by the District, North Weld County Water District (“North Weld”) and East Larimer County Water District (“East Larimer,” and together with North Weld and the District, the “Water Districts” or the “Tri-Districts”). The SCWTA operates the Soldier Canyon Filter Plant (the “Water Plant”) which is a 68 million gallons per day (“MGD”) conventional surface water treatment plant, with 26 MGD production designated for the District. The Water Plant was expanded in 2021 to increase pre-treatment capacity and add standby chemical feed systems to treat for potential taste and odor issues associated with changes in raw water quality.

The water treatment process at the Water Plant is defined as “conventional” treatment. This means throughout the treatment process certified operators and laboratory staff conduct numerous tests on drinking water to ensure that it consistently meets or exceeds all state and federal water quality standards. Raw water is treated through coagulation, which is the addition of chemicals that cause tiny particles in the water to clump together, then flocculation, which mixes the coagulated water to create a heavy clump called floc. Sedimentation then separates the solid particles which are then removed hydraulically. Next, the water passes through a porous medium for the removal of suspended solids in a process called filtration. Finally, the water goes through a disinfection process to assure the production of microbiologically safe drinking water.

The District has also invested in Fort Collins’ treatment facility and received a firm 5 MGD through metered interconnects. The District has adequate pumping capacity for existing maximum daily demands when considered with finished storage capacity.

The average treated water deliveries from the Water Plant are 10,795 acre-feet per year, with another 500 acre-feet from interconnects with Fort Collins. The District estimates that 66% of this volume is residential, 12% non-residential, 11% irrigation, 4% to wholesale customers, and 7% to non-revenue water use such as system leaks and hydrant flushing. Peak usage is driven by outdoor use in June through October with max day typically occurring in July and the highest use on a monthly scale in August. Average monthly water use from November through March is approximately 325 acre-feet per month, while August averages to 1,800 acre-feet for the month.

Water treatment is one of the District's largest constraints. Treated water sources are constrained by plant capacity and by IGA limits. In 2024, the District and three other water providers created the Cobb Lake Water Treatment Authority (the "Authority"). The Authority anticipates that it will eventually need to build a water treatment plant to serve the four entities, mainly for water sourced from the NISP project. The Authority also expects to build, own and operate a large transmission pipeline that will carry the water from the future plant and groundwater project to each entity. The District expects to fund its portion of this pipeline with net proceeds of the Bonds and the pipeline is a component of the Project.

Water Storage. The District has potable water storage for 7,000,000 gallons in six tanks at various locations. There are no capacity and utilization concerns during the winter months and water quality in tanks are the primary consideration during the winter as outdoor usage drops off. This is managed through adjusted tank operations and chlorine residual monitoring and injection stations as needed. The District is installing 6,000,000 gallons of additional storage and the new tank is expected to be operational in 2026.

The District also has raw water storage of 2,641 acre-feet through the C-BT Carryover Program, up to 1,000 acre-feet of space available storage in Horsetooth Reservoir and approximately 858 acre-feet of firm storage in the Overland Ponds.

Water Distribution. Pursuant to an intergovernmental agreement, raw water owned by the District is delivered via Northern Colorado Water Conservancy District to Horsetooth Reservoir for the benefit of the District, and from Horsetooth Reservoir to the Water Plant where it is treated prior to delivery to District customers. Raw water is treated at the Water Plant and then distributed to District customers via water distribution lines. The current distribution system does not have delivery capacity to move water between facilities. The District uses interconnects with Fort Collins to make up the difference.

The District owns approximately 443 miles of transmission and distribution main line, seven pumping stations, and six finished storage tanks. The oldest pipes in the system are approximately 64 years old with less than 8% having an estimated useful life of less than 30 years and over 50% of the system with greater than 76 years of remaining useful life. Given the relatively young age of the system, it is in good condition. Using an average useful life of 20 years for a pump station, all but one of the District pump stations are beyond useful life. The District is currently rehabilitating two pump stations and expects the rehabilitation to be completed in January 2026. It is estimated that greater than 98% of the transmission and distribution pipes are within public right-of-way, or easements.

Drought and Water Supply Plan. The District updated its Drought and Water Supply plan in 2023 to identify potential risks to the District's water supply. In general, the plan identifies drought scenarios that could put the District at risk of not meeting customer demand in the future and remedies to any identified vulnerabilities. While the District's water supply could be vulnerable during prolonged droughts where water supplies on the Cache la Poudre River were limited during periods of low C-BT quotas, there are native and transmountain water rights the District could acquire to firm its supplies. The District's goal is to utilize cash-in-lieu payment to acquire water supplies in advance of the growth and demand from new customers in the District.

The Enterprise

On July 18, 1995, the Board adopted a resolution and determined that the System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution (“TABOR”) and Title 37, Article 45.1, C.R.S. (the “Water Enterprise Act”). Pursuant to the Bond Resolution, the District confirms that the System is an “enterprise” within the meaning of TABOR. In particular, the District agrees the System shall be owned by the District and shall have the power to issue revenue bonds in the manner and payable from the sources set forth in the Resolution and summarized in this Official Statement.

Under TABOR, in order to qualify as an “enterprise” the System must, among other things, receive less than 10% of annual revenue in grants from all Colorado State and local governments combined. The District collects property taxes annually and the total of all grants from all Colorado State and local governments combined, including property tax collections from the District, has been less than 10% of annual revenue of the System.

Water System Capital Improvements Program

The District maintains a Capital Improvement Plan (“CIP”) in order to maintain its System and the CIP sets forth anticipated future projects and purchases of water rights. Over the next three years, anticipated projects primarily include costs related to purchasing additional water rights, expanding water storage tanks and constructing water transmission mains, and expanding the building facilities for staff. Over the past five years, System improvements included constructing sections of two large transmission and distribution pipelines (Western Backbone and Zone 5), purchasing additional participation in the NISP project, purchasing 645 firm acre feet of contract water, and purchasing additional raw water from various sources (CBT and ditch companies).

THE DISTRICT

Description and Organization

General. The District is a quasi-municipal corporation and a political subdivision of the State of Colorado created for the purpose of providing water for domestic, municipal, industrial, agricultural and all other lawful uses. In 1961, an order and decree creating the District was entered by the District Court of Larimer County. The District encompasses approximately 60 square miles and, according to District officials, has a current estimated population of 67,000.

Water Enterprise. The District's Water Enterprise was established by a resolution adopted by the Board in 1995 and is wholly owned by the District. The Board is the board of directors of the Enterprise and conducts the business of the Enterprise in the same manner and follows the same procedures as the Board. The Enterprise is authorized to manage, operate, use, maintain and conduct all water activities, services and facilities of the District. The Enterprise is also authorized to use, operate, improve, extend, enlarge, repair, replace, acquire, dispose of, encumber, contract with respect to and otherwise control and supervise water facilities and property of the District.

Inclusions, Exclusions, Consolidation and Dissolution

Inclusion of Property. The Special District Act provides that the boundaries of a special district or subdistrict may be altered by the inclusion of additional real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district or subdistrict and shall be liable for its proportionate share of existing bonded indebtedness of the special district or subdistrict.

Exclusion of Property. The Special District Act provides that the boundaries of a special district or subdistrict also may be altered by the exclusion of real property under certain circumstances. After its exclusion, the excluded property is no longer subject to the special district's or subdistrict's operating mill levy and is not subject to any debt service mill levy for new debt issued by the special district or subdistrict. The excluded property, however, remains subject to the special district's or subdistrict's debt service mill levy for that proportion of the special district's outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order.

Consolidation with Other Districts. Two or more special districts may consolidate into a single district upon the approval of the District Court and of the electors of each of the consolidating special districts. The District Court order approving the consolidation can provide that the consolidated district assumes the debt of the districts being consolidated. If so, separate voter authorization of the debt assumption is required. If such authorization is not obtained, then the territory of the prior district will continue to be solely obligated for the debt after the consolidation. At the present time, no consolidations with other districts are pending or expected.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the District Court. The District Court must approve the petition if the special district's plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. Dissolution must also be approved by the special district's voters. If the special district has debt

outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness.

Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act, which provides that the Board has certain powers including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the District and all construction, installation, operation, and maintenance of District improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by or available from the District, and to pledge such revenue for the payment of any indebtedness of the District; to furnish services and facilities without the boundaries of the District and to establish fees, rates, tolls, penalties, or charges for such services and facilities; to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute; to compel the owner of premises located within the boundaries of the District, whenever necessary for the protection of public health, to connect such owner's premises to the water lines of the District; to establish, construct, operate and maintain works and facilities across or along any public street or highway; to assess reasonable penalties for delinquency in the payment of rates, fees, tolls or charges; to acquire water rights and construct and operate lines and facilities within and without the District; to have and exercise the power of eminent domain and dominant eminent domain both within and without the District, except for the acquisition of water rights; to fix and from time to time to increase or decrease tap fees; and to assess availability of service charges under certain conditions.

Governing Board

The Board consists of five members who must be electors of the District as defined by State law. Except as described below, the directors are elected to staggered four-year terms of office at successive biennial elections. Beginning with the May 2020 election, the District transitioned from even-year elections to odd-year elections. Directors elected in 2022 serve three-year terms rather than four-year terms. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The Board schedules regular meetings on the third Tuesday of each month and holds special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of \$2,400 per year as compensation for service to the District, payable not in excess of \$100 per meeting attended. Pursuant to the State constitution, directors are limited to two terms in office unless the District's voters have approved a waiver or modification of this limit. At an election held in May 2002, District electors voted to eliminate term limits for the District's Board.

The present directors, their positions on the Board, principal occupations, lengths of service and terms of office are as follows. The lengths of service include multiple stints of service for some of the Board members.

Name and Board Position	Principal Occupation	Year Elected or Appointed	Term Expires (May)
William Dieterich, Chairman	Executive Director-SAGE	2016	2027
Peter O'Neill, Vice Chairman	Electrical engineering/data science consultant	2019	2029
Denis Symes, Treasurer	Retired	2023	2027
James Borland, Director	Real estate broker/certified appraiser	1982	2029
Craig Medina, Director	Business owner	2025	2029

Administration

The Board is responsible for the overall management and administration of the affairs of the District. The General Manager of the District is appointed by the Board and is responsible for the daily administration of the District. The General Manager appoints the Deputy General Manager. Set forth below is biographical information about the General Manager and the Deputy General Manager.

Chris Pletcher - General Manager. Chris Pletcher has served as the General Manager of the District since February of 2022 and has over 26 years of progressive civil engineering, project management and construction management experience, including water, wastewater, stormwater / floodplain, groundwater and industrial control systems. Prior to serving as General Manager, Mr. Pletcher was employed as the District Engineer for two years and as a project manager and engineer for different engineering firms before that. Mr. Pletcher received a bachelor's of science degree in physics from Roberts Wesleyan University and bachelor's of science degree in civil engineering from Clarkson University.

Amanda Proctor – Deputy General Manager. In 2025, Ms. Proctor was promoted to be the Deputy General Manager to assist with the growing needs of the District. In addition, the District's business office is managed (interim) by Amanda Proctor. Ms. Proctor has been with the District for over eight years. Ms. Proctor previously was the Finance Director and managed a staff of seven people. Within her managerial duties, Ms. Proctor manages accounting, and finance and customer service/billing. Ms. Proctor is a licensed CPA (in the States of Colorado and New Jersey (inactive)) and received a bachelor's degree in accounting from the University of Northern Colorado. Ms. Proctor has over 12 years of experience in the public accounting sector where she provided tax, accounting and assurance services to customers across multiple industries.

Chris Dash – Operator in Responsible Charge. The District's distribution system is managed by Chris Dash as the Operator in Responsible Charge ("ORC"). Mr. Dash is responsible for all system operation and maintenance, including pipelines, valves, hydrants, tanks and pump stations. Mr. Dash is supported by six staff members and has over 20 years' experience in a municipality setting specializing in underground utilities. Mr. Dash is responsible for maintaining regulatory compliance and reporting issues for distribution related alerts as required by environmental/public health agencies (U.S. Environmental Protection Agency and the Colorado Department of Public Health). During long range planning efforts, Mr. Dash participates in analyzing conditions of the utility system to establish and prioritize maintenance and repair needs and works closely with engineering on capital improvement projects related to existing and new district facilities.

Employees; Benefits and Pension Matters

Employees. The District currently employs 33 full-time employees. Sixteen employees are devoted to the water distribution system, seven employees are devoted to the engineering department, five employees are in the business office, one employee is the information technology and data manager, one employee is the human resources manager and three employees work in administration. None of the District's employees are members of a labor union or collective bargaining group. According to the General Manager, the state of employee relations is excellent.

Benefits and Pension Matters. The District has developed a comprehensive compensation package for its eligible employees. Available benefits include health, dental, vision, life insurance, accidental death and dismemberment insurance and short- and long-term disability insurance. The District contributes to a portion of or covers the cost of such coverage depending on the employee's elections; employees pay varying amounts for coverage depending on elections and dependents covered. District employees may accrue up to 192 hours of vacation per year depending on length of service and may accrue sick leave of up to 18 days per year.

Defined Contribution Plan. The District established a defined contribution plan pursuant to section 401 of the Tax Code, covering all full time employees with service of six months or more. Each participant is required to contribute 3% of his or her base pay when eligible. The District contributes 6% of base pay taxable earning of the plan year on behalf of each participant. The participants are fully vested in employee contributions immediately, and after three years for employer contributions. See Note 9 to the audited financial statements attached hereto as Appendix A. District contributions to the plan were \$181,527 in 2024 and \$145,609 in 2032.

The District also provides an additional (optional) Section 457 retirement plan to its employees. See Note 10 in the audited financial statements attached hereto as Appendix A for further information.

The District currently does not provide any other post-employment benefits.

District Agreements

General. The District is a party to several intergovernmental agreements, including agreements with Fort Collins, the City of Loveland, the Town of Windsor, Northern Colorado Water Conservancy District, East Larimer County Water District and North Weld County Water District. See Note 8 to the audited financial statements attached hereto as Appendix A.

Town of Windsor Agreement. The District has agreed to supply up to 110,000,000 gallons of treated potable water per year to the Town of Windsor, and in the event of certain types of emergencies, the District has agreed to provide additional amounts of water. The Town of Windsor is supplied through a master meter connection with the District. A master meter connection works like any other metered connection and does not provide Windsor with service that is different from the District's other customers. The District and the Town have also entered into an information sharing agreement to facilitate accurate accounting of their respective water rights.

Spring Canyon Agreement. The Spring Canyon Water and Sanitation District Water Activity Enterprise has contracted to receive a minimum amount of 30,000,000 gallons of treated potable water per year from the District, with additional amounts available during certain emergencies, through a master meter connection.

Fort Collins Agreement. The District has numerous agreements with Fort Collins related to water service area boundaries, the sale and delivery of potable water and for water treatment capacity.

City of Loveland Agreement. The District and the City of Loveland entered into an agreement defining their respective service areas, agreeing to share various types of data, and to provide emergency water in the case of emergencies.

Tri-District Agreements.

Soldier Canyon Filter Plant. Prior to February 1, 2017, the District, East Larimer County Water District and North Weld County Water District (collectively, the “Tri-Districts”) jointly owned the Soldier Canyon Filter Plant. On February 1, 2017, the Tri-Districts transferred their respective interests in the Soldier Canyon Filter Plant to the Soldier Canyon Water Treatment Authority. In exchange for the District’s transfer to the Soldier Canyon Water Treatment Authority, the District received treatment capacity of 16.43 MGD in the Soldier Canyon Filter Plant.

Integrated System Agreement. The Tri-Districts have entered into an agreement to integrate the Tri-Districts’ respective systems. The Tri-Districts believe integration will simplify compliance with regulatory requirements applicable to their respective systems.

Cobb Lake Regional Water Treatment Authority. In 2024, Cobb Lake Regional Water Treatment Authority (“CLRWTA”) was created. CLRWTA is a regional collaboration created to meet the long-term water treatment needs of the District and the Towns of Eaton, Severance and Windsor. CLRWTA’s mission is to treat and deliver clean, safe, and affordable water to the four entities involved. The District provides certain services to CLRWTA, which includes providing accounting services, for a nominal annual amount. The District incurred expenses of \$157,782 and was repaid \$106,576 for the year ending December 31, 2024.

Services Provided to the District

The District receives police protection from the Cities of Fort Collins and Loveland, the Towns of Timnath and Windsor, and Larimer and Weld Counties. Fire protection is provided by the Poudre Fire Authority, the Loveland Fire and Rescue Department and the Windsor-Severance Fire Protection District. Natural gas services are provided by Xcel Energy, and Fort Collins and the Poudre Valley REA provide electricity services within the District.

FINANCIAL INFORMATION

Prospective investors should be aware that the Bonds constitute special, limited obligations of the District payable solely from the Net Pledged Revenues. The Bonds are not general obligations of the District, Larimer or Weld Counties or the State. The information in this section, including the District's basic financial statements, is provided for informational purposes only and does not imply that any of the sources of revenue described herein are pledged to the payment of the Bonds.

Budget Process

The District is required by law to adopt an annual budget setting forth: all proposed expenditures for the administration, operations, maintenance, debt service, and capital projects to be undertaken during the budget year of all offices, units, departments, boards, commissions, and institutions of the District; anticipated revenues; estimated beginning and ending fund balances; actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message describing the important features of the proposed budget; and explanatory schedules or statements classifying the expenditures by object and the revenues by source. No budget shall provide for expenditures in excess of revenues by source.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the Board for the ensuing year. The Board must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the District may register his or her objections to the proposed budget. The District must adopt its budget by December 15. After adoption of the budget, the Board must enact a corresponding appropriation resolution before the beginning of the fiscal year. If the District fails to file a certified copy of its budget within thirty days following the beginning of the fiscal year (i.e., by the following January 30) with the Colorado Division of Local Government in the Department of Local Affairs, the division may authorize the applicable County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files its budget.

In general, the District cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which could not have been reasonably foreseen, the Board may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the District receives revenues which were unanticipated at the time of adoption of the budget (other than property taxes), the Board may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

Financial Statements

Under State law, the Board is required to have the financial statements of the District audited annually. The audited financial statements must be filed with the Board by June 30 of each year and with the State Auditor 30 days later. If the District fails to file its audit report with the State Auditor, the State Auditor may, after notice to the District, authorize the applicable County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files the audit report.

The District's audited basic financial statements for the years ended December 31, 2024 and 2023, including the report of the certified public accountants thereon, are included in this Official Statement in Appendix A. The audited financial statements included in Appendix A represent the most recent audited financial statements of the District.

Risk Management

District Insurance Coverage. The Board acts to protect the District against various risks of loss related to torts, thefts, damage or destruction of assets, errors or omissions, injuries to employees and acts of God. The District is a member of the Colorado Special District Property and Liability Pool ("CSDPLP"). The CSDPLP is an organization composed of approximately 2,200 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability, and boiler and machinery coverage to its members. The CSDPLP provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000. These coverages have various other limits and deductibles and are effective through January 1, 2026. See Note 7 in the audited financial statements attached hereto as Appendix A for a more detailed description. In the opinion of the Deputy General Manager, the District's insurance policies provide it with adequate insurance protection.

Cybersecurity. The District relies on computer systems and technologies to conduct many of its operations. Despite security measures, policies and training, the District, like other public and private entities, may be vulnerable to cyber-attacks by third parties. Any such attack could compromise systems and the information stored thereon. A cyber-attack could result in a disruption in the operations of the District and may adversely affect revenues.

In 2019, the District experienced a ransomware event, but that event did not take any critical systems offline. The District recovered the files, did not incur any substantial out of pocket expenses or pay a ransom. The District hired a dedicated cyber security firm and maintains a robust cyber security approach and culture. The District takes a layered approach to cyber security with a variety of tools in place to not only detect but defend against cyber-attacks. The District also undertakes annual penetration testing and security risk assessments and remediates findings. The District has NIST compliant backups along with policies in place for the District teams, and monthly cyber security trainings. In addition, the District also has monthly phishing campaigns that are based on the latest threats. The District carries cyber security coverage and no assurances can be given that these security measures will successfully prevent all cyber-attacks.

Climate Change. Changing weather patterns have impacted areas within the State, including the District. The impacts include increasing temperatures, more extreme weather patterns, longer periods of drought, and increased wildfires. Recent fires have been widespread and, in some cases, have occurred near the District. Colorado, the federal government and local firefighting agencies have dedicated significant resources for prevention, management and eradication of fires. The District evaluate risks, including environmental risks, for which that it plans and prepares. In 2021, the District performed a required EPA vulnerability self-assessment and drafted emergency response plans to address and compliment the risk assessment. This self-assessment addressed climate items such as natural disasters.

It is difficult to predict whether or how a changing climate will impact the District and its finances, but extreme weather and increased fire activity could impact the District's

facilities. The District maintains casualty property insurance policies to insure against damage or destruction of its facilities.

Budget Summary and Comparison

Set forth hereafter are statements of the District's 2024 and 2025 budgets as compared to interim (unaudited) results for the seven-month periods ending July 31, 2024, and 2025. This table is presented on a budgetary basis, not in conformity with generally accepted accounting principles ("GAAP").

Budget to Actual Comparison – Enterprise Function

	2024		2025	
	Final Budget	Actual 7/31/24 ⁽¹⁾	Original Budget	Actual 7/31/25 ⁽¹⁾
Enterprise Function:				
Revenue				
Operating Revenue	\$20,555,586	\$9,973,643	\$24,039,141	\$11,846,538
Non-Operating Revenue	31,410,374	21,694,700	34,074,000	18,869,507
Total Revenue	51,965,960	31,668,343	58,113,141	30,716,045
Expenditures - Operating				
Source and Treatment	7,633,305	4,368,172	8,490,803	4,901,711
Personnel	5,152,942	2,671,685	6,635,500	3,164,802
Engineering	318,660	130,959	316,000	136,324
Operations	1,388,700	534,134	1,706,100	964,798
Business Office	805,700	500,042	808,700	426,418
IT and Data	664,625	249,067	734,475	315,998
Human Resources	34,200	196	32,700	--
Administration	1,000,950	543,442	1,113,000	588,382
Operating Capital Replacement	15,006,350	1,811,447	26,768,500	5,223,982
Total Operating Expenses	32,005,432	10,809,142	46,605,778	15,722,415
Expenditures – Non-Operating				
Debt Service	6,682,378	1,886,877	6,680,085	1,666,335
Capital Expenditures	178,163,900	122,977,240	58,568,350	37,542,644
CLRWTA	1,589,374	54,498	3,297,754	479,977
Total Non-Operating Expenses	\$186,435,652	124,918,615	68,546,189	39,688,956
Enterprise Gain (Loss)	(166,475,124)	(104,059,414)	(57,038,826)	(24,695,326)
Government Function:				
Revenue	1,706,955	1,812,380	1,790,042	1,820,185
Expenses	49,298	54,568	71,450	52,487
Excess revenues over expenditures	1,657,657	1,757,812	1,718,592	1,767,698
Excess (deficiency) of budgetary revenues over budgetary expenditures	\$(164,817,467)	\$(102,301,602)	\$(55,320,234)	\$(22,927,628)

(1) Unaudited, interim information provided by the District.

Source: The District's 2024 and 2025 budgets and from interim financial information provided by the District.

History of Revenues, Expenses and Changes in Net Position

Set forth in the following table is a five-year comparative statement of revenues, expenses and changes in net assets for the District. The information in this table is presented in accordance with GAAP and has been derived from the District's audited financial statements for 2020-2024. The information in this table should be read together with the District's audited financial statements for the years ended December 31, 2024, and 2023, and the accompanying notes, which are included as Appendix A, attached hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Statement of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2021 (1)</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$15,931,963	\$16,985,970	\$19,883,505	\$16,418,724	\$20,416,922
Operating Expenses					
Source and treatment	4,744,832	5,707,522	6,235,389	6,466,131	7,444,727
Personnel	--	2,652,973	3,214,551	3,806,924	5,017,357
Engineering	612,777	320,612	241,333	307,576	240,470
Operations	--	--	--	834,141	1,338,172
Business Office	--	--	--	879,212	937,404
IT and Data	--	--	--	333,736	483,847
Human Resources	--	--	--	181	196
Distribution	2,312,014	1,064,668	1,152,311	--	--
Technical services	--	51,040	240,228	--	--
Office	1,148,287	620,062	774,221	--	--
Administration	885,824	523,320	416,586	897,633	910,989
Operating capital replacement	351,597	341,171	808,132	1,404,177	1,411,337
CLRWTA expenses	--	--	--	--	226,705
Depreciation	2,627,303	2,627,655	2,734,162	2,868,665	3,027,168
Total operating expenses	12,682,634	13,909,023	15,816,913	17,798,376	21,038,372
Income/(Loss) from Operations	3,249,329	3,076,947	4,066,592	(1,379,652)	(621,450)
Non-operating Revenues (Expenses)					
Earnings from investments (net of fees)	936,566	218,309	1,902,450	6,244,472	5,872,178
Meter fees	126,709	239,571	262,778	236,693	189,835
CLRWTA partner reimbursements	--	--	--	--	106,576
Property Taxes	1,461,004	1,503,759	1,607,275	1,620,896	1,903,995
Treasurer's fees	(27,064)	(27,729)	(29,793)	(30,016)	(35,795)
Net realized and unrealized gain/(loss) on investments	(36,965)	(399,716)	(1,527,258)	1,171,980	725,608
Interest expense	(135,765)	(159,543)	(97,700)	(344,435)	(3,575,637)
Bond premium amortization	--	194,635	124,130	122,829	47,278
Bond issue expense	--	--	--	(458,876)	--
Gain (loss) on disposal of capital assets	--	(13,083)	119,783	27,500	(274,988)
Total non-operating revenues (expenses)	2,324,485	1,556,203	2,361,665	8,618,043	4,959,050
Net Income	5,573,814	4,633,150	6,428,257	7,238,391	4,337,600
Capital Contributions (2)	20,742,213	35,879,108	32,434,234	53,087,264	34,762,466
Increase in Net Position	26,316,027	40,512,258	38,862,491	60,325,655	39,100,066
Total Net Position – Beginning of Year	363,539,151	389,855,178	430,367,436	469,229,927	529,555,582
Total Net Position – End of Year	\$389,855,178	\$430,367,436	\$469,229,927	\$529,555,582	\$568,655,648

(1) In 2021, the District changed auditors who reclassified certain amounts and categories for consistency.

(2) Includes tap fees paid in cash in addition to non-cash contributions to the system.

Source: Derived from the District's audited Financial Statements for the years ended December 31, 2020-2024.

DEBT STRUCTURE

General Obligation Debt

The District is subject to a statutory debt limitation established pursuant to Section 32-1-1101(6), C.R.S. This limitation provides that, with certain exceptions listed below, the total principal amount of general obligation debt issued by a special district after 1991 shall not at the time of issuance exceed the greater of \$2 million or 50% of the special district's assessed valuation.

The District does not currently have any general obligation debt outstanding, nor does the District plan to issue general obligation debt in the future. However, the District could issue such debt in the future, subject to the limits described above and subject to future voter approval. The District does not have any authorized but unissued general obligation indebtedness.

Revenue and Other Financial Obligations

The District also has the authority to issue revenue obligations payable from the net revenue of District facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations.

Revenue Obligations. Following the issuance of the Bonds, the District's 2023 Bonds, outstanding in the aggregate principal amount of \$62,585,000, will constitute the outstanding revenue bonds secured by the Net Pledged Revenues on the District's System.

The District expects to issue additional revenue bonds within the next five to ten years to fund its portion of the construction of a new regional water treatment plant referred to as the Cobb Lake Water Treatment Plant. The District continuously monitors its capital improvement needs and it is possible that the District decides to issue additional revenue bonds in the future for other capital improvements that are not now contemplated.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding Larimer County. It is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population

The following table sets forth a history of the populations of Fort Collins, Larimer County and the State. Between 2010 and 2020, Fort Collins' population increased 17.9%, and the populations of Larimer County and the State increased 19.8% and 14.8%, respectively.

Year	<u>Population</u>					
	Fort Collins	Percent Change	Larimer County	Percent Change	Colorado	Percent Change
1980	65,092	--	149,184	--	2,889,735	--
1990	87,758	34.8%	186,136	24.8%	3,294,394	14.0%
2000	118,652	35.2	251,494	35.1	4,301,261	30.6
2010	143,986	21.4	299,630	19.1	5,029,196	16.9
2020	169,810	17.9	359,066	19.8	5,773,714	14.8
2021	169,420	--	362,791	--	5,811,121	--
2022	170,880	0.9%	367,702	1.4%	5,840,234	0.5%
2023	171,343	0.3	370,639	0.8	5,876,300	0.6

Sources: United States Department of Commerce, Bureau of the Census (1980-2020) and Colorado State Demography Office (2021-2023 estimates, which are subject to revision).

Income

The following table sets forth annual per capita personal income levels for Larimer County, the State and the nation. Per capita personal income levels in Larimer County have consistently been lower than personal income levels in the State during the period shown.

Year ⁽¹⁾	<u>Per Capita Personal Income</u>		
	Larimer County	Colorado	United States
2019	\$56,225	\$61,278	\$55,567
2020	59,520	64,671	59,114
2021	64,885	71,676	64,450
2022	67,788	76,544	66,096
2023	71,359	79,746	69,418
2024	n/a	82,705	72,425

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

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

Employment

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

<u>Labor Force and Percent Unemployed</u>					
<u>Year</u>	<u>Larimer 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>Percent Unemployed</u>
2020	193,235	6.1%	3,079,767	6.8%	8.1%
2021	199,215	5.0	3,146,263	5.5	5.3
2022	201,982	2.9	3,184,962	3.1	3.6
2023	206,039	3.1	3,231,187	3.3	3.6
2024	208,235	4.1	3,267,766	4.3	4.0
<u>Month of July</u>					
2024	206,992	4.4%	3,295,141	4.6%	4.2%
2025	204,566	3.8	3,284,348	3.9	4.2

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

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

The following table sets forth the number of individuals employed within selected Larimer County industries that are covered by unemployment insurance. In 2024, the largest employment sector in Larimer County was health care and social assistance (comprising approximately 16.2% of Larimer County's work force), followed, in order, by educational services, accommodation and food services, retail trade, and manufacturing. For the twelve-month period ended December 31, 2024, total average employment in Larimer County increased 0.1% as compared to the twelve-month period ending December 31, 2023, and average weekly wages increased approximately 3.6% during the same period.

Average Number of Employees Within Selected Industries – Larimer County

Industry	2020	2021	2022	2023	2024	2025⁽²⁾
Accommodation and Food Services	15,251	17,191	18,794	18,892	19,168	18,011
Administrative and Waste Services	7,915	7,785	7,765	7,864	7,530	7,189
Agriculture, Forestry, Fishing, Hunting	946	926	906	899	900	831
Arts, Entertainment and Recreation	2,631	3,014	3,391	3,648	3,974	3,450
Construction	11,144	11,606	11,716	11,397	11,114	10,735
Educational Services	17,657	17,763	18,405	19,483	19,540	20,380
Finance and Insurance	3,371	3,445	3,635	3,615	3,563	3,621
Government	8,191	8,314	8,559	9,071	9,442	9,078
Health Care and Social Assistance	24,776	25,772	26,718	27,786	28,322	25,259
Information	3,228	2,952	2,820	2,649	2,609	2,462
Management of Companies/Enterprises	1,030	1,122	1,008	996	1,017	1,036
Manufacturing	13,973	14,547	15,016	15,176	14,721	14,340
Mining	487	448	407	438	495	389
Non-classifiable	31	27	29	56	33	4
Other Services	4,681	4,938	5,252	5,494	5,626	5,510
Professional and Technical Services	11,179	11,601	13,084	13,658	13,428	13,301
Real Estate, Rental and Leasing	3,123	3,278	3,306	3,166	3,126	2,987
Retail Trade	18,480	19,573	19,902	19,279	19,158	18,737
Transportation and Warehousing	3,700	4,184	4,091	4,267	4,303	4,127
Utilities	844	866	873	909	953	947
Wholesale Trade	<u>5,152</u>	<u>5,329</u>	<u>5,873</u>	<u>6,015</u>	<u>5,917</u>	<u>5,732</u>
Total ⁽¹⁾	<u>157,790</u>	<u>164,680</u>	<u>171,548</u>	<u>174,758</u>	<u>174,936</u>	<u>168,126</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).

Major Employers

The following table sets forth a brief description of the major employers located in the northern Colorado region, which includes the Cities of Brighton and Westminster and the Counties of Boulder, Broomfield, Larimer and Weld. No independent investigation has been made regarding these employers. Therefore, there can be no representation as to whether or not such employers will retain their status as major employers in the region.

Major Employers in the Northern Colorado Region – 2025

Name of Employer	Product or Service	Estimated Number of Employees ⁽¹⁾
Colorado State University	Higher education	8,664
University of Colorado Boulder	Higher education	6,267
JBS USA	Meat producer/exporter	6,000
BAE Systems Inc.	Space and mission systems	5,200
UCHealth ⁽²⁾	Healthcare	4,861
St. Vrain Valley School District	Education	4,500
Boulder Valley School District	Education	3,750
Weld County School District 6 (Greeley-Evans)	Education	3,688
Poudre School District-R1	Education	3,515
Boulder Community Health ⁽³⁾	Healthcare	3,109

(1) Figures are for the number of employees in the region.

(2) UCHealth includes Greeley Hospital, Longs Peak Hospital, Medical Center of the Rockies and Poudre Valley Hospital.

(3) Boulder Community Health includes Foothills Hospital.

Source: BizWest, *The Lists: Public-Sector Employers and Private-Sector Employers*, published July 2025.

Current Construction

The following tables set forth the number of permits issued for construction in the City of Fort Collins and in unincorporated Larimer County during the time period indicated.

History of Building Permits Issued in the City of Fort Collins

Year	New Single Family ⁽¹⁾		New Multi-Family		New Commercial ⁽²⁾	
	Permits	Valuation	Units	Valuation	Permits	Valuation
2020	454	\$102,438,611	151	\$14,653,051	9	\$16,533,947
2021	384	103,349,873	314	23,730,802	12	66,575,141
2022	288	86,293,345	353	59,212,978	10	71,705,723
2023	346	95,814,390	572	83,048,121	9	54,007,375
2024	364	103,634,619	300	56,934,635	11	39,845,284
2025 ⁽³⁾	218	67,604,275	317	47,777,924	15	77,256,952

(1) Includes single family detached and single family attached dwellings.

(2) Includes hotels/motels; office/bank/professional; mercantile/retail/services; recreation; garage/service station; grocery/convenience store; and industrial construction.

(3) Figures include permits issued from January 1 through August 31, 2025.

Source: City of Fort Collins Building Services Department.

History of Building Permits Issued in Unincorporated Larimer County

Year	Residential ⁽¹⁾		Commercial ⁽¹⁾		All Permits Issued	
	Permits	Value	Permits	Value	Permits	Value
2020	734	\$65,201,970	73	\$24,465,654	3,729	\$122,241,496
2021	826	63,644,167	84	26,101,104	4,093	128,514,446
2022	795	71,223,432	95	39,107,954	4,252	155,275,741
2023	689	51,716,332	71	18,836,155	3,690	114,273,788
2024	711	42,727,410	86	11,778,456	4,692	111,332,468
2025 ⁽²⁾	400	24,592,282	40	7,313,910	2,341	61,341,078

(1) Includes new construction, additions and remodels.

(2) Figures are for permits issued from January 1 through July 31, 2025.

Source: Larimer County Building Department.

Foreclosure Activity

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

History of Foreclosures – Larimer County

Year	Number of Foreclosures Filed	Percent Change
2020	82	--
2021	56	(31.7)%
2022	179	219.6
2023	216	20.7
2024	204	(5.6)
2025 ⁽¹⁾	149	--

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

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

TAX MATTERS

General Matters. In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations.

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

Bond Counsel is also of the opinion that, under existing State statutes, the Bonds and the income therefrom are exempt from taxation, except inheritance, estate and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax 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 Bonds.

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

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

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

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

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

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

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. The reporting

requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

No Litigation

There is no litigation now pending or threatened which questions the validity of the Bonds or any proceedings the District has taken with respect to the issuance or sale thereof or which would affect the District’s ability to pay the Bonds from the sources pledged therefore. The District is involved in a number of water rights cases, either as an applicant or an opposer, none of which impact the Bonds or the District’s ability to pay the Bonds. In addition, the District’s General Counsel is expected to provide an opinion at closing which states that as of the date of closing, to the best of its knowledge, if the District is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the likelihood is remote that the ultimate resolution thereof would materially affect the financial position of the District.

Sovereign Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the

public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. Financial immunity is also waived for serious bodily injury or death resulting from an incident of school violence (murder, first degree assault or felony sexual assault). 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 occur during the performance of their duties and within the scope of their employment.

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

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

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, Denver, Colorado, as Bond Counsel, will be delivered with the Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel, Collins Cole Winn & Ulmer, PLLC, Lakewood, Colorado.

Certain Constitutional Limitations

In 1992, the voters of Colorado approved a constitutional amendment 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 the District (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all State and local governments combined.

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

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

TABOR limits increase 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 percentage change in actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service on bonds can be paid without regard to any spending limits, assuming revenues are available to do so.

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

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

Enterprise Status. The District has determined that the System is currently an enterprise; however, TABOR contemplates that enterprise status can change over time. Because the 2023 Bonds are issued by the District as an enterprise, voter approval for the issuance of the 2023 Bonds is not required under TABOR, and the remaining terms of TABOR do not apply to the operation of the System.

Police Power

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

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned the Bonds the Rating shown on the cover of this Official Statement. S&P assigned its rating with a negative outlook. An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

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 Bonds. Except for its responsibilities under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The financial statements of the District for the years ended December 31, 2024 and 2023, included in this Official Statement as Appendix A, have been audited by Baker Tilly US, LLP, independent certified public accountants, Madison, Wisconsin, as stated in their report appearing herein.

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado (the "Underwriter") has agreed to purchase the Bonds from the District pursuant to a Purchase Agreement at a purchase price of \$_____ (representing the par amount of the Bonds, plus original issue premium of \$_____, and less underwriting discount on the Bonds of \$_____). The Underwriter is committed to take and pay for all of the Bonds if any are taken.

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

The Underwriter 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. The Underwriter 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, the Underwriter 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.

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

By: /s/
General Manager

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE: Certain supplemental schedules contained in the District's audit for the fiscal years ending December 31, 2024 and 2023, were excluded from this Official Statement. Such supplemental statements provide supporting details and are not necessary for a fair presentation of the basic financial statements of the District.

Prospective investors should be aware that the Bonds constitute special, limited obligations of the District payable solely from the Net Pledged Revenues. The Bonds are not general obligations of the District, Larimer or Weld Counties, the State or any other political subdivision other than the District. The inclusion of the District's audited basic financial statements in this Official Statement does not indicate that any of the sources of revenue described herein are pledged to the payment of the Bonds.

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Independent Auditors' Report

To the Board of Directors of
Fort Collins-Loveland Water District

Opinion

We have audited the accompanying financial statements of the Fort Collins-Loveland Water District (District), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 District'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 opinion. 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 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, 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 District'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 District'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 required supplementary information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) as listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
June 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



The Fort Collins – Loveland Water District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2024. In addition to this overview and analysis based on currently known facts, decisions and conditions, the District would encourage readers to consider the information presented in the District's financial statements, which begin on page 15 of this report.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended December 31, 2024 by \$568.7 million (net position). Of the net position balance, \$114.8 million is unrestricted and is available to meet the District's ongoing obligations.
- ❖ The District's net position increased by \$39.1 million (7.4%).
- ❖ The District's revenues from metered water sales were \$19.1 million.
- ❖ The District sold 349 taps in 2024, generating \$26.1 million in infrastructure investment fees and raw water cash-in-lieu. This is a decrease from 2023 tap sales of 461 (decrease of 46%). The District served a total of 20,506 taps at year end.
- ❖ The District accepted 18 new water line extension projects for the year ended December 31, 2024, representing \$8.5 million in contributions in aid of construction.
- ❖ The District imposed outdoor watering restrictions only in Timnath. As of January 1, 2024, the District increased water fees for all customer classes. The District's management continually monitors revenue from metered sales and its impact on the District's financial position.
- ❖ As of December 31, 2024, the District owned 13,209 units of C-BT, 1,249 shares of NPI, 1,323 shares of Divide Canal and Reservoir Company, 37.5 shares of Windsor Reservoir & Canal Co. and small amounts of other ditch companies. The cost of a C-BT unit was approximately \$60,000 at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District operates as a special district under Title 32 Colorado Revised Statutes. Accordingly, the financial statements are prepared to account for operations similar to a business-type enterprise. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows shown on a comparative basis with the prior year. The notes to the financial statements are considered to be an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided.

- ❖ The statement of net position presents information on all of the District's assets, liabilities and deferred inflows of resources. The difference between assets, liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the District's financial position is improving or deteriorating. The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



- ❖ The statement of revenues, expenses and changes in net position presents information reflecting how the District's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This statement measures the success of the District's overall operation and can be used to determine the District's user fee, rates and changes are sufficient to cover operating costs.
- ❖ The statement of cash flows presents information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, non-capital financing and capital and investing activities.

FINANCIAL ANALYSIS OF THE FORT COLLINS – LOVELAND WATER DISTRICT

The financial statements of the District begin on page 15. The true picture of the financial health of the District must be tempered with the operational theory and financial control that is practiced on a daily basis by the District.

Financial Policy and Priorities

The financial goal of the District is to operate as cost efficiently as possible and similar to the practices of private enterprise. The District annually reviews its financial policies to assess their impact on financial activities. Policies that affected financial activities are as follows:

1. Growth within the District pays its own way to the extent it is possible.
2. District administration and operations are funded from metered water sales.
3. Raw water purchases are funded by raw water fees charged to new tap holders.
4. Capital improvements to existing District assets are funded from metered water sales.
5. Acquisition of new assets such as new lines, pump stations, etc. are funded from infrastructure investment fees or are contributed by the developer of new subdivisions.
6. Acquisition of new assets that are related to the operations of the District, such as vehicles, computers and improvements to district office and maintenance area, are funded by metered water sales.
7. Acquisition for replacement of existing facilities such as lines, pump stations, etc. are funded by metered water sales.

Raw water charges, infrastructure investment fees and monthly service fees are reviewed annually. Raw water charges are subject to the changes in the market price of raw water. The current level of these fees has been determined to be sufficient at this time to provide the necessary revenues to sustain operations, water purchases and capital construction. The District also requires developers to oversize connections where applicable, with reimbursements made to the developer with fees collected by the District as additional subdivisions attach to the line.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



Day-To-Day Operational Control of the District

For operational control, the District has classified all operations into two distinct funds: Enterprise and General Government.

The general governmental activity was funded in 2024 by a 1.50 total mill levy.

The District operates as a self-supporting enterprise. The enterprise fund is funded by revenues received from user fees, tap purchases and other sources that are sufficient to cover the day-to-day operating expenses of the District. There are two segments of the enterprise fund: general operations and non-operating (debt payment / water purchases / new construction).

The general operations segment is funded primarily from monthly user service charges and other miscellaneous revenues received by the District. These revenues cover the daily administration, operations and line maintenance expense of the District. The excess of revenue over expenses or expenses over revenue generated by general operations contributes to the non-operating segment.

The non-operating segment of the District can be divided into four categories:

1. Retirement of debt,
2. Raw water purchases,
3. Capital improvements, and
4. New development.

Raw water purchases are funded from fees collected for this purpose at the time a tap is purchased. The capital improvements are funded from PIFs (plant investment fees) collected when a tap is purchased. Developers pay for all infrastructures within a new development or subdivision.

The District's day-to-day operational control involves many levels of planning, forecasting and budgeting. Revenues and expenses are allocated to specific District functions. The staff presents monthly financial reports to the board of directors for review. The report contains monthly revenues and expenditures compared to the adopted budget. This report is an essential tool that is critical to the District's long-range financial planning efforts.

Overall Financial Position and Results of Operations

Financial Analysis

A summary of the statement of net position is shown in Table A. The total net position represents the difference between the District's total assets, total liabilities and deferred inflows of resources and is one way to measure the District's health. Increases or decreases in the District's net position are indicators of improving or deteriorating financial health. This information, along with other non-financial information such as population growth or decline, legislative changes or board policy changes, provides an integrated assessment of the District's health.

The table indicates that all of the District's finances are excellent. However, it is important that on a year-to-year basis the District operates within the constraints of its budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



It is also important to note that in the non-operating portion of the budget, annual expenditures may in some instances exceed the annual revenues when reported during a single year. Because it is the policy of the District that growth funds construction, it is possible that some funds recorded as revenues and received from raw water charges and plant investment fees are received in one year and the expenditures are not incurred until the next or future years. The difference is accounted for in the overall long range financial planning of the District. Also, funds collected from user fees may be used at various times to fund capital improvements, District-required line oversizing of distribution lines and other costs authorized by the board of directors. A summary of the statement of revenues, expenses and changes in net position is shown in Table B.

Table A
Condensed Statement of Net Position

	December 31,		
	2024	2023	2022
Current Assets	\$ 121,625,985	\$ 256,688,929	\$ 154,785,421
Restricted Cash	-	-	1,127,500
Capital Assets	526,265,317	354,535,206	320,380,060
Other Assets	95,586	189,443	319,184
Total Assets	\$ 647,986,888	\$ 611,413,578	\$ 476,612,165
Current Liabilities	\$ 7,723,586	\$ 7,003,835	\$ 4,910,740
Long-Term Debt	69,429,405	72,636,615	353,911
Total Liabilities	\$ 77,152,991	\$ 79,640,450	\$ 5,264,651
Deferred Inflows of Resources	\$ 2,178,249	\$ 2,217,546	\$ 2,117,587
Net Position			
Net Investment in Capital Assets	\$453,807,778	\$278,948,905	\$319,068,322
Restricted for Debt Service	-	-	1,127,500
Restricted Emergency Reserve	57,120	48,650	48,300
Unrestricted	114,790,750	250,558,027	148,985,805
Total Net Position	\$568,655,648	\$529,555,582	\$469,229,927

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



Table B
Condensed Statement of Revenues, Expenses and Changes in Net Position

	December 31,		
	2024	2023	2022
Total Operating Revenues	\$ 20,416,922	\$ 16,418,724	\$ 19,883,505
Total Operating Expenses, excluding Depreciation	18,011,204	14,929,711	13,082,751
Net Operating Income before Depreciation	2,405,718	1,489,013	6,800,754
Depreciation	3,027,168	2,868,665	2,734,162
(Loss) Income from Operations	(621,450)	(1,379,652)	4,066,592
Non-Operating Revenues	8,798,192	9,451,370	3,772,503
Non-Operating Expenses	3,839,142	833,327	1,410,838
Net Income	4,337,600	7,238,391	6,428,257
Capital Contributions	34,762,466	53,087,264	32,434,234
Changes in Net Position	39,100,066	60,325,655	38,862,491
Total Net Position - Beginning of Year	529,555,582	469,229,927	430,367,436
Total Net Position - End of Year	\$568,655,648	\$529,555,582	\$469,229,927

Operating activities decreased the District's net position by \$621 thousand from 2023 to 2024. Key elements of this change are due to the following:

- ❖ There was an overall increase in operating expenses of \$3.1 million, not including depreciation. The increase is composed of:
 - Source and Treatment had an increase of \$979 thousand, attributable to treatment costs at Soldier Canyon Water Treatment Authority and the City of Fort Collins and the amount of water purchased from each entity.
 - Personnel costs had an increase of \$1.2 million due to the hiring of additional staff to maintain the water system and keep up with regulatory pressures.
 - Operations and Engineering costs increased by \$437 thousand, attributable to repairs and maintenance costs.
 - Business office increased \$58 thousand due to temporary personnel and work with a rate setting consultant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



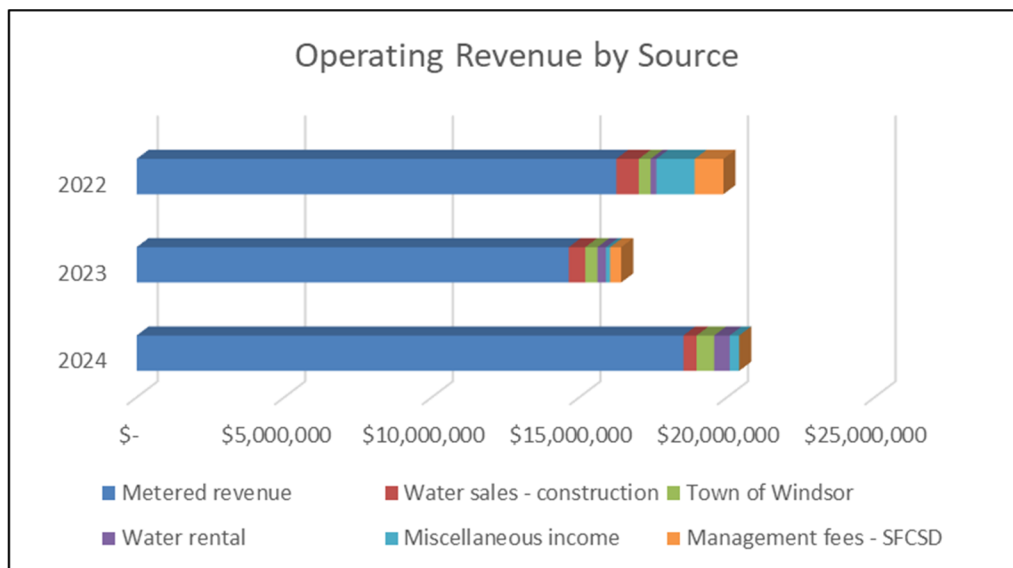
- IT and Data and Human Resources increased \$150 thousand due to increased third party IT costs and cybersecurity measures.
- Administration costs increased by \$13 thousand due to insurance costs.

Non-operating activities increased the District's net position by \$5.0 million from 2023 to 2024. The key components of this change are due to the following:

- ❖ Property tax revenue of \$1.9 million.
- ❖ Interest income of \$5.9 million.
- ❖ Interest expense was \$3.5 million.

Operating Activities

Operating revenues increased the District's Net position by \$20,416,922

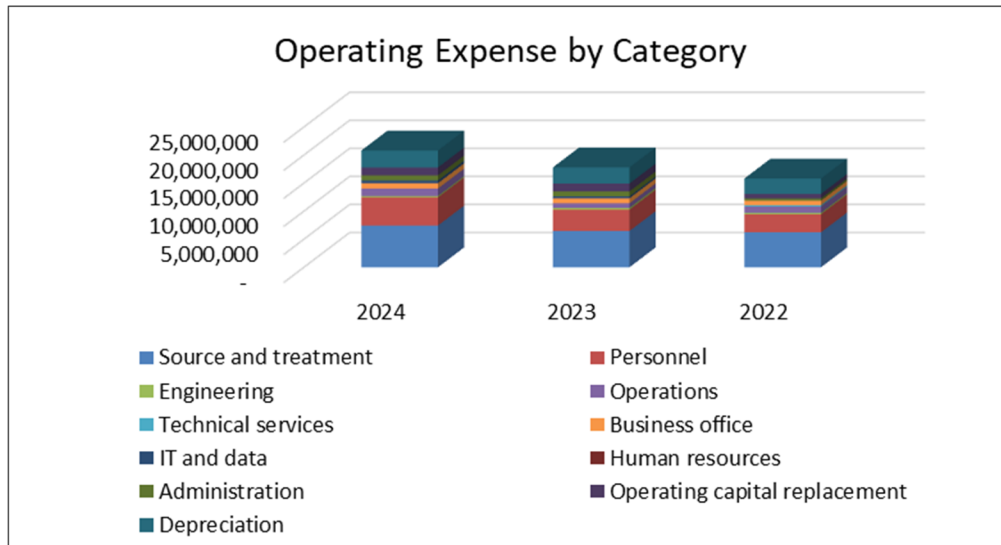


MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

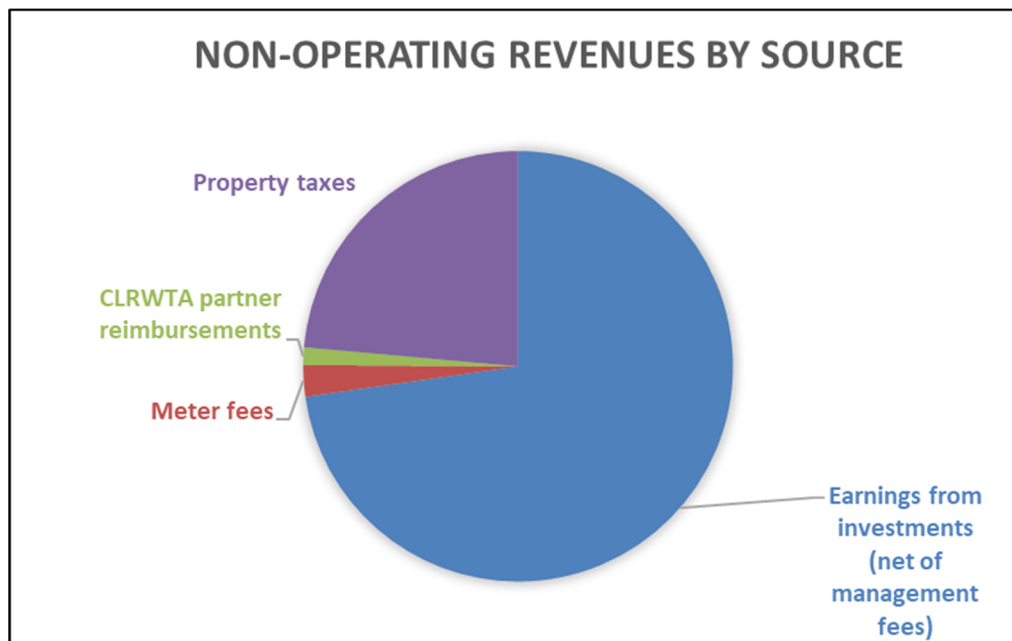


Operating expenses decreased the District's net position by \$21,038,372



Non-Operating Activities

Non-operating revenues increased the District net position by \$8,798,192

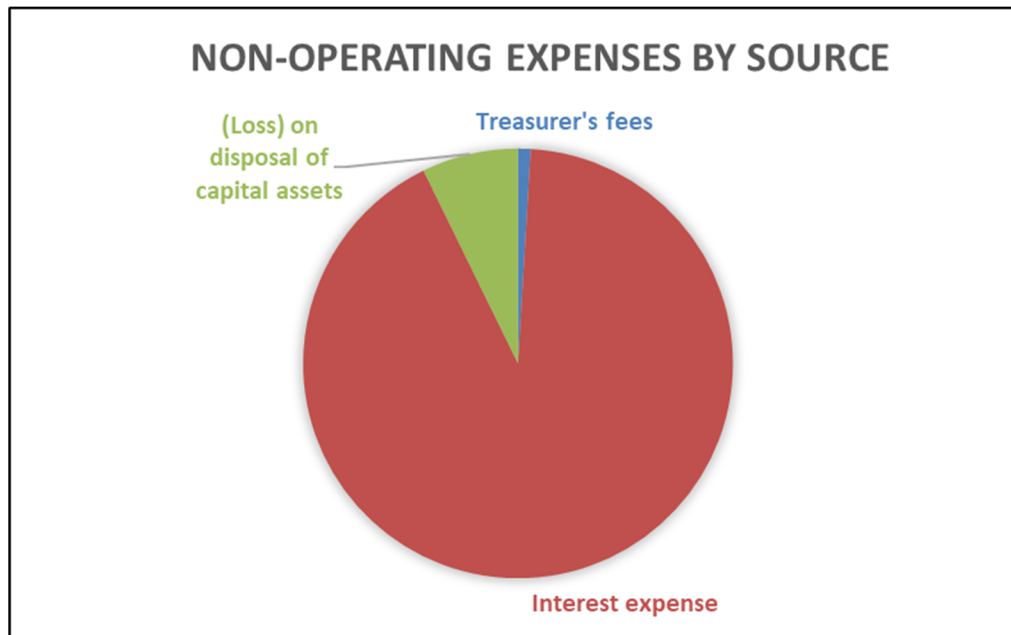


MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



Non-operating expenses decreased the District's net position by \$3,839,142



Capital contributions decreased by \$18.3 million.

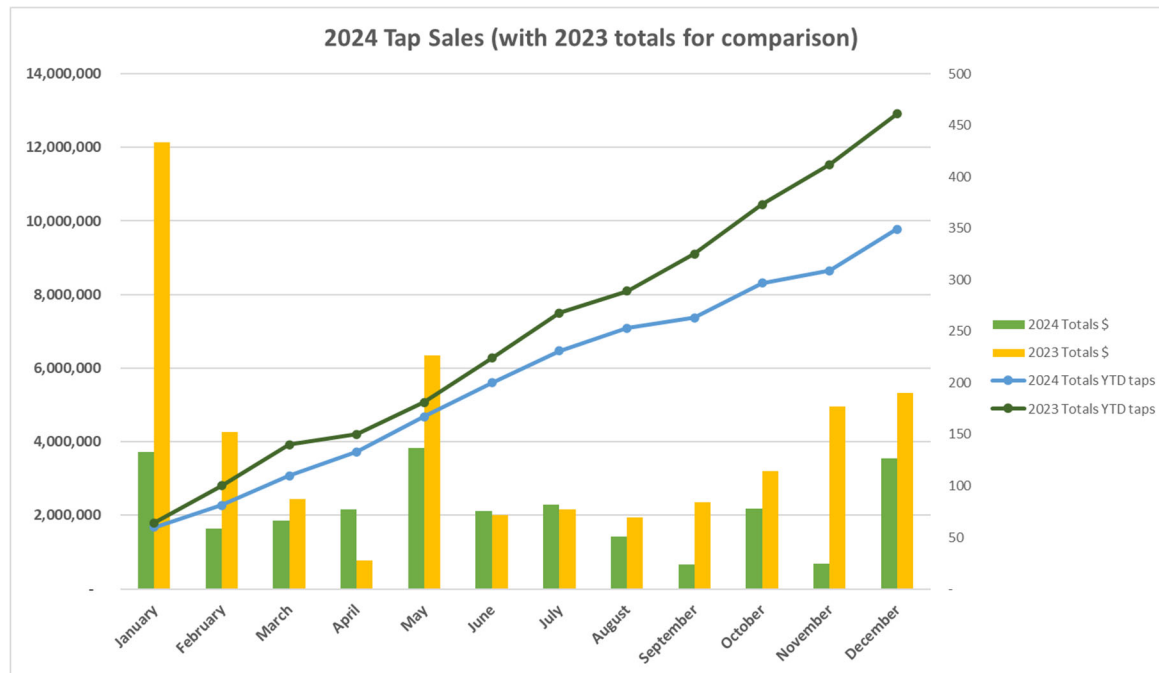
- ❖ Contributions of capital assets were \$8.5 million, an increase from 2023 of 63.6%. These contributions represent new distribution lines in subdivisions that were deeded to the District. The District received about \$500 thousand in contributed raw water shares.
- ❖ Tap fees of \$26.1 million were received for raw water and plant investment fees, a decrease of 45.5% from 2023. These represent new residential and non-residential capital payments to the District for the cost of the investment in raw water stock, treatment plant capacity and distribution system infrastructure. The District increased tap fees on January 1, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



Active taps grew by 349 in 2024



Budgetary Highlights

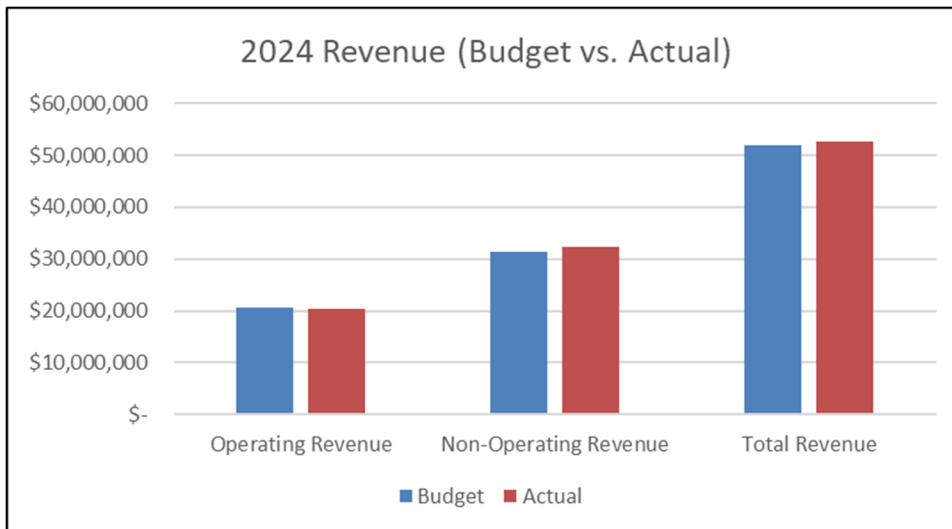
The District prepares its budget on a modified accrual basis, which is a non-GAAP basis of accounting. The modified accrual basis reports capital contributions as revenue, capital purchases as charges, and does not report depreciation as an expense. A schedule of revenue and expenditures -- actual and budget (non-GAAP budgetary basis) begins on page 36 of this report.

The variance between actual revenue and expenditures and the budgeted amounts is summarized as follows:

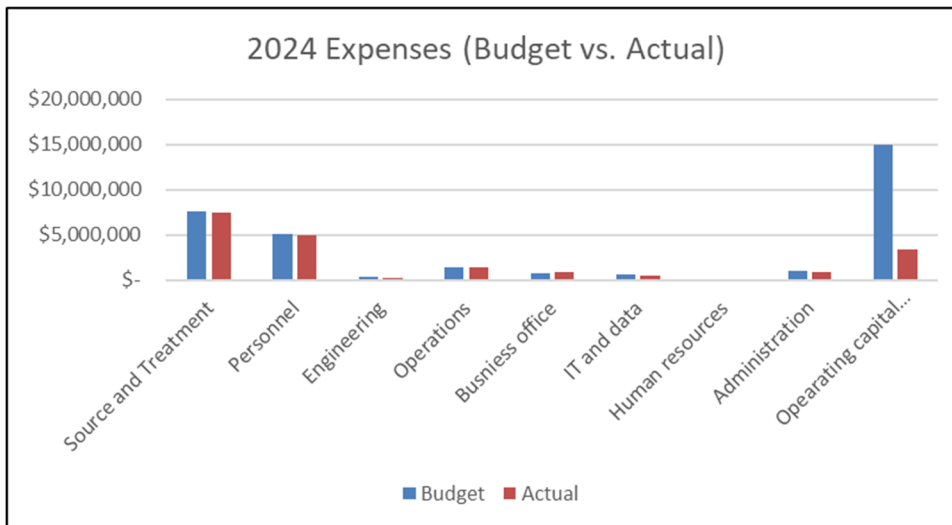
- ❖ Operating revenue was \$139 thousand under budget due to customer watering patterns.
- ❖ Non-operating revenue was \$1,032 thousand over budget, primarily due to tap sale revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



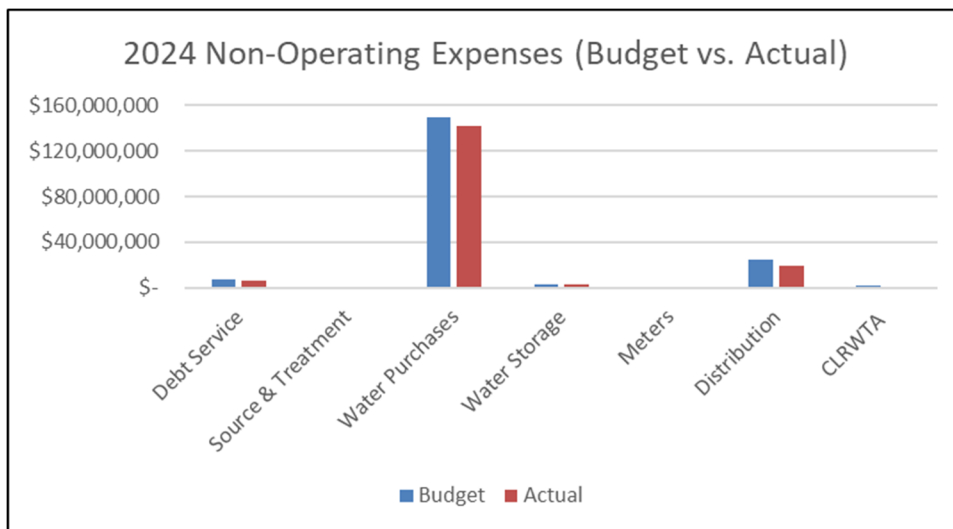
- ❖ Operating expenditures were under budget by \$12.3 million. Operating Capital Replacement was significantly under budget by \$11.7 million. This is caused by delays with construction and replacement projects.



- ❖ Non-operating expenditures were \$15.8 million under budget. Water purchases was under budget by \$7.8 million and Distribution was under budget by \$6.3 million. Delays in construction projects and water purchase closings were the primary causes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



Capital Assets, Other Investments and Long-Term Debt

Capital Assets. The District's investment in capital assets as of December 31, 2024, amounted to \$526.3 million (net of accumulated depreciation). This investment in capital assets includes water stock, land, transmission and distribution system, buildings and improvements, furniture, equipment and vehicles.

Major capital additions and deletions during the year included the following:

- ❖ Raw water purchases (\$124.4 million).
- ❖ Contribution of distribution system lines by developers (\$8.5 million).

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$72.5 million.

- ❖ Two notes payable to the Colorado Water Conservancy Board (\$116 thousand). These notes were assumed as part of the purchase of the Windsor Reservoir and Canal.
- ❖ Series 2024 Revenue Bonds (\$66 million) were issued in 2024 to fund raw water purchases.

Conditions Impacting Future Operations

- ❖ The District continues to be mindful of metered water revenue. In 2025 the District increased metered revenue prices by approximately 30%.
- ❖ In 2025 the District plans to continue the process of building out the Snead administration offices and shops. This will build out the site to allow the space for future staffing and equipment needs. This project is anticipated to take 24-36 months to complete.
- ❖ The District budgeted for the sale of 400 single family equivalent taps in 2025 and has sold 89 through March 31, 2025. The District anticipates a max build out of approximately 60,000 single

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)



family home equivalent taps based on current municipal and county planning and zoning projections. Currently the District is at approximately 34% of build out.

- ❖ At the end of 2024, the estimated population served is approximately 65,000 people.
- ❖ In 2025 the District will begin construction on an additional water tank by the Larimer County Landfill. The District will also begin the rehab and replacement of two water pump stations.
- ❖ The District continues to look for ways to increase water stock ownership and storage.
 - Raw water costs continue to rise. The District is actively looking to expand the water portfolio with native water shares, groundwater, NISP, or a combination of available sources..
 - Current water storage projects are under study. If these projects are found to be feasible, and the District decides to participate with other area utilities, the District may need to explore additional funding methods.

Contact

Questions concerning any of the information presented in this report or requests for additional information should be directed to the District's manager at the following address:

Chris Pletcher
General Manager
5150 Snead Drive
Ft. Collins, CO 80525

FORT COLLINS - LOVELAND WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	ASSETS	
	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 24,049,791	\$ 139,387,324
Investments	92,812,480	110,579,708
Accounts receivable	1,434,257	1,207,212
Interest receivable	933,334	922,096
Prepaid expenses	309,943	2,560,969
Property taxes receivable	1,987,630	1,886,095
Lessor revenue receivable - short term	98,550	145,525
Total current assets	121,625,985	256,688,929
Capital Assets		
Capital assets, not being depreciated	438,570,558	272,830,080
Capital assets, being depreciated, net	87,694,759	81,705,126
Total capital assets	526,265,317	354,535,206
Other Assets:		
Deposit	3,517	3,517
Lessor revenue receivable - long term	92,069	185,926
Total other assets	95,586	189,443
Total Assets	647,986,888	611,413,578

The accompanying notes are an integral part of these financial statements

FORT COLLINS - LOVELAND WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2024</u>	<u>2023</u>
Current Liabilities:		
Accounts payable	3,131,525	3,113,305
Accrued interest payable	279,439	304,696
Accrued payroll liabilities	150,021	131,282
Customer deposits	135,496	101,243
Customer advances for tap fees	649,590	271,320
Current portion of long-term debt	3,377,515	3,081,989
Total current liabilities	<u>7,723,586</u>	<u>7,003,835</u>
 Non-Current Liabilities		
Accrued compensated absences	349,381	132,303
Notes and bonds payable, including premium and net of current maturities	<u>69,080,024</u>	<u>72,504,312</u>
Total non-current liabilities	<u>69,429,405</u>	<u>72,636,615</u>
 Total Liabilities	<u>77,152,991</u>	<u>79,640,450</u>
 Deferred Inflows of Resources		
Unearned revenue, property taxes	1,987,630	1,886,095
Lessor deferred revenue	190,619	331,451
Total deferred inflows of resources	<u>2,178,249</u>	<u>2,217,546</u>
 Net Position:		
Net investment in capital assets	453,807,778	278,948,905
Restricted for emergency, TABOR amendment	57,120	48,650
Unrestricted	<u>114,790,750</u>	<u>250,558,027</u>
 Total Net Position	<u>\$ 568,655,648</u>	<u>\$ 529,555,582</u>

The accompanying notes are an integral part of these financial statements

FORT COLLINS - LOVELAND WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 20,416,922	\$ 16,418,724
Operating Expenses		
Source and treatment	7,444,727	6,466,131
Personnel	5,017,357	3,806,924
Engineering	240,470	307,576
Operations	1,338,172	834,141
Business office	937,404	879,212
IT and Data	483,847	333,736
Human resources	196	181
Administration	910,989	897,633
Operating capital replacement	1,411,337	1,404,177
CLRWTA expenses	226,705	-
Depreciation	3,027,168	2,868,665
Total operating expenses	<u>21,038,372</u>	<u>17,798,376</u>
(Loss) from Operations	(621,450)	(1,379,652)
Non-Operating Revenues (Expenses):		
Earnings from investments (net of management fees)	5,872,178	6,244,472
Meter fees	189,835	263,693
CLRWTA partner reimbursements	106,576	-
Property taxes	1,903,995	1,620,896
Treasurer's fees	(35,795)	(30,016)
Net realized and unrealized gain on investments	725,608	1,171,980
Interest expense	(3,575,637)	(344,435)
Bond premium amortization	47,278	122,829
Bond issue expense	-	(458,876)
(Loss) gain on disposal of capital assets	(274,988)	27,500
Total non-operating revenues (expenses)	<u>4,959,050</u>	<u>8,618,043</u>
Net Income	4,337,600	7,238,391
Capital Contributions	<u>34,762,466</u>	<u>53,087,264</u>
Increase in Net Position	39,100,066	60,325,655
Total Net Position - Beginning of Year	<u>529,555,582</u>	<u>469,229,927</u>
Total Net Position - End of Period	<u><u>\$ 568,655,648</u></u>	<u><u>\$ 529,555,582</u></u>

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

FORT COLLINS - LOVELAND WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from customers	\$ 20,224,130	\$ 16,601,774
Cash paid to suppliers	(8,245,289)	(11,891,278)
Cash paid to employees	(5,144,579)	(3,770,625)
Net cash flows from operating activities	<u>6,834,262</u>	<u>939,871</u>
Cash flows from noncapital financing activities		
Property taxes	1,903,995	1,620,896
Property tax collection fees	(35,795)	(30,016)
Net cash flows from noncapital financing activities	<u>1,868,200</u>	<u>1,590,880</u>
Cash flows from capital and related financing activities		
Contributed capital	26,118,080	47,889,322
Acquisition of capital assets	(168,164,364)	(33,529,261)
Proceeds from sale of capital assets	50,500	27,500
Issuance of bonds payable	-	75,458,876
Release of restricted cash	-	1,127,500
Interest paid on notes and bonds payable	(3,506,338)	(47,519)
Bond issue expense	-	(458,876)
Principal paid on notes and bonds payable	(3,081,484)	(1,061,484)
Meter fees	189,835	263,693
Net cash flows from capital and related financing activities	<u>(148,393,771)</u>	<u>89,669,751</u>
Cash flows from investing activities		
Earnings on investments	5,860,940	5,916,188
Purchases of investments	(24,507,164)	(41,609,116)
Proceeds from sale of investments	43,000,000	45,504,973
Net cash flows from investing activities	<u>24,353,776</u>	<u>9,812,045</u>
Net change in cash and cash equivalents	(115,337,533)	102,012,547
Cash and cash equivalents at beginning of year	<u>139,387,324</u>	<u>37,374,777</u>
Cash and cash equivalents at end of year	<u><u>\$ 24,049,791</u></u>	<u><u>\$ 139,387,324</u></u>

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

FORT COLLINS - LOVELAND WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income to net cash flows from operating activities:		
Income from operations	\$ (621,450)	\$ (1,379,652)
Adjustments to reconcile operating (loss) income to cash flows from operating activities:		
Depreciation	3,027,168	2,868,665
Changes in assets and liabilities:		
Accounts receivables	(227,045)	173,883
Prepaid expenses and other assets	2,251,026	(2,230,737)
Accounts payable	2,134,493	1,567,451
Accrued expenses	-	(123,162)
Accrued compensated absences	217,078	28,646
Accrued payroll	18,739	25,610
Customer deposits	34,253	9,167
Net cash flows from operating activities	<u>\$ 6,834,262</u>	<u>\$ 939,871</u>
Noncash capital and related financing transactions		
Capital assets contributed	<u>\$ 9,034,676</u>	<u>\$ 5,167,792</u>
Capital asset additions included in accounts payable	<u>\$ 2,116,273</u>	<u>\$ 1,673,242</u>
Activation of prepaid tap sales	<u>\$ 173,430</u>	<u>\$ 30,150</u>
Accretion of bond premium	<u>\$ 47,278</u>	<u>\$ 122,829</u>
Unrealized gain/loss on investments	<u>\$ 725,608</u>	<u>\$ 1,171,980</u>

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

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies

Form of Organization

The Fort Collins - Loveland Water District (the "District") is organized under the provisions of Section 32-1-305(6) of the Colorado Revised Statutes, ("C.R.S."). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

Basis of Accounting

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements.

Financial Reporting Entity

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

Based on the criteria mentioned above, no other entities are considered to be component units of the District, nor is the District a component unit of any other governmental entity.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, proprietary (enterprise) fund financial statements are presented.

Basis of Presentation

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is segregated into net investment in capital assets, restricted for debt service and emergencies, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments on debt are budgeted as expenditures, and debt proceeds are budgeted as revenues and depreciation and contributed capital assets are not budgeted.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain public comments.
3. Prior to December 15, the budget is legally adopted by the Board of Directors.
4. Unused appropriations lapse at the end of each year.

Total appropriated expenditures for the District are as follows:

	Original Budget	Total Revision	Revised Budget
Business-Type Fund:			
Governmental function	\$ 49,298	\$ -	\$ 49,298
Enterprise function	\$113,961,032	\$104,480,052	\$218,441,084

Comparison of actual operations on the accrual basis to the annual budget is not meaningful. However, a statement comparing actual (budgetary basis) to the budget is included as other supplementary information. The adjustments necessary to convert the actual revenue and expenditures to the budgetary basis are presented in the following schedule.

	2024	2023
Change in net position	\$ 39,100,066	\$60,325,655
Depreciation	3,027,168	2,868,665
Non-cash capital contributions	(9,034,676)	(5,167,792)
Debt service	(3,081,484)	(1,061,484)
Bond premium amortization	(47,278)	(122,829)
Bond proceeds	-	75,458,876
Acquisition of capital assets	(165,304,107)	(34,241,321)
Realized and unrealized loss on securities	(725,608)	(1,171,980)
(Gain) loss on disposal of capital assets	274,988	(27,500)
(Deficit) Excess revenues over expenditures, budgetary basis	\$(135,790,931)	\$96,860,290

Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an original maturity of three months or less, including local government investment pools, to be cash and cash equivalents.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Investments

The District's investments consist of U.S. government securities and corporate bonds, with original maturities of greater than three months, and are carried at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Some investments are recorded at amortized cost, in relation to the local government investment pools.

Accounts Receivable and Allowance for Doubtful Accounts

Revenues are recognized when earned. Customers are billed monthly on 30-day cycles. Accounts receivable result from the timing of billed accounts and are shown net of an allowance for doubtful accounts. User and other similar fees set from time to time by the District's governing board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed in the same manner as provided by the laws of the State of Colorado. The District has determined that no allowance is necessary on December 31, 2024 or 2023, based on historical collection experience.

Prepaid Expenses

Prepaid expenses represent expenditures that have not yet been recorded by the District as an expense or capital asset, but have been paid for in advance. The following table provides a general understanding of items classified as a prepaid expense at year end.

	2024	2023
Prepaid software	\$ 13,954	\$ 38,041
Prepaid insurance	295,989	219,367
Escrow payments for water purchases	-	2,303,561
	\$309,943	\$2,560,969

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses or capital contributions.

Capital Assets

Capital assets purchased or acquired with an original cost or acquisition value at the date of donation, if donated, of greater than \$5,000 and expected life greater than 12 months are reported at historical cost. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their acquisition cost at the date received. The cost of maintenance and repairs is charged against income as incurred.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Depreciation has been computed using the straight-line method based on lives of 50 years for distribution systems and 3 to 20 years for equipment.

Lease Receivable

Lease receivables are measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources are 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.

Connection Fees

Potential customers seeking to connect to the water distribution system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a District infrastructure fee ("PIF") and raw water cost per single-family unit ("SFE"). As of January 1, 2023, the connection fees were \$13,021 for the PIF and a raw water cost that is based on \$60,000 per unit of CBT but varies depending on residential lot size or tap size for commercial and irrigation customers. As of January 1, 2024, the connection fees were \$17,000 for the PIF and a raw water cost that is based on \$60,000 per unit of CBT but varies depending on residential lot size or tap size for commercial and irrigation customers.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Larimer and Weld County Treasurers to bill and collect its property taxes. Taxes levied in December 2024 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2024.

Accrued Compensated Absences Payable

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Contributions in Aid of Construction

Contributions of cash, water lines, or other water transmission assets to the District by developers, customers or by agreements with others are treated as capital contributions on the District's statement of revenues, expenses and changes in net position.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources primarily relate to unearned property taxes.

Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

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

Use of Estimates

Preparation of the District's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 101, Compensated Absences. This standard was implemented January 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

GASB has approved Statement No. 102, *Certain Risk Disclosures*, Statement No. 103, *Financial Reporting Model Improvements*, and Statement No. 104, *Disclosures of Certain Capital Assets*. When they become effective, application of these standards may restate portions of these financial statements.

2. Cash and Investments

Cash Deposits

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The District's deposit policy is in accordance with C.R.S. 11-10.5-101, Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor, and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2024, the District had deposits with financial institutions with a carrying amount of \$3,048,147. The bank balances with the financial institutions were \$4,269,753, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$4,019,753 was collateralized with securities held by the financial institutions' agents but not in the District's name. At December 31, 2023, the District had deposits with financial institutions with a carrying amount of \$5,007,357. The bank balances with the financial institutions were \$4,990,831, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$4,740,831 was collateralized with securities held by the financial institutions' agents but not in the District's name.

Cash deposits and cash equivalents held by the District at December 31, 2024 and 2023, were as follows:

	2024	2023
Petty cash	\$ 100	\$ 100
Cash on deposit with financial institutions	3,048,147	5,007,357
Local government investment pools	21,001,544	134,379,867
Total cash and cash equivalents	\$ 24,049,791	\$ 139,387,324

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Local Government Investment Pools

As of December 31, 2024 and 2023, the District had invested balances of \$20,143,357 and \$43,617,317, in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to \$1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAM by Standard & Poor's. The District reports this investment value at amortized cost.

As of December 31, 2024 and 2023, the District had invested balances of \$858,187 and \$90,762,550 respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust adheres to FASB and reports its investments in accordance with ASC 820, *Fair Value Measurement*. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value.

Investments

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

Interest Rate Risk

The District's investment policy, updated March 22, 2023, follows the guidelines and limitations set forth by the C.R.S. The policy limits investment maturities to three years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value fluctuations arising from increasing interest rates.

Investments held by the District at December 31, 2024, were as follows:

Investments	S & P Rating	Moody Rating	Fair Value	Weighted Average Days to Maturity	Concentration of Credit Risk
US Treasury	AAA	Aaa	\$82,777,360	320	89.2%
US Instrumentality	AAA	Aaa	2,239,200	31	2.4%
Corporate Bonds	AA-/AA+	Aaa	7,795,920	649	8.4%
Total investments			\$92,812,480		

There were no individual investments that exceeded 5% of the investment portfolio.

Investments held by the District at December 31, 2023, were as follows:

Investments	S & P Rating	Moody Rating	Fair Value	Weighted Average Days to Maturity	Concentration of Credit Risk
US Treasury	AAA	Aaa	\$104,458,245	428	94.5%
US Instrumentality	AAA	Aaa	6,121,463	346	5.5%
Total investments			\$110,579,708		

There were no individual investments that exceeded 5% of the investment portfolio.

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2024 and 2023, all financial instruments held by the District were categorized in Level 2. U. S. Treasury notes, and U.S. instrumentalities are valued using quoted prices for identical securities in markets that are not active. Corporate bonds are valued using quoted prices for similar securities in active markets.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

3. Lease Receivables

As a lessor, the District has entered into antenna placement agreements which provide for the leasing of antenna space on its water towers. These agreements generally include original terms of five years with renewal options for the lessee to extend the term for a period of five years each. The District has included in the lease term the remaining renewal terms which seem likely for renewal, as provided for in the lease. The payment terms generally include a fixed annual payment paid in advance that escalates by a fixed percentage each year of the term. During 2023, the District recognized total lease-related revenues of \$121,266 related to the antenna placement agreements. During 2024, the District recognized total lease-related revenues of \$279,732 related to the antenna placement agreements.

The lease contracts may include other payments, such as termination penalties, that are not included in the lease receivable. During 2024 and 2023, the District recognized revenues of \$0, for other payments not included in the measurement of the lease receivables.

The District used 5% as the discount rate to measure lease receivables. The District has established that 5% provided an appropriate base rate for the purpose of establishing the incremental borrowing rate used to measure leases at transition and leases commencing during the current report year based on market averages for municipal bonds issued. Certain required adjustments were then made to the rate to arrive at an estimated incremental borrowing rate.

The District included the current and noncurrent portions of the lease receivables in accounts receivable, net and accrued utility revenues and other noncurrent assets, respectively. On December 31, 2024, and 2023, the District included \$98,550 and \$145,525 for the current portions and \$92,069 and \$185,926 for the noncurrent portions of the lease receivables in accounts receivable, respectively.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2024:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 15,860,141	\$ 21,164,777	\$ (325,488)	\$ 36,699,430
Land and easements	460,137	-	-	460,137
Water rights	195,678,550	124,368,189	-	320,046,739
Water storage and capacity	60,831,252	20,533,000	-	81,364,252
Total capital assets, not being depreciated	272,830,080	166,065,966	(325,488)	438,570,558
Capital assets, being depreciated:				
Office building	2,609,284	-	(14,418)	2,594,866
Transmission and distribution system	122,902,434	8,645,475	(97,260)	131,450,649
Equipment	2,911,248	371,326	(205,718)	3,076,856
Total capital assets, being depreciated	128,422,966	9,016,801	(317,396)	137,122,371
Less accumulated depreciation for:				
Office building	(1,302,775)	(86,313)	14,418	(1,374,670)
Transmission and distribution system	(43,308,180)	(2,716,835)	97,260	(45,927,755)
Equipment	(2,106,885)	(224,020)	205,718	(2,125,187)
Total accumulated depreciation	(46,717,840)	(3,027,168)	317,396	(49,427,612)
Total capital assets, being depreciated, net	81,705,126	5,989,633	-	87,694,759
Capital assets, net	\$354,535,206	\$ 172,055,599	\$ (325,488)	\$526,265,317

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

The following is a summary of capital asset activity for the year ended December 31, 2023:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 21,644,969	\$ 11,845,676	\$(17,630,504)	\$ 15,860,141
Land and easements	460,137	-	-	460,137
Water rights	178,451,050	17,227,500	-	195,678,550
Water storage and capacity	43,830,764	17,000,488	-	60,831,252
Total capital assets, not being depreciated	244,386,920	46,073,664	(17,630,504)	272,830,080
Capital assets, being depreciated:				
Office building	2,609,284	-	-	2,609,284
Transmission and distribution system	114,853,675	8,048,759	-	122,902,434
Equipment	2,486,155	531,892	(106,799)	2,911,248
Total capital assets, being depreciated	119,949,114	8,580,651	(106,799)	128,422,966
Less accumulated depreciation for:				
Office building	(1,214,901)	(87,874)	-	(1,302,775)
Transmission and distribution system	(41,025,314)	(2,282,866)	-	(43,308,180)
Equipment	(1,715,759)	(497,925)	106,799	(2,106,885)
Total accumulated depreciation	(43,955,974)	(2,868,665)	106,799	(46,717,840)
Total capital assets, being depreciated, net	75,993,140	5,711,986	-	81,705,126
Capital assets, net	\$320,380,060	\$ 51,785,650	\$ (17,630,504)	\$354,535,206

5. Divide Canal and Reservoir Company

In November 2010, the District purchased a 60% interest in the Divide Canal and Reservoir Company (a not-for-profit mutual ditch company, 501(c) 12 organization). The total purchase price was \$21,251,631. The purchase was a combination of \$9,719,452 in cash (from revenue bond proceeds), water shares held by the District valued at \$11,410,000 and legal and engineering costs capitalized. The acquisition of Divide is expected to provide the District with additional water yield from the 2,300 acre-feet allotment related to the District's 60% ownership in that water right. Water rights given up amounted to 1,239 acre feet and, accordingly, the District increased its water rights by over 1,000 acre feet.

In June 2021, the District purchased an additional interest, 85 shares, in the Divide Canal and Reservoir Company (a not-for-profit mutual ditch company, 501(c) 12 organization). The total purchase price was \$4,250,000. The purchase was a combination of \$1,956,410 in cash and water shares held by the District valued at \$2,293,590.

There will potentially be legal expenses when a change in use case is brought before the Water Court. The shares of the Company are characterized as ownership of water rights diverted and delivered by the Company; thus this is reflected within water rights in the capital assets of the District.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

6. Long-Term Debt

A summary of the District's long-term debt as of December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Revenue Bonds		
\$69,020,000 November 7, 2023, water revenue bonds, Series 2023 due in annual principal installments starting in 2024 with additional increases through 2038; interest at 5.0%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the Water System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. The bond proceeds will be used for a contract based raw water purchase; this purchase will close in 2024. Accrued interest on these bonds is \$274,792 and \$299,566 at December 31, 2024 and 2023, respectively.	\$65,950,000	\$69,020,000
Loans Payable		
\$126,153 May 6, 2006, loan payable to the Colorado Water Conservation Board ("CWCB"). This loan is held in the name of Tunnel Water Company, and this represents the District's portion of the liability. Principal installments in 2023 were \$5,302 with additional increases through December 1, 2032; interest at 4.5%. Revenues of the District are pledged in an amount sufficient to pay the annual amounts due under the loan contract. Accrued interest payable is \$2,196 and \$2,425, December 31, 2024 and 2023, respectively.	53,481	58,783
\$148,319 May 6, 2006, loan payable to the Colorado Water Conservation Board ("CWCB"). This loan is held in the name of Tunnel Water Company, and this represents the District's portion of the liability. Principal installments in 2023 were \$6,182 with additional increases through December 1, 2032, interest at 4.3%. The CWCB loans for the Tunnel are secured by water rights of the Tunnel Water Company and the shareholder assessments. Accrued interest payable is \$2,451 and \$2,706, December 31, 2024 and 2023, respectively.	<u>62,460</u>	<u>68,642</u>
Total Bonds and Loans Payable	<u>\$66,065,941</u>	<u>\$69,147,425</u>

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

A summary of changes in debt in 2024 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
2023	\$69,020,000	\$ -	\$ (3,070,000)	\$65,950,000	\$3,365,000
Loan Payable					
2006 CWCB	58,783	-	(5,302)	53,481	5,790
2006 CWCB	68,642	-	(6,182)	62,460	6,725
Compensated Absences	132,303	517,955	(300,877)	349,381	-
Total	<u>\$69,279,728</u>	<u>\$ 517,955</u>	<u>\$ (3,382,361)</u>	<u>\$66,415,322</u>	<u>\$3,377,515</u>
 Current portion of long term debt	 (3,081,989)			 (3,377,515)	
Net bond premiums	<u>6,438,876</u>			<u>6,391,598</u>	
Noncurrent portion of long term debt	<u>\$72,636,615</u>			<u>\$69,429,405</u>	

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

A summary of changes in debt in 2023 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
2010	\$ 1,050,000	\$ -	\$(1,050,000)	\$ -	\$ -
2023	-	69,020,000	-	69,020,000	3,070,000
Loan Payable					
2006 CWCB	64,085	-	(5,302)	58,783	5,540
2006 CWCB	74,824	-	(6,182)	68,642	6,449
Compensated Absences	103,657	179,428	(150,782)	132,303	-
Total	\$1,292,566	\$ 69,199,428	\$(1,212,266)	\$69,279,728	\$3,081,989
Current portion of long term debt	(1,061,484)			(3,081,989)	
Net bond premiums	<u>122,829</u>			<u>6,438,876</u>	
Noncurrent portion of long term debt	<u>\$353,911</u>			<u>\$72,636,615</u>	

The annual requirements to amortize all debt outstanding as of December 31, 2024, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2025	\$ 3,377,515	\$ 3,302,570	\$ 6,680,085
2026	3,548,065	3,133,771	6,681,836
2027	3,723,638	2,956,447	6,680,085
2028	3,909,238	2,770,348	6,679,586
2029	4,104,863	2,574,972	6,679,835
2030-2034	23,777,622	9,585,394	33,363,016
2035-2038	23,625,000	3,025,250	26,650,250
Totals	\$66,065,941	\$ 27,348,752	\$93,414,693

7. Contingency

Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool ("CSDPLP"). The CSDPLP is an organization composed of approximately 2,200 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability, and boiler and machinery coverage to its members. The CSDPLP provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

At December 31, 2023, CSDPLP has assets of \$81,143,798, liabilities of \$58,670,068 and surplus of \$22,473,730. The liability includes no long-term debt. Total underwriting revenues for 2023 amounted to \$29,593,851 and total underwriting expenses were \$31,416,477 resulting in an excess of underwriting expenses over revenues of \$1,822,626. The amount of the District's share of these amounts is less than 1%.

8. Transactions with Other Governmental Entities

Prior to February 1, 2017, the District, along with East Larimer County Water District and North Weld County Water District (collectively known as the Tri-Districts) owned the Soldier Canyon Filter Plant (the "Filter Plant").

After February 1, 2017, all of the assets of the Filter Plant were transferred to a new entity, Solider Canyon Water Treatment Authority (the "Authority"). In exchange for the District's share of assets of the Filter Plant to the Authority, the District received treatment capacity of 16.43 MGD. The treatment capacity is an intangible asset and is included in capital assets and classified as "Water storage and capacity".

In 2024, Cobb Lake Regional Water Treatment Authority (CLRWTA) was created. CLRWTA is a forward-thinking regional collaboration created to meet the long-term water treatment needs of the Fort Collins-Loveland Water District and the Towns of Eaton, Severance and Windsor. CLRWTA's mission is to treat and deliver clean, safe, and affordable water to the four entities involved—Fort Collins-Loveland Water District, Town of Windsor, Town of Severance and Town of Eaton. The District provides certain services to CLRWTA for a nominal annual amount. In 2024, the District not only provided certain services but also covered CLRWTA expenses until CLRWTA had its formation documents and cash accounts. The total of those expenses was \$157,782. The District was repaid \$106,576 from CLRWTA partners for the expenses.

9. Defined Contribution Plan

Effective December 8, 1988, the District established a defined contribution plan, the Fort Collins – Loveland Water District 401 Qualified Plan, under Internal Revenue Code Section 401, covering all full-time employees with service of six months or more. Each participant is required to contribute 3% of base pay when eligible. The District contributes 6% of base pay taxable earnings for the plan year on behalf of each participant. The participants are fully vested in employee contributions immediately, and after three years for employer contributions. Employer contributions are to be invested only in guaranteed funds, and employee contributions are unrestricted.

The District's contributions to the plan for the years ending December 31, 2024, 2023 and 2022 were \$181,527, \$145,609 and \$93,239, respectively.

Fort Collins – Loveland Water District
Notes to Financial Statements
December 31, 2024

10. 457 Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the “Plan”), created in accordance with Internal Revenue Code Section 457. The Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$23,000 and \$22,500, for the calendar years 2024 and 2023, respectively). Catch-up contributions of up to \$6,000 for calendar years 2024 and 2023, were allowed for participants who had attained age 50 before the close of the plan year. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the years ended December 31, 2024 and 2023, the Plan members’ contributions were \$83,100 and \$76,030, respectively.

11. Tabor Compliance

In November 1992, Colorado voters passed an amendment (The “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and the fund reserves (balances). The Amendment requires voter approval for an increase in the mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

On July 18, 1995 the District passed a resolution, “Adopting and Establishing a Water Activity Enterprise.” This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the Amendment. Because the District qualifies as an enterprise fund as defined by paragraph 2 (d), Section 20, Article X of the Colorado Constitution, it was determined that the District’s Water Enterprise Fund is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$57,120 and \$48,650 as of December 31, 2024 and 2023, for emergencies as defined by TABOR.

The Amendment is complex and subject to judicial interpretation. However, under C.R.S. 37-45-1-1-3, the District is excluded from the provisions of the Amendment.

12. Subsequent Events

The District evaluated subsequent events through June 17, 2025, the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure.

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Supplementary Information

FORT COLLINS - LOVELAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024									
	Budget - Original		Budget - Final		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)	2023 Actual			
Enterprise Function:										
Revenue										
Operating Revenue										
Metered revenue	\$	17,374,088	\$	18,277,148	\$	18,524,511	\$	247,363	\$	14,640,910
Water sales - construction		475,000		475,000		449,364		(25,636)		561,161
Town of Windsor		466,438		466,438		596,605		130,167		410,655
Water rental		200,000		200,000		524,590		324,590		291,362
Miscellaneous income		175,000		1,137,000		321,852		(815,148)		139,817
Management fees - SFCSD		-		-		-		-		374,819
Total operating revenue		18,690,526		20,555,586		20,416,922		(138,664)		16,418,724
Non-Operating Revenue										
Earnings from investments		2,600,000		4,970,000		5,872,178		902,178		6,244,472
Tap fees (water)		19,200,000		19,200,000		18,855,085		(344,915)		37,440,084
Tap fees (PIF)		6,800,000		6,800,000		7,250,976		450,976		10,479,388
Meter fees		166,000		166,000		189,835		23,835		263,693
Bond proceeds		-		-		-		-		75,458,876
CLRWTA partner reimbursements		-		274,374		106,576		(167,798)		-
Total non-operating revenue		28,766,000		31,410,374		32,274,650		864,276		129,886,513
Operating transfer in		-		-		1,834,007		1,834,007		1,563,628
Total revenue		47,456,526		51,965,960		54,525,579		2,559,619		147,868,865
Expenditures - Operating										
Source and Treatment										
Assessments		1,650,000		1,650,000		1,416,578		233,422		1,331,072
Soldier Canyon		3,230,151		3,230,151		3,196,322		33,829		3,003,453
City of Loveland		30,000		30,000		1,743		28,257		2
FTC - Water Sale IGA		2,606,954		2,606,954		2,697,205		(90,251)		2,080,720
Other water districts		15,000		15,000		30,163		(15,163)		-
Water resource consulting		30,000		30,000		19,326		10,674		50,884
Utilities - farm		-		4,200		3,898		302		-
R & M - farm		-		67,000		79,492		(12,492)		-
Total source and treatment		7,562,105		7,633,305		7,444,727		188,578		6,466,131

See accompanying Independent Auditor's Report.

FORT COLLINS - LOVELAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2024

With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					
			Actual Amounts	Variance		
	Budget - Original	Budget - Final	(Budgetary Basis)	Favorable	2023 Actual	
				(Unfavorable)		
Personnel						
Wages	\$ 3,860,000	\$ 3,860,000	\$ 3,601,112	\$ 258,888	\$ 2,943,370	
Overtime & on-call pay	96,500	96,500	147,478	(50,978)	104,608	
Payroll taxes	308,800	308,800	266,837	41,963	227,686	
Medical insurance	452,542	452,542	622,689	(170,147)	234,797	
Life insurance	57,000	57,000	62,739	(5,739)	47,762	
Retirement	231,600	231,600	181,527	50,073	145,609	
Worker's compensation insurance	15,000	15,000	26,380	(11,380)	12,537	
Education & training	60,000	60,000	25,046	34,954	18,983	
Cell phone service	16,000	16,000	21,410	(5,410)	10,147	
Safety	26,000	26,000	23,018	2,982	23,575	
Uniforms	15,000	15,000	10,295	4,705	12,383	
Employee awards & recognition	6,500	6,500	20,572	(14,072)	16,089	
Recruiting & onboarding	5,000	5,000	5,381	(381)	6,649	
Dues and subscriptions	2,000	2,000	2,510	(510)	2,212	
Travel	1,000	1,000	363	637	517	
Total personnel	5,152,942	5,152,942	5,017,357	135,585	3,806,924	
Engineering						
Consulting	235,000	235,000	168,830	66,170	232,109	
Fuel	6,000	6,000	7,663	(1,663)	5,391	
Miscellaneous	1,500	1,500	2,008	(508)	2,124	
R & M - equipment	10,000	10,000	1,815	8,185	9,075	
R & M - vehicles	4,000	4,000	7,247	(3,247)	8,418	
Software maintenance	56,160	56,160	43,058	13,102	38,176	
Supplies	6,000	6,000	9,849	(3,849)	12,283	
Total engineering	318,660	318,660	240,470	78,190	307,576	
Operations						
R & M - lines & equipment	415,000	415,000	600,915	(185,915)	242,866	
R & M -tank maintenance	160,000	160,000	16,733	143,267	20,897	
Fuel	40,000	40,000	30,228	9,772	35,635	
Meter hosting service	-	-	-	-	-	
Office supplies	2,000	2,000	252	1,748	355	
R & M - vehicles	45,000	45,000	52,057	(7,057)	31,850	
Supplies	10,000	10,000	37,538	(27,538)	12,112	
Utilities	250,000	250,000	324,535	(74,535)	256,156	
Utility locates	-	-	-	-	-	
Water quality testing	-	-	-	-	-	
Potholing	50,000	50,000	52,910	(2,910)	-	
R & M - remote facilities	220,000	220,000	33,090	186,910	43,044	
Telemetry	112,200	112,200	166,197	(53,997)	157,693	
Consulting	60,000	60,000	-	60,000	-	
Software renewal & maintenance	24,500	24,500	23,717	783	33,533	
Total operations	1,388,700	1,388,700	1,338,172	50,528	834,141	

See accompanying Independent Auditor's Report.

FORT COLLINS - LOVELAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)	2023 Actual	
Business Office						
Bank service charges	\$ 45,000	\$ 45,000	\$ 34,898	\$ 10,102	\$ 32,328	
Miscellaneous expense	500	500	-	500	190	
On-line bill processing	125,000	125,000	148,684	(23,684)	131,080	
Payroll processing	13,000	13,000	10,977	2,023	11,173	
Postage	71,000	71,000	88,468	(17,468)	79,312	
Printing	46,000	46,000	60,163	(14,163)	54,970	
Publications & notices	1,000	1,000	281	719	334	
R & M - equipment	11,000	11,000	9,566	1,434	13,730	
Software maintenance	90,000	90,000	69,789	20,211	125,982	
Supplies	19,000	19,000	18,826	174	17,748	
Consulting	136,200	136,200	307,051	(170,851)	251,113	
Customer relations	6,000	6,000	5,808	192	9,648	
Water conservation	100,000	100,000	36,214	63,786	16,183	
Meter hosting service	50,000	50,000	49,182	818	47,740	
Water quality testing	45,000	45,000	40,861	4,139	34,483	
Utility locates	30,000	30,000	42,749	(12,749)	36,336	
Fuel	13,000	13,000	11,354	1,646	13,347	
R & M - vehicles	4,000	4,000	2,533	1,467	3,515	
Total business office	805,700	805,700	937,404	(131,704)	879,212	
IT and Data						
Consulting	596,000	596,000	417,488	178,512	282,513	
Security	25,525	25,525	28,731	(3,206)	14,968	
Telephone	25,000	25,000	28,830	(3,830)	22,550	
Software renewal & maintenance	17,100	17,100	7,889	9,211	12,623	
Supplies	1,000	1,000	909	91	1,082	
Total IT and data	664,625	664,625	483,847	180,778	333,736	
Human Resources						
Consulting	30,000	30,000	-	30,000	-	
Software renewal & maintenance	1,200	1,200	-	1,200	-	
Supplies	3,000	3,000	196	2,804	181	
Total human resources	34,200	34,200	196	34,004	181	

See accompanying Independent Auditor's Report.

FORT COLLINS - LOVELAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					
			Actual Amounts	Variance		
	Budget - Original	Budget - Final	(Budgetary Basis)	Favorable	2023 Actual	
				(Unfavorable)		
Administration						
Audit & consulting fees	\$ 27,500	\$ 27,500	\$ 27,633	\$ (133)	\$ 26,561	
Consulting services	50,000	50,000	14,671	35,329	67,850	
Contingency	15,000	15,000	13,836	1,164	13,160	
Dues & subscriptions	13,950	13,950	14,698	(748)	15,312	
Insurance - liability	78,480	136,000	139,542	(3,542)	94,642	
Insurance - property	120,042	107,000	106,770	230	107,334	
Janitorial service	20,000	20,000	23,292	(3,292)	19,131	
Legal	250,000	250,000	315,198	(65,198)	258,067	
Miscellaneous expenses	100	100	-	100	74	
R & M - admin building	250,000	250,000	95,616	154,384	96,763	
Utilities - admin building	40,000	40,000	31,019	8,981	30,664	
Fuel	7,000	7,000	4,097	2,903	3,733	
R & M - vehicles	4,000	4,000	975	3,025	2,308	
Leased office space	80,400	80,400	89,449	(9,049)	134,782	
Total administration	956,472	1,000,950	876,796	124,154	870,381	
Operating Capital Replacement						
Source & treatment	910,000	910,000	201,375	708,625	129,910	
Meters	299,650	299,650	486,260	(186,610)	271,276	
Distribution	12,078,000	12,078,000	2,152,570	9,925,430	1,229,671	
Operations equipment	316,700	316,700	313,440	3,260	363,221	
Office and engineering equipment	292,000	292,000	163,652	128,348	28,577	
Building improvements	1,110,000	1,110,000	-	1,110,000	13,089	
Total operating capital replacement	15,006,350	15,006,350	3,317,297	11,689,053	2,035,744	
Total operating expenses	31,889,754	32,005,432	19,656,266	12,349,166	15,534,026	
Debt Service - Non-Operating						
Interest on bonds (2010 issue)	-	-	-	-	38,768	
Debt service - 2010 issue	-	-	-	-	1,050,000	
Interest on CWCB notes	5,597	5,597	6,102	(505)	6,101	
Debt service - CWCB notes	11,989	11,989	11,484	505	11,484	
Interest on bonds (2023 issue)	3,594,792	3,594,792	3,522,257	72,535	299,566	
Debt service - bond principal (2023 issue)	3,070,000	3,070,000	3,070,000	-	-	
Bond issue expense	-	-	-	-	458,876	
Capital Expenditures - Non-Operating						
Source & treatment	2,350,000	50,000	-	50,000	62,240	
Water projects / aquisitions	15,915,000	150,000,000	142,188,301	7,811,699	19,705,261	
Water storage	2,615,100	2,615,100	2,320,500	294,600	1,970,376	
Meters	498,800	498,800	449,469	49,331	269,865	
Distribution	54,010,000	25,000,000	18,660,185	6,339,815	11,602,012	

See accompanying Independent Auditor's Report.

FORT COLLINS - LOVELAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024					
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)	2023 Actual	
CLRWTA - Non-Operating						
Director & board expenses	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	-
Contract support	-	116,740	78,603	38,137	-	-
Legal	-	60,000	37,632	22,368	-	-
Marketing & public relations	-	2,500	-	2,500	-	-
Marketing & public relations no cost share	-	15,000	41,206	(26,206)	-	-
Outside services	-	17,734	-	17,734	-	-
Dues & subscriptions	-	400	341	59	-	-
General liability & property insurance	-	50,000	-	50,000	-	-
Supplies	-	2,000	-	2,000	-	-
Contingency	-	20,000	-	20,000	-	-
CLRWTA operating expenses	-	-	68,923	(68,923)	-	-
Water plant design & construction	-	500,000	-	500,000	-	-
Water line trans. design & construction	-	800,000	205,241	594,759	-	-
Total non-operating expenses	82,071,278	186,435,652	170,660,244	15,775,408	35,474,549	
Enterprise Gain (Loss)	(66,504,506)	(166,475,124)	(135,790,931)	30,684,193	96,860,290	
Government Function:						
Revenues						
Property taxes	1,706,955	1,706,955	1,903,995	197,040	1,620,896	
Expenditures						
Collection fees	18,748	18,748	35,795	(17,047)	30,016	
Directors fees	14,400	14,400	10,200	4,200	8,392	
Directors payroll taxes	1,150	1,150	801	349	652	
Directors expenses	15,000	15,000	23,192	(8,192)	18,208	
Operating transfer out	-	-	1,834,007	(1,834,007)	1,563,628	
Total expenditures	49,298	49,298	1,903,995	(1,854,697)	1,620,896	
Excess revenues over expenditures	1,657,657	1,657,657	-	(1,657,657)	-	
Excess (deficiency) of budgetary revenues over budgetary expenditures	\$ (64,846,849)	\$ (164,817,467)	\$ (135,790,931)	\$ 29,026,536	\$ 96,860,290	

See accompanying Independent Auditor's Report.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

This Appendix B sets forth certain definitions used in the Bond Resolution and summaries of certain provisions of the Bond Resolution. This summary does not purport to be a definitive summary of all of the provisions of the Bond Resolution; this summary is qualified in its entirety by the provisions of the Bond Resolution. Reference must be made to the actual and complete provisions of the Bond Resolution for a complete recital of its terms. Copies of the Bond Resolution may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Certain Definitions

The following are definitions of certain terms as used in the Bond Resolution:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties herein designated.

“Acquisition Fund” means the special fund designated as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Acquisition Fund” created by the Resolution.

“Act” means Title 32, Article 1, C.R.S.

“Board” means the Board of Directors of the District.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the District of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Bond Fund” created by the Resolution.

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

“Bonds” means the “Fort Collins-Loveland Water District, in the Counties of Larimer and Weld, Colorado, Water Enterprise Revenue Bonds, Series 2025” as authorized to be issued under the provisions of the Resolution.

“Book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the District or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which Commercial Banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, water, water rights, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“Chairman” means the Chairman of the Board of Directors and President of the District.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds and any Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided). The word “principal,” as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise. Any such computation shall be adjusted for all purposes in the same manner as is provided in Section 803 of the Resolution.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate for the Bonds executed by the District in connection with the issuance of the Bonds, which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

“Costs of the Project” means all costs, as designated by the District, of the Project, or any interest therein, which cost, at the option of the District (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

(a) All preliminary expenses or other costs advanced by the District or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Board, or any combination thereof, or otherwise;

(b) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(c) The costs of contingencies;

(d) The costs of premiums on any builders' risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

(e) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

(f) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;

(g) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the District, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;

(h) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

(i) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(k) The costs of machinery and equipment;

(l) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(m) The payment of the premium for the Insurance Policy issued by the Insurer and Reserve Fund Insurance Policy issued by the Surety Provider;

(n) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;

(o) The costs of amending any resolution or other instrument pertaining to the Bonds or otherwise to the System; and

(p) All other expenses pertaining to the Project.

"C.R.S." means the Colorado Revised Statutes, as amended and supplemented from time to time.

"District" means the Fort Collins-Loveland Water District, in the Counties of Larimer and Weld, Colorado, a quasi-municipal corporation and political subdivision of the State.

"Events of Default" means the events stated in Section 1003 of the Resolution.

"Federal Government" means the United States of America and any agency, instrumentality or corporation thereof.

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

“Finance Director” means the Deputy General Manager of the District, or his or her successor in functions, if any.

“Fiscal Year” means the calendar year commencing on January 1 of each year and ending on December 31 of the same year.

“General Manager” means the general manager of the District, or his or her successor in functions, if any.

“Gross Pledged Revenues” means all income, rents, receipts, charges and revenues derived directly or indirectly by the District from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, rents, receipts, charges and revenues received by the District from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys; and

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom; and

(b) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all Net Pledged Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition or construction fund, reserve fund, or any escrow fund for any Parity Bonds payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues); and

(c) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are lawfully extended by the Board or by the qualified electors of the District.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Income Fund” means the special fund designated as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Gross Income Fund” created pursuant to the Prior Parity Resolutions.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

- (a) Who is, in fact, independent and not under the domination of the District;
- (b) Who does not have any substantial interest, direct or indirect, with the District; and
- (c) Who is not connected with the District as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the District.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the System, which individual, firm or corporation has no substantial interest, direct or indirect, in the District and in the case of an individual, is not a member of the Board, or an officer or employee of the District, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Board or an officer or employee of the District.

“Insurance Agreement” means an agreement entered into between the District and any Insurer pursuant to Section 213 of the Resolution.

“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the District under the laws of the State.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the System.

“Official Statement” means the Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Operation and Maintenance Expenses” means all actual maintenance and operation costs of the System in any particular period or charges made therefore during such period, but only if such charges are made in conformity with generally accepted accounting principles including amounts reasonably required to be set aside in reserves for items of operation and maintenance expenses the payment of which is not then immediately required.

Such operation and maintenance expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting, trustee, paying agent and financial advisory fees and expenses and costs of other consulting and technical services, taxes (except as set forth in the following paragraph), payments in lieu of taxes and other governmental charges, payments made to the United States Treasury pursuant to the Code or similar requirement to pay rebate, fuel costs, and any other current expenses or obligations required to be paid by the District by law, all to the extent properly allocated to the System.

Such operation and maintenance expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature,

interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the District, costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System nor such property items, and do not include any such operation and maintenance expenses which are paid by the District revenues which do not constitute Gross Pledged Revenues.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond, Parity Bond, or other security canceled by the District, by any paying agent, or otherwise on the District’s behalf, at or before such date;

(b) Except any Bond, Parity Bond, or other security deemed to be paid as provided in Section 1301 of the Resolution or any similar provision of the Resolution authorizing the issuance of such other security; and

(c) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond, Parity Bond, or other security shall have been executed and delivered pursuant to Sections 305, 306 or 1108 of the Resolution or any similar provisions of the resolution authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond, Parity Bond, or other designated security.

“Parity Bond Resolutions” means the Prior Parity Resolution, and any resolutions or agreements hereafter entered into by the District with respect to Parity Bonds and, without duplication, any resolutions hereafter adopted by the Board authorizing the issuance of Parity Bonds.

“Parity Bonds” means any of the Prior Parity Bonds, and any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

“Paying Agent” means UMB Bank, n.a., in Denver, Colorado, being an agent of the District for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds, and includes any successor Commercial Bank as paying agent.

“Paying Agent Agreement” means the Registrar and Paying Agent Agreement between the District and the Paying Agent.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the District), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon.

“Preliminary Official Statement” means the Preliminary Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Prior Parity Bonds” means the District’s Water Enterprise Revenue Bonds, Series 2023 issued pursuant to the Prior Parity Resolutions.

“Prior Parity Resolutions” means the resolution of the District dated October 17, 2023 authorizing the execution and delivery of the Prior Parity Bonds.

“Project” means, the land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, including the acquisition of water rights, the cost of which is to be defrayed with a portion of the proceeds of the Bonds and which constitutes Capital Improvements.

“Purchase Contract” means the Bond Purchase Agreement between the District and the Purchaser concerning the purchase of the Bonds.

“Purchaser” means Stifel, Nicolaus & Company, Incorporated, Denver, Colorado.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Bonds.

“Rebate Fund” means the special fund designated as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Rebate Fund” created pursuant to Section 609 of the Resolution.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the District.

“Reserve Fund” if required and so provided in the Sale Certificate, means the special fund designated as the “Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Reserve Fund” created pursuant to 606 of the Ordinance.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” means such amount, if any, as so provided in the Sale Certificate.

“Resolution” means the resolution of the District, which provides for the issuance and delivery of the Bonds.

“Sale Certificate” means the sale certificate of the District relating to the Bonds executed pursuant to the Supplemental Public Securities Act and described in Section 213 of the Resolution.

“Secretary” means the Secretary of the Board of Directors.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to the Resolution.

“State” means the State of Colorado.

“Subordinate Securities” means securities payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds.

“System” (i) any facility, plant, works, system, building, structure, improvement, machinery, equipment, fixture or other real or personal property, relating to the collection, treatment, storage and distribution of water that is owned, operated or controlled by the District, (ii) any renewal, replacement, addition, modification or improvement to (i) above, and (iii) all real or personal property and rights therein and appurtenances thereto necessary or useful or convenient for the effectiveness of the purposes of the District in the transmission, treatment, storage and distribution of water.

“Tax Compliance Certificate” means the Tax Compliance and No Arbitrage Certificate executed by the District in connection with the initial issuance and delivery of the Bonds.

“Term Bonds” means Bonds that are payable on or before their specified maturing dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“Water Enterprise Act” means Title 37, Article 45.1, C.R.S.

Pledge Securing Bonds

The Net Pledged Revenues and, subject to the right of the District to cause amounts to be withdrawn from the Acquisition Fund to pay the Costs of the Project as provided herein and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any account under Article VI or under Section 501 of the Bond Resolution are pledged and a lien is created to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the District to pay the Policy Costs. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds and any Outstanding Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Prior Parity Bonds and any Parity Bonds hereafter issued in compliance with the provisions of Article VIII of the Resolution. The pledge of the Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds and any Parity Bonds.

The pledge of the Net Pledged Revenues shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the District and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District except any Outstanding Parity Bonds heretofore or hereafter issued as provided in the Resolution. The lien of the pledge of the Net Pledged Revenues as described in the Resolution shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as otherwise provided) irrespective of whether such parties have notice thereof.

Special Obligations

All of the Bond Requirements of the Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues; the Owner or Owners of the Bonds, the Insurer and the Surety Provider may not look to any general or other fund for the payment of such Bond Requirements and Policy Costs, except the designated special funds pledged therefor; the Bonds and the Policy Costs shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds and the Policy Costs shall not be considered or held to be general obligations of the District but shall constitute its special obligations. No statutory or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the District to comply with the provisions of the Resolution or to pay the Bond Requirements of the Bonds and the Policy Costs as provided in the Resolution.

No Pledge of Property

The payment of the Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds or the Policy Costs.

Lien Status; Equality of Lien

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority over one another in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Board that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Acquisition Fund, the Bond Fund and Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for the Parity Bonds shall secure only such Parity Bonds; and (b) Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Reserve Fund

General. Upon delivery of the Bonds, if specified in the Sale Certificate, either proceeds of the Bonds, cash and/or a Reserve Fund Insurance Policy being provided by the Surety Provider in the amount of the Reserve Fund Requirement shall be deposited in the special and separate account created in the Resolution and to be known as the "Fort Collins-Loveland Water District, Water Enterprise Revenue Bonds, Series 2025, Reserve Fund" in satisfaction of the Reserve Fund Requirement. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such

records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

For more information regarding the Reserve Fund, see “SECURITY FOR THE BONDS--Reserve Fund.”

Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund the full amount stipulated in the Resolution from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The District shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i) upon notice from the District requesting a draw or (ii) failure of the Paying Agent to receive the Bond Requirements by the third Business Day prior to June 1 or December 1 in each year, the Paying Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying Agent shall present a demand for payment, in the form and manner required by the Reserve Fund Insurance Policy, at least two Business Days before funds are needed. If there is more than one Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each.

Any money so used or drawn shall be replaced as described in “SECURITY FOR THE BONDS--Flow of Funds” from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by the Resolution. Except as otherwise provided in the Resolution, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the Bonds from time to time.

If moneys in the Reserve Fund are in excess of the Reserve Fund Requirement at any time, such excess may be transferred to the Rebate Fund or the Bond Fund, or deposited into a defeasance escrow account, or may be applied for such other purposes authorized by law, as directed by the Finance Director.

Reserve Fund Insurance Policies. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

If a Reserve Fund Insurance Policy is on deposit in the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into the Reserve Fund as described under “SECURITY FOR THE BONDS--Flow of Funds” shall be paid by the District first to the Surety Provider to reimburse it for Policy Costs due and owing and second to replenish cash in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the requirements set forth with respect to the Reserve Fund described under “SECURITY FOR THE BONDS--Flow of Funds,” available Net Pledged Revenues shall be credited or paid to the Reserve Fund and to reserve funds which may be established by any Parity Bond Resolutions (or to the Surety Provider or any other surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal amount of the Bonds and any such Parity Bonds then Outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default caused by non-compliance with the requirements set forth with respect to the Reserve Fund described under “SECURITY FOR THE BONDS--Flow of Funds.” If there are insufficient Net Pledged Revenues to comply with the requirements set forth with respect to the Reserve Fund described under “SECURITY FOR THE BONDS--Flow of Funds” and more than one Reserve Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited to or paid to the Reserve Fund shall be applied to reimburse the Surety Provider and any other surety provider providing a Reserve Fund Insurance Policy pro rata, based upon the original amount available to

be drawn on each. The Reserve Fund Requirement shall be accumulated and, if necessary, reaccumulated from time to time, in the Reserve Fund from Net Pledged Revenues, except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing reserve to be used, except as provided in the Resolution, only to prevent deficiencies in the payment of the Bond Requirements of the Bonds Outstanding from time to time from the failure to deposit into the Bond Fund sufficient moneys to pay such Bond Requirements as the same accrue and become due. No payment need be made into the Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Reserve Fund Requirement and there are no Policy Costs due and owing. The Reserve Fund Requirement shall be re-calculated upon (i) any principal payment, whether at stated maturity or upon redemption, or (ii) the defeasance of all or a portion of the Bonds.

The District may at any time substitute (a) cash or Investment Securities for a Reserve Fund Insurance Policy or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be deposited by the District in the Reserve Fund for such substitution unless the District has received an opinion of Bond Counsel to the effect that such substitution and the intended use by the District of the cash or Investment Securities to be released from the Reserve Fund will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Rebate Fund

The District shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the District shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Acquisition Fund, and, to the extent permitted by the Resolution, from the Reserve Fund and the Bond Fund. Upon receipt by the District of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Income Fund.

Investment of Funds

Investment of Moneys. Any moneys in the Acquisition Fund, the Income Fund, the Bond Fund, the Reserve Fund and the Rebate Fund that are not needed for immediate use shall be invested or reinvested by the Finance Director in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Director at the time of such investment or reinvestment; provided that (1) Investment Securities credited to the Reserve Fund shall not mature later than ten years from the date of such investment or reinvestment and (2) collateral securities of any Investment Securities may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account described in the Resolution shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Acquisition Fund, the Income Fund, the Bond Fund and the Rebate Fund shall be credited to such fund, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Acquisition Fund, the Income Fund, the Bond Fund, the Reserve Fund and the Rebate Fund shall be charged or debited to such Fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the Finance Director, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose under the Resolution, except as otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the District until such gain is realized by the presentation of matured coupons for payment or otherwise.

Redemption or Sale of Investment Securities. The Finance Director shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Finance Director nor any other officer, employee or agent of the District shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with the Resolution.

Issuance of Refunding Securities

The District may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, Parity Bonds or any Subordinate Securities heretofore or hereafter issued, with such details as the Board may by resolution provide so long as there is no material impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The District first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with the earnings test set forth under "SECURITY FOR THE BONDS--Additional Bonds - Parity Bonds."

Certain Protective Covenants

The Resolution contains numerous covenants; these covenants include, but are not limited to, the following:

Performance of Duties. The District, acting by and through the Board or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged

Revenues and the System required by the Constitution and laws of the State and the various resolutions of the District, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or from the use of the System, as provided in the Resolution, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Contractual Obligations. The District shall reasonably perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the System, or any combination thereof, with any other Persons.

Further Assurances. At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts pledged or assigned by the Resolution, or intended so to be, or which the District may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of the Resolution and to comply with any instrument of the District amendatory thereof, or supplemental thereto. The District, acting by and through the Board, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged under the Resolution and all the rights of every Owner of any Bond thereunder against all claims and demands of all Persons whomsoever.

Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the Federal or State Constitution, the Water Enterprise Act, the Supplemental Public Securities Act, the Act, the Resolution, or any other applicable law to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the District, shall not contravene any debt or other limitation prescribed by the State Constitution.

Efficient Operation and Maintenance. The District shall at all times operate the System properly and in a sound and economical manner; and the District shall maintain, preserve and keep the same properly or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the District in connection with the maintenance, repair and operation of the System shall be reasonable and proper.

Rules, Regulations and Other Details. The District, acting by and through the Board, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The District shall observe and perform all of the terms and conditions contained in the Resolution, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the District, except for any period during which the same are being contested in good faith by proper legal proceedings.

Payment of Governmental Charges. The District shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien upon

the System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by the Resolution for the payment of the Bond Requirements of the Bonds and except as otherwise permitted, including for Parity Bonds issued under the Parity Bond Resolutions. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Pledged Revenues; but the District is not required to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Protection of Security. The District, the officers, agents and employees of the District, and the Board shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

Corporate Existence. The District shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the District and is obligated by law to operate and maintain the System and to fix and collect the Gross Pledged Revenues without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Disposal of System Prohibited. Except for the use of the System and services pertaining thereto in the normal course of business, or as provided in the paragraph below, neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as authorized in the Resolution; and the District shall not dispose of its title to the System or to any useful part thereof, including any property necessary to the operation and use of the System and the lands and interests in lands comprising the sites of the System.

Disposal of Unnecessary Property. The District at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the System, or which shall have been replaced by other property of at least equal operational value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the District in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the System, or any combination thereof, as the Board may determine, provided that any proceeds of any such lease received shall be deposited by the District as Gross Pledged Revenues in the Income Fund.

Competing System. So long as any of the Bonds are Outstanding, the District shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant set forth under "SECURITY FOR THE BONDS--Rate Maintenance Covenants."

Loss From Condemnation. If any part of the System is taken by the exercise of the power of eminent domain, the amount of any award received by the District as a result of such taking shall be paid into the Income Fund or into a capital improvement account pertaining to the System for the purposes

thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the District may determine.

Employment of Management Engineers. If the District defaults in paying the Bond Requirements of the Bonds, the Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, the Resolution) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the District shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Pledged Revenues are less than the amount described in this paragraph.

Reasonable and Adequate Charges. While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the District for the use of or otherwise pertaining to and services rendered by the System to the District, to its inhabitants and to all other users within and without the boundaries of the District shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except as provided in the Resolution. If the District elects to use for District purposes any water facilities, or other services and facilities provided by the System or otherwise to use the System or any part thereof, any such use will be paid for from the District's general fund or from other available revenues other than Gross Pledged Revenues at the reasonable value of the use so made; provided that the District need not pay for any such use by the District or a fire service provider of any facilities of the water system for fire protection purposes. All the income so derived from the District shall be deemed to be income derived from the operation of the System, to be used and to be accounted for in the same manner as any other income derived from the operation of the System.

Levy of Charges. The District shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by the covenant described under "SECURITY FOR THE BONDS--Rate Maintenance Covenants," if such action is necessary therefor. No reduction in any initial or existing rate schedule for the System may be made:

A. Proper Application. Unless the District has fully complied with the provisions of the Resolution relating to the administration and accounting for pledged revenues for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

B. Sufficient Revenues. Unless the audit required by the Independent Accountant by the Resolution for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by the covenant described under "SECURITY FOR THE BONDS--Rate Maintenance Covenants."

Collection of Charges; Procedure for Collecting Charges. The District shall use commercially reasonable best efforts to cause all fees, rates and other charges pertaining to the System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the System, and shall provide

methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of the Resolution and any other resolution supplemental thereto.

All bills for water services and all other services or facilities furnished or served by or through the System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Insurance and Reconstruction. Except to the extent of any self-insurance, the District shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the District and of each Owner of a Bond. If any useful part of the System shall be damaged or destroyed, the District shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the District and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the District as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund may be used to the extent necessary for such purposes, as described under "SECURITY FOR THE BONDS--Flow of Funds – Use of Remaining Revenues."

Defeasance

When the Bonds shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable under the Resolution, then the Resolution and all rights granted thereunder shall cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in the Resolution if (a) in case said Bond is to be redeemed on any date prior to its maturity, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give notice of redemption of such Bond on a Redemption Date pursuant to the provisions set forth under "THE Bonds--Prior Redemption – Notice of Redemption," (b) there shall have been deposited with the Paying Agent or other Trust Bank either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or Trust Bank at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the provisions set forth under "THE Bonds--Prior Redemption – Notice of Redemption," a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or Trust Bank and that payment of said Bond has been provided for in accordance with the Resolution and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said Bond. Neither such securities nor moneys deposited with the Paying Agent or other Trust Bank pursuant to this paragraph or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided any cash received from such principal

or interest payments on such Federal Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of the Resolution, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

Upon compliance with the foregoing provisions with respect to all Bonds then Outstanding, the Resolution may be discharged but the liability of the District in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided above.

Events of Default and Remedies

Events of Default. Each of the following events is an “Event of Default” pursuant to the Resolution, provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B below, no effect shall be given to payments made under the Insurance Policy:

A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Resolution;

D. Failure to Reconstruct. The District unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System or the collection of Gross Revenues;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the District appointing a receiver or receivers for the System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the District is not vacated or discharged or stayed on appeal within 60 days after entry;

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and

G. Default of Any Provision. The District defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Resolution on its part to be performed (other than with respect to the Continuing Disclosure Agreement), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent if it has actual knowledge of such default and, except as provided under “Provisions Related to the Insurer” below, shall

be given by the Paying Agent at the written request of the Owners of not less than 66% in aggregate principal amount of Bonds then Outstanding.

Remedies for Defaults. Except as provided under “Provisions Related to the Insurer” below, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 66% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the District and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under the Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Resolution or in an award of execution of any power therein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the District to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds. The District shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default. Notwithstanding the foregoing provisions of this paragraph, nothing in the Resolution shall act as or be deemed to be a waiver by the District of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Receiver’s Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners under the Resolution, the consent to any such appointment being expressly granted by the District, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the District itself might do.

Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner provided in the Resolution shall not relieve the District, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Duties upon Defaults. Upon the happening of any Event of Default, the District shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the Bonds and to ensure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding. Except as provided under “Provisions Related to the Insurer” below, if the District fails or refuses to proceed as provided above, the Owner or Owners of not less than 66% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the District under any agreement, lease or other contract involving the System or the Gross Pledged Revenues entered into prior to the effective date of the Resolution or thereafter while any of the Bonds are Outstanding.

Amendment of the Resolution

Amendments Requiring Consent of Owners. Except as hereafter provided, the Resolution may be amended or supplemented by resolutions adopted by the Board in accordance with law, without receipt by the District of any additional consideration, but with the written consent of the Insurer and,

subject to the matters described under “Provisions Related to the Insurer” below, the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental resolution excluding any Bonds which may then be held or owned for the account of the District. Notwithstanding the foregoing, no such resolution shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior, superior and senior to the lien or to the pledge created by the Resolution; or

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

Amendments Not Requiring Consent of Owners. Notwithstanding the foregoing, the Resolution and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the District contained in the Resolution other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the District in the Resolution additional System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;

(4) to provide for the appointment of a new Paying Agent;

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in the Resolution, or in regard to questions arising under the Resolution, as the District may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

(6) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Notice of Amendment. Whenever the Board proposes to amend or modify the Resolution, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent, or by

electronic means to DTC or its successors, and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file with the General Manager for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory resolution, shall be delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory resolution shall be provided to the Insurer.

Time for Amendment. If the resolution is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the General Manager an instrument or instruments executed by the Owners of at least 66% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in such notice and shall specifically consent to and approve the adoption of such resolution, the Board may adopt such amendatory resolution and such resolution shall become effective. If the resolution is not required to be consented to by the Owners of the Bonds, the amendatory resolution may be adopted by the Board at any time.

Binding Consent to Amendment. If the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory resolution requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Resolution, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the General Manager, but such revocation shall not be effective if the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation as provided in the Resolution.

Unanimous Consent. Notwithstanding the foregoing, the terms and provisions of the Resolution or of any resolution amendatory thereof or supplemental thereto and the rights and the obligations of the District and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the District and upon the filing with the General Manager of a resolution to that effect and with the consent of the Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in the Resolution, and no notice to Owners of Bonds shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Exclusion of District's Bonds. At the time of any consent or of other action taken as described above, the Finance Director shall furnish to the District a certificate of the Finance Director, upon which the District may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds, and the District shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for above.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, 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 District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

Fort Collins-Loveland Water District in the Counties of Larimer and Weld, Colorado Water Enterprise Revenue Bonds Series 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Fort Collins-Loveland Water District, in the Counties of Larimer and Weld, Colorado (the “Issuer”), in connection with the issuance of its “Fort Collins-Loveland Water District, in the Counties of Larimer and Weld, Colorado, Water Enterprise Revenue Bonds, Series 2025” in the aggregate principal amount of \$[] (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the Issuer on October 21, 2025 (the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s Fiscal Year of each 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 business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer: it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

(1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

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.

(15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

(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.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 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 Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and

beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[Signature Page Follows]

DATE: [CLOSING DATE]

FORT COLLINS-LOVELAND WATER
DISTRICT, IN THE COUNTIES OF LARIMER
AND WELD, COLORADO

By: _____
Chairman of the Board of Directors and
President of the District

[Signature Page to Continuing Disclosure Certificate]

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EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fort Collins-Loveland Water District
Name of Bond Issue: Water Enterprise Revenue Bonds, Series 2025 (the “Bonds”)
Date of Issuance: [CLOSING DATE]
CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [CLOSING DATE]. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

FORT COLLINS-LOVELAND WATER
DISTRICT, IN THE COUNTIES OF LARIMER
AND WELD, COLORADO

By: _____
Chairman of the Board of Directors and
President of the District

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- to the Preliminary Official Statement

APPENDIX E
FORM OF BOND COUNSEL OPINION

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[closing date], 2025

Fort Collins-Loveland Water District
5150 Snead Drive
Fort Collins, Colorado 80525

\$ _____
**Fort Collins-Loveland Water District
in the Counties of Larimer and Weld, Colorado
Water Enterprise Revenue Bonds
Series 2025**

Ladies and Gentlemen:

We have acted as bond counsel to the Fort Collins-Loveland Water District, in the counties of Larimer and Weld, State of Colorado (the “District”) in connection with the issuance of its Water Enterprise Revenue Bonds, Series 2025, in the aggregate principal amount of \$ _____ (the “Bonds”). The Bonds are issued pursuant to an authorizing resolution of the Board of Directors of the District (the “Board”) adopted on October 21, 2025 (the “Bond Resolution”). In such capacity, we have examined the certified proceedings of the District and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the District and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the District payable solely from the Net Pledged Revenues and from certain funds and accounts pledged therefor under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District.
3. The Bond Resolution creates a valid lien on the Net Pledged Revenues pledged for the security of the Bonds on a parity with the lien thereon of any Parity Bonds. The Bond Resolution also creates a valid lien on the Bond Fund for the security of the Bonds.

Except as described in this paragraph, we express no opinion regarding the priority of the lien securing the Bonds on the Net Pledged Revenues or on the funds and accounts created by the Bond Resolution.

4. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinions expressed in this paragraph assume continuous compliance by the District with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under the laws of the State of Colorado in effect as of the date hereof, the Bonds and the income therefrom are exempt from taxation, except inheritance, estate, and transfer taxes.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP