

RESOLUTION NO. 2019-__

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ARCHULETA COUNTY AUTHORIZING AND APPROVING A LEASE PURCHASE AGREEMENT FOR CERTAIN COUNTY-OWNED PROPERTY AND, IN CONNECTION THEREWITH, A SITE LEASE, AN INDENTURE OF TRUST, AN AGREEMENT TO CONSTRUCT, A NOTICE OF SALE, AN OFFICIAL STATEMENT, AND RELATED DOCUMENTS AND TRANSACTIONS

WHEREAS, Archuleta County, Colorado (the “County”) is a duly and regularly created, organized and existing body corporate and politic of the State of Colorado (the “State”), existing as such under the Constitution and statutes of the State; and

WHEREAS, the County is authorized by Section 30-11-101, Colorado Revised Statutes, as amended (“C.R.S.”) to sell, convey, or exchange any real or personal property owned by the County and make such order respecting the same as may be deemed conducive to the interests of the inhabitants; and to lease any real or personal property, either as lessor or lessee, together with any facilities thereon, when deemed by the Board of County Commissioners of the County (the “Board”) to be in the best interest of the County and its inhabitants; and

WHEREAS, the Board is authorized by Section 30-11-104.1, C.R.S. to enter into lease purchase agreements in order to provide for financing of a public park, a public trail, a public golf course, or public open space, or a courthouse, jail or other county building or equipment; and

WHEREAS, the Board has determined it is in the best interests of the public health, safety and welfare of the County and its inhabitants to finance the construction of certain capital improvements to be used as its detention facilities (the “Project”); and

WHEREAS, in order to finance the construction of the Project, the County desires to lease certain property owned by the County (as defined in the Lease defined herein, the “Leased Property”) pursuant to that certain Site Lease, dated as of May 1, 2019 (the “Site Lease”), to UMB Bank, n.a., as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of May 1, 2019 (the “Indenture”), to lease the Leased Property back from the Trustee pursuant to that certain Lease Purchase Agreement, dated as of May 1, 2019 (the “Lease”) and to construct the Project pursuant to that certain Agreement to Construct, dated as of May 1, 2019 (the “Agreement to Construct”) between the Trustee, as site lessee, and the County, as contractor; and

WHEREAS, the County desires, in connection therewith, to enter into the Site Lease, pursuant to which the County will lease the Leased Property to the Trustee, and to enter into the Lease, pursuant to which the County will lease, with an option to purchase, the Leased Property; and

WHEREAS, the Trustee would finance the acquisition of its leasehold interest in the Leased Property from the County and the construction of the Project from the proceeds of “Certificates of Participation (Justice Center Project), Series 2019, evidencing undivided interests in the right to receive certain revenues payable by Archuleta County, Colorado under a Lease Purchase Agreement dated as of May 1, 2019 between the County and UMB Bank, n.a.” (the “2019

Certificates”), which 2019 Certificates shall be executed and delivered pursuant to the Indenture; and

WHEREAS, the County shall construct the Project pursuant to the Agreement to Construct; and

WHEREAS, the Lease shall expire on December 31 of any County fiscal year (a “Fiscal Year”) if the County has, by such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rentals (as defined in the Lease) scheduled to be paid and all Additional Rentals (as defined in the Lease) estimated to be payable in the next ensuing Fiscal Year, and in certain other circumstances set forth in the Lease, and the Lease shall not constitute a mandatory charge or requirement against the County in any ensuing budget year unless the County decides to renew the Lease by appropriating the necessary amounts; and

WHEREAS, the 2019 Certificates and any Additional Certificates (as defined in the Indenture) shall evidence assignments of proportionate undivided interests in certain revenues payable pursuant to the annually renewable Lease, shall be payable solely from the sources provided in the Lease, and shall not be construed or interpreted (a) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the County; (d) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution; and

WHEREAS, the 2019 Certificates will be offered for sale pursuant to a Preliminary Official Statement (as defined herein) and an Official Statement (as defined herein) and will be sold by competitive sale pursuant to the terms of a Notice of Sale (the “Notice of Sale”); and

WHEREAS, in order to implement the transactions described above, the Board desires (a) to authorize and approve the execution and delivery by the County of, and the performance by the County of its obligations under the Site Lease, the Lease, the Agreement to Construct, the Notice of Sale and certain other documents described herein, (b) to authorize, and approve the use in the offering and sale of the 2019 Certificates of, the Preliminary Official Statement and the Official Statement, (c) to authorize the execution of the Official Statement, (d) to approve the Indenture and the 2019 Certificates and (e) to authorize, approve, ratify, make findings and take other actions with respect to the foregoing and related matters;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ARCHULETA COUNTY, COLORADO:

Section 1. The Board hereby approves the following documents, copies of which have been, or will be in a timely manner, made available to the Board, authorizes the Chairman of the Board, any Commissioner of the Board and all other appropriate officers and employees of the County to execute and deliver, and to affix the seal of the County to, such documents in the

respective forms made available to the Board, with such changes therein, not inconsistent herewith, as are approved by the persons executing the same (whose signature thereon shall constitute conclusive evidence of such approval) and authorizes and directs the performance by the County of its obligations under such documents in the form in which they are executed and delivered:

(a) the Lease; provided that the Base Rentals payable by the County pursuant to the Lease shall not exceed \$880,000 per year and the Scheduled Lease Term (as defined in the Lease) shall not extend beyond December 31, 2044;

(b) the Agreement to Construct; provided that the Fixed Price (as defined in the Agreement to Construct) payable by the Trustee to the County pursuant to the Agreement to Construct shall not be less than \$13,000,000;

(c) the Notice of Sale relating to the 2019 Certificates and the sale of the 2019 Certificates to an underwriter (the "Underwriter"); and

(d) the Continuing Disclosure Undertaking of the County (the "Continuing Disclosure Undertaking") dated as of the date of delivery of the 2019 Certificates.

Section 2. The Board hereby approves the Indenture, a copy of which has been made available to the Board, with such changes therein, not inconsistent herewith, as are approved by the persons executing the 2019 Certificates (whose signature thereon shall constitute conclusive evidence of such approval); provided that: the aggregate principal amount of the 2019 Certificates authorized thereby shall not exceed \$13,950,000, with a coupon interest not to exceed 5.00% and the final maturity of the 2019 Certificates authorized thereby shall be not later than December 31, 2044.

Section 3. The Board hereby acknowledges and approves the assignment and delivery by the Trustee pursuant to the Indenture of interests in rights to receive certain revenues payable under the Lease. The Board hereby approves the 2019 Certificates, authorizes the preparation of the 2019 Certificates in a form not inconsistent with the Indenture or this Resolution and authorizes the Chairman of the Board to authenticate, and to affix the seal of the County to, the 2019 Certificates.

Section 4. The Board hereby: ratifies the preparation of and approves the Preliminary Official Statement relating to the 2019 Certificates (the "Preliminary Official Statement"); ratifies and approves the use of the Preliminary Official Statement in connection with the offering and sale of the 2019 Certificates; authorizes and approves the execution and delivery by the Chairman of the Board of a certificate that shall "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 under the Securities Act of 1934; authorizes the preparation of a final Official Statement (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such changes therein, not inconsistent herewith, as are approved by the Chairman of the Board; authorizes the use of the Official Statement in connection with the sale of the 2019 Certificates; and authorizes the Chairman of the Board to execute the Official Statement.

Section 5. The Board hereby adopts, as if set forth in full herein, all the representations, covenants, agreements, findings, determinations and statements of or by the County set forth in the documents described in Section 1 hereof, in the Preliminary Official Statement and in the Official Statement.

Section 6. The officers, employees and agents of the County are authorized and directed to take all action necessary or appropriate to carry out the provisions of this Resolution and the documents referred to herein and to carry out the transactions described herein or in such documents, including, without limitation, the execution and delivery of such certificates as may reasonably be required by the Underwriter, relating, among other matters, to the tenure and identity of the officials of the County, the receipt of the purchase price for the 2019 Certificates, the absence of litigation, pending or threatened, expectations and covenants relating to the exclusion from gross income for federal income tax purposes of the portion of Base Rentals which is designated in the Lease and paid as interest on the 2019 Certificates, the sale and delivery of the 2019 Certificates, and the investment of the proceeds of the 2019 Certificates.

Section 7. Upon the recommendation of the County's Municipal Advisor, based upon market conditions and the rating on the 2019 Certificates, one or more bond insurers may be requested to submit bids to issue the bond insurance policy in connection with the 2019 Certificates to reduce the amount of the Base Rentals due in connection with the Lease. In the event that the Chairman of the Board determines, based upon information provided by the Municipal Advisor, that the savings to be realized by the County as a result of the issuance of the bond insurance policy, the Chairman of the Board shall be authorized to accept the commitment issued by the bond insurer, including any agreements in the best interests of the County in connection with the issuance of a surety reserve securing the 2019 Certificates. If the 2019 Certificates are issued insured by a bond insurance policy, the officers and employees of the County are hereby authorized and directed to take all actions necessary to cause the bond insurer selected to issue the bond insurance policy in accordance with the commitment, including without limitation, payment of the premium due in connection therewith and entering into any authorizing agreements.

Section 8. The Board hereby determines and declares that the Base Rentals represent the fair value of the use of the Leased Property, and that the Purchase Option Price (as defined in the Lease) represents the fair purchase price of the Leased Property. The Board hereby determines and declares that the Base Rentals do not exceed a reasonable amount so as to place the County under an economic or practical compulsion to appropriate moneys to make payments under the Lease or to exercise its option to purchase the Leased Property pursuant to the Lease. In making such determinations, the Board has given consideration to the current market value of the Leased Property, the cost of acquiring, constructing or equipping property similar to the Leased Property, the uses and purposes for which the Leased Property is being and will be employed by the County, the benefit to the citizens and residents of the County by reason of the use of the Leased Property pursuant to the terms and provisions of the Lease, the option of the County to purchase the Leased Property, and the expected eventual vesting of full title to the Leased Property in the County. The Board hereby determines and declares that the leasing of the Leased Property pursuant to the Lease will result in facilities of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition of the Leased Property were performed by the County other than pursuant to the Lease. The Board hereby determines and declares that the duration of the Lease, including all optional renewal terms, authorized under this Resolution, does not exceed the weighted average useful life of the Leased Property.

Section 9. All actions previously taken by the Board and the officers, employees and agents of the County directed toward the transactions described herein or in the documents referred to herein are hereby ratified, approved and confirmed.

Section 10. All bylaws, orders, resolutions, and other instruments, or parts thereof that are in conflict with this Resolution are hereby repealed only to the extent of such conflict. This repealer shall not be construed to revive any bylaw, order, resolution, or other instrument, or part thereof, heretofore repealed.

Section 11. If any section, paragraph, clause or provision of this Resolution or any of the documents referred to herein (other than provisions as to the payment of Base Rentals and Additional Rentals by the County during the Lease Term (as defined in the Lease), including the requirement that the obligations of the County to pay Base Rentals and Additional Rentals under the Lease are conditioned upon the prior appropriation by the County of amounts for such purposes in accordance with the requirements of the laws of the State, provisions for the quiet enjoyment of the Leased Property by the County during the Lease Term and provisions for the transfer of the Leased Property to the County or its designee) shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 12. The Board hereby elects to apply all provisions of Part 2 of Article 57, Title 11, C.R.S. (the “Supplemental Public Securities Act”) to the 2019 Certificates. The 2019 Certificates shall recite that they are issued under the authority of the Supplemental Public Securities Act and this Resolution. The final terms of the 2019 Certificates shall be approved by a certificate executed by the Finance Director of the County, the County Administrator or any authorized member of the Board determining any details necessary or appropriate in connection with the issuance of the 2019 Certificates in order to effectuate or clarify the provisions of this Resolution and consummate the transactions contemplated hereby.

Section 13. This Resolution shall be in full force and effect upon its passage and adoption.

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This Resolution is adopted this ____ day of April, 2019, in Archuleta County, Colorado.

BOARD OF COUNTY COMMISSIONERS OF
ARCHULETA COUNTY, COLORADO

[SEAL]

Chairman of the Board

ATTEST:

Archuleta County Clerk and Recorder

Commissioners voting aye in favor of this Resolution were:

_____, _____ and
_____.

Commissioners voting no against this Resolution were:

_____, _____ and
_____.

LEASE PURCHASE AGREEMENT

by and between

UMB BANK, N.A.
as Lessor,

and

ARCHULETA COUNTY, COLORADO,
as Lessee

Dated as of [May 1,] 2019

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LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT dated as of [May 1], 2019 (this “Lease”), between **UMB BANK, N.A.**, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (defined herein) (in such capacity, the “Trustee”), as lessor, and **ARCHULETA COUNTY, COLORADO** (the “County”), a political subdivision duly organized and existing under the laws of the State of Colorado (the “State”), as lessee.

WITNESSETH:

WHEREAS, the County is a duly and regularly created, organized and existing political subdivision of the State, existing as such under and by virtue of the Constitution and statutes of the State; and

WHEREAS, the Trustee (a) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States; (b) is duly qualified to do business in the State; (c) is the lessee of the Site Leased Property pursuant to the Site Lease, dated as of the date hereof (the “Site Lease”) between the County as site lessor and, the Trustee, acting solely in its capacity as trustee under the Indenture, as site lessee; and (d) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to lease the Site Leased Property from the County, to lease the Leased Property to the County and to execute, deliver and perform its obligations under this Lease; and

WHEREAS, the Board of County Commissioners of the County (the “Board”) has the power, pursuant to Section 30-11-104.1, Colorado Revised Statutes, to enter into lease purchase agreements in order to provide for the financing of a courthouse, jail or other county buildings or equipment used, or to be used, for governmental purposes; and

WHEREAS, the County is authorized by Section 30-11-101(1)(c), Colorado Revised Statutes, to lease real property, either as lessor or lessee, when deemed by the Board to be in the best interests of the County and its inhabitants; and

WHEREAS, the Board has determined and hereby does determine that public interest and necessity require that the County construct certain capital improvements projects in connection with the County’s detention facilities, including the construction of a new facility, the remodeling of an existing facility and capital improvements associated thereto (the “Project”); and

WHEREAS, pursuant to the Site Lease, the County has leased the Site Leased Property to the Trustee; and

WHEREAS, for purposes of financing the acquisition, construction and equipping of the Project by the County, the Board has determined and hereby determines that it is in the best interests of the County that the County and the Trustee enter into this Lease; and

WHEREAS, the Trustee desires to lease the Leased Property to the County, and the County desires to lease the Leased Property from the Trustee, pursuant to the terms and conditions and for the purposes set forth herein; and

WHEREAS, in order to finance the Project, the Series 2019 Certificates shall be executed and delivered to the Owners thereof pursuant to the Indenture; and

WHEREAS, the Series 2019 Certificates shall evidence assignment of interests in the right to receive Lease Revenues (defined in the Indenture), shall be payable solely from the Trust Estate (defined in the Indenture) and no provision of the Series 2019 Certificates, the Indenture, the Site Lease or this Lease shall be construed or interpreted (a) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple Fiscal Year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the County; (d) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution; and

WHEREAS, the execution, delivery and performance of this Lease by the Trustee has been duly authorized by the Trustee and, upon the execution and delivery of this Lease by the Trustee and the County, this Lease will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the execution, delivery and performance of this Lease by the County has been duly authorized by the County by a resolution finally passed and adopted by the Board and, upon the execution and delivery of this Lease by the County and the Trustee, this Lease will be enforceable against the County in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Terms Defined in Preamble and Recitals. The following terms shall have the meanings set forth in the preamble and recitals hereto:

Board	Site Lease
County	State
Lease	Trustee
Project	

Section 1.02. Certain Funds and Accounts. All references herein to any Funds and Accounts shall mean the funds and accounts so designated which are established pursuant to the Indenture.

Section 1.03. Terms Defined in the Indenture. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

Section 1.04. Additional Definitions. The following additional terms shall have the meanings specified below:

“*Additional Rentals*” means the cost of all (a) reasonable expenses and fees of the Trustee related to the performance of the provisions of this Lease, or otherwise incurred at the request of the County, (b) taxes, if any, insurance premiums, utility charges, maintenance, upkeep, repair, improvement and replacement in respect of the Leased Property, (c) payments or deposits in the Reserve Fund as required by Section 6.02 hereof, and (d) all other charges and costs (together with all interest and penalties that may accrue thereon) in the event that the County shall fail to pay the same, as specifically set forth herein which the County assumes or agrees to pay hereunder. Additional Rentals do not include Base Rentals.

“*Agreement to Construct*” means the Agreement to Construct dated as of [May 1], 2019 by and between the Trustee, as site lessee, and the County, as contractor.

“*Authorized Officer*” means (a) in the case of the Trustee, any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee; and (b) in the case of the County, means any person authorized by resolution of the Board or certificate of the County, to perform any act or execute any document.

“*Base Rentals*” means the payments payable by the County during the Lease Term pursuant to Section 6.02 of this Lease and as set forth in Exhibit B which constitute the payments payable by the County for and in consideration of the right to use the Leased Property during the Lease Term. In the event that Exhibit B sets forth separate schedules of Base Rentals payable with respect to one or more separate portions of the Leased Property, such payments will be combined for purposes of Section 6.02, but may be treated as separate schedules for other purposes of this Lease.

“*Base Rental Payment Dates*” means [May 15 and November 15] of each Fiscal Year.

“*Business Day*” is defined in the Indenture.

“*Certificate Fund*” is defined in the Indenture.

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

“*Completion Date*” is defined in the Agreement to Construct.

“*Costs of the Project*” means all costs and expenses in connection with the Project, including without limitation:

- (a) obligations incurred or assumed for labor, materials, and Equipment;
- (b) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate;
- (c) the costs of engineering, architectural and other professional and technical services, including obligations incurred or assumed for preliminary design and development work, test borings, surveys, estimates and plans and specifications;
- (d) administrative costs incurred prior to the Completion Date, including supervision of construction and improvement as well as the performance of all of the other duties required by or consequent upon the Project; including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees, and advertising expenses;
- (e) administrative costs of execution and delivery of the Series 2019 Certificates, including the initial compensation and expenses of the Trustee, any financial advisor’s fees and expenses in connection with the execution and delivery of the Series 2019 Certificates, [costs for the Policy of Insurance for the Series 2019 Certificates], any fees or expenses of the Trustee prior to the Completion Date, any legal fees and expenses, any underwriter’s discount or placement agent’s fee, costs incurred in obtaining ratings from rating agencies, if any, costs of publication, printing and engraving, accountants’ fees and recording and filing fees;
- (f) all costs which are required to be paid under the terms of any Project Contract;
- (g) all costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles;
- (h) payments to the Reserve Fund to the extent necessary to establish or maintain the Reserve Requirement; and

(i) any and all other costs necessary to effect the acquisition, construction and equipping of the Project to the extent the same are permitted by the laws of the State and will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Base Rentals.

“*Counsel*” means an attorney at law or law firm (who may be counsel for the Trustee or the County) who is satisfactory to the Trustee.

“*Equipment*” means (a) those items of equipment, machinery and related property included in the Leased Property, if any, described on Exhibit A to this Lease, (b) any other equipment, machinery or related property included in the Project and purchased with Certificate proceeds, and (c) any items of equipment, machinery and related property acquired in replacement or substitution for the Leased Property pursuant to Section 9.02, 9.03 or 10.02 of this Lease, less equipment, machinery and related property released from this Lease pursuant to Section 9.03 hereof, or damaged, destroyed or condemned as provided in Section 10.01 hereof.

“*Event of Default*” means one or more events of default as defined in Section 14.01 of this Lease.

“*Event of Nonappropriation*” means a termination of this Lease by the County, determined by the County’s failure for any reason, to duly enact by the last day of each Fiscal Year an appropriation resolution for the ensuing Fiscal Year which includes (a) by specific line item reference amounts authorized and directed to be used to pay all Base Rentals and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due, as provided in Section 6.06 of this Lease. The term also means notice under Section 4.01 of this Lease of the County’s intention to terminate and an event described in Section 6.06 of this Lease relating to the failure by the County to appropriate amounts due as Additional Rentals in excess of the amounts estimated to become due.

“*Fiscal Year*” means the fiscal or budget year of the County.

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

“*Improvements*” means those Improvements described in Exhibit A attached hereto.

“*Indenture*” means the Indenture of Trust of even date herewith providing for the initial delivery of the Series 2019 Certificates to the Owners thereof, together with any amendments, supplements or modifications thereto.

“*Insurance Consultant*” means an independent person or firm acceptable to the County experienced in providing the specific type of insurance in question and capable of making an evaluation of the actuarial risk of loss from the types of events customarily covered by such insurance policies.

["*Insurer*"] is defined in the Indenture.]

"*Interest Payment Date*" means [June 1 and December 1] of each calendar year, commencing [December 1, 2019].

"*Lease Purchase Agreement Balance*" means the Outstanding principal amount of the Series 2019 Certificates.

"*Lease Remedy*" or "*Lease Remedies*" means any or all remedial steps provided in Section 14.02 of this Lease whenever an Event of Default hereunder has happened and is continuing, which may be exercised by the Trustee as provided in Article VII of the Indenture.

"*Lease Term*" means the time during which the County is the lessee of the Leased Property under this Lease, including the Original Term and all Renewal Terms as provided in and subject to Article IV and Sections 6.01, 6.02 and 6.06 of this Lease; certain provisions of this Lease survive the termination of the Lease Term, as provided in Section 4.02 of this Lease.

"*Leased Property*" means, collectively, the County's leasehold interest pursuant to this Lease in the Site Leased Property, any improvements thereon and the Equipment, if any, as described in Exhibit A attached hereto.

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

"*Original Term*" means the portion of the Lease Term that terminates on December 31, 2019.

"*Outstanding*" is defined in the Indenture.

"*Owner*" or "*owner*" or "*registered owner*" of a Series 2019 Certificate means the then current registered owner of any of the Series 2019 Certificates as shown in the registration records of the Trustee.

"*Permitted Encumbrances*" means those encumbrances provided in Exhibit C hereto.

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

"*Project Documents*" means the following: (a) plans, drawings and specifications for the construction and improvement of the Project, when and as they are approved by the County, including change orders, if any, as provided in this Lease; (b) any necessary permits for a Project

Contract, including any building permits and certificates of occupancy; (c) all Project Contracts; (d) policies of title, public liability, property and workmen's compensation insurance, or certificates thereof, as required by this Lease with respect to any part of the Leased Property financed hereunder; (e) performance and payment bonds with respect to the Leased Property or any Project Contract; and (f) all other documents executed by or furnished to the County in connection with the Leased Property or any Project Contract.

“*Purchase Option Price*” means the amount payable, at the option of the County, for the purpose of terminating this Lease with respect to the Leased Property and purchasing the Leased Property pursuant to Article XII of this Lease, which amount shall be (a) an amount equal to the County's outstanding Lease Purchase Agreement Balance, plus all Base Rentals representing interest on the Series 2019 Certificates which may be due on any date to the proposed date of repayment of the Series 2019 Certificates, or (b) an amount calculated by an independent certified public accountant, which is due in addition to the Lease Purchase Agreement Balance upon prepayment equal to an amount that together with the amount of such Lease Purchase Agreement Balance, shall be invested in noncallable obligations issued or guaranteed by the United States of America (which shall not have a yield in excess of the yield permitted pursuant to the Code), the principal of and interest on which will be sufficient to pay (i) the principal or redemption price of the Outstanding Series 2019 Certificates and (ii) interest on the Outstanding Series 2019 Certificates coming due on each Interest Payment Date until the last of the Outstanding Series 2019 Certificates is redeemed and cancelled, as specified by the County, and plus (c) any other amount for costs or otherwise necessary to discharge the Indenture with respect to this Lease, and plus (d) any Additional Rentals then due or accrued.

“*Rebate Fund*” is defined in the Indenture.

“*Renewal Term*” means any optional renewal of the Lease Term for the next Fiscal Year by the County, as provided in Article IV of this Lease.

“*Reserve Requirement*” means the amount of \$_____.

“*Revenues*” means (a) all amounts payable by or on behalf of the County with respect to the Leased Property pursuant to this Lease including, but not limited to, all Base Rentals, Purchase Option Prices and Net Proceeds, but not including Additional Rentals other than Reserve Fund payments or deposits, payable hereunder; (b) any portion of the proceeds of the Series 2019 Certificates deposited with the Trustee in the Certificate Fund or the Reserve Fund; (c) any earnings on moneys on deposit in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from this Lease, excluding Additional Rentals other than those constituting Reserve Fund payments; and (e) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Series 2019 Certificates.

“*Series 2019 Certificates*” is defined in the Indenture.

“*Site Lease*” means the Site Lease dated of even date herewith, whereby the County conveys a leasehold interest in real property upon which the Project is to be located, and any existing improvements thereon, to the Trustee.

“*Site Leased Property*” means the property leased by the County to the Trustee pursuant to the Site Lease, which is the property described in Exhibit A attached hereto.

[“*S&P*” is defined in the Indenture.]

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the County. The County represents, covenants and warrants as follows:

(a) The County is a political subdivision of the State, duly organized and existing under the laws of the State. The County is authorized to enter into the transactions contemplated by this Lease and to carry out its obligations under this Lease. The County has duly authorized and approved the execution and delivery of this Lease and the Site Lease.

(b) The acquisition, construction and equipping of the Project by the County under the terms and conditions provided for in this Lease, are necessary, convenient, in furtherance of and will at all times be used in connection with the County’s governmental and proprietary purposes and functions (except to the extent that subleasing of the Leased Property by the County is permitted by Section 13.02 of this Lease) and is in the best interests of the citizens of the County, and no portion of the Leased Property will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit of the State except with the prior Approval of Bond Counsel.

(c) Neither the execution and delivery of this Lease or the Site Lease, nor the fulfillment of or compliance with the terms and conditions of this Lease and the Site Lease, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the County, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the County, except for Permitted Encumbrances.

(d) There is no litigation or proceeding pending or threatened against the County or any other person affecting the right of the County to execute this Lease or the Site Lease or the ability of the County to make the payments required hereunder or to otherwise comply with the obligations contained herein.

(e) To the best knowledge of the County, after due inquiry, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, “Environmental Regulations”), and also including urea-formaldehyde, polychlorinated biphenyls,

asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Site Leased Property to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Site Leased Property in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Site Leased Property into the environment; (iii) the Site Leased Property has not been used as or for a mine, landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is located at the Site Leased Property or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Site Leased Property, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Site Leased Property by any governmental entity or agency which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Site Leased Property; (viii) the Site Leased Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (ix) the Site Leased Property is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

Section 2.02. Representations, Covenants and Warranties of the Trustee. The Trustee represents, covenants and warrants as follows:

(a) The Trustee (i) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States; (ii) is duly qualified to do business in the State; (iii) solely in its capacity as trustee under the Indenture, is the site lessee of the Leased Property pursuant to the Site Lease; and (iv) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to lease the Leased Property from the County, to lease the Leased Property to the County and to execute, deliver and perform its obligations under this Lease.

(b) Except as specifically provided in this Lease or the Indenture, the Trustee will not pledge or assign its right, title and interest in and to the Revenues derived under this Lease or any of its other rights under this Lease or assign, pledge, mortgage, encumber or grant a security interest in its right, title and interest in, to and under this Lease or the Leased Property, except for Permitted Encumbrances.

(c) Neither the execution and delivery of this Lease or the Site Lease nor the fulfillment of or compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby and thereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(d) Except as specifically provided in this Lease, the Site Lease or the Indenture, the Trustee will not assign its duties and obligations under this Lease or the Site Lease to any other person, firm or corporation, so as to impair or violate the representations, covenants and warranties contained in this Section 2.02.

(e) There is no litigation or proceeding pending or threatened against the Trustee or any other person affecting the right of the Trustee to execute this Lease, the Site Lease, or the Indenture and to perform its obligations hereunder and thereunder.

(f) The Trustee acknowledges that the obligations of the County under this Lease are payable solely from the Revenues under this Lease and shall not constitute or give rise to a general obligation or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional, charter or statutory provision or limitation nor a mandatory charge or requirement against the County in any ensuing Fiscal Year beyond any Fiscal Year during which this Lease shall be in effect. The Trustee further acknowledges that the County may elect not to renew this Lease by failure to budget and appropriate funds sufficient to meet its next Fiscal Year's Base Rentals and Additional Rentals, and that the acts of budgeting and appropriating funds are legislative acts and, as such, are solely within the discretion of the Board.

(g) The Trustee shall hold its interest in the Leased Property and its rights, title and interest in, to and under this Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rentals payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to the previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease. The Trustee shall not, except as provided in this Lease or in the Indenture, assign, convey or otherwise transfer to any person or entity any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under this Lease.

ARTICLE III

LEASE OF LEASED PROPERTY

The Trustee demises and leases the Leased Property to the County, and the County leases the Leased Property from the Trustee, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

ARTICLE IV

LEASE TERM

Section 4.01. Duration of Lease Term; County's Annual Right to Renew Lease. The Lease Term shall commence as of the date hereof and continue through the last day of the Original Term. Subject to the provisions of section 4.02 hereof, the Lease Term may be renewed at the end of the Original Term and at the end of each Renewal Term thereafter for a term of twelve months coinciding with the next succeeding Fiscal Year of the County. The County shall have the right to annually renew the Lease Term unless (a) the County gives written notice to the Trustee not less than 90 days prior to the end of the Original Term or the then current Renewal Term of the County's intention not to renew this Lease at the end of the Original Term or the then current Renewal Term, or (b) an Event of Nonappropriation shall have occurred with respect to a Renewal Term occurring after the Original Term or any then current Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for the amount of Base Rentals and Additional Rentals to be paid during such Renewal Term. The Lease Term, including the Original Term and all Renewal Terms, does not exceed the weighted average useful life of the Leased Property. If this Lease involves both real property and other property, the cost of such real property is amortized over a period not exceeding its weighted average useful life, and the cost of such other property is separately amortized over a period not exceeding its weighted average useful life. The combined amortization of such costs is set forth in Exhibit B, attached hereto and made a part hereof.

Except as otherwise provided in Section 4.02 hereof, the exercise of the County's annual option to renew this Lease shall be conclusively determined by whether or not the Board has, on or before the last day of each Fiscal Year, duly enacted an appropriation ordinance or resolution for the ensuing Fiscal Year which includes (a) by specific line item reference sufficient amounts authorized and directed to be used to pay all the Base Rentals and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Section 6.06 of this Lease. The officer of the County at any time charged with the responsibility of formulating budget proposals is hereby directed to include in the annual budget proposals submitted to the Board, items for all payments required under this Lease for the ensuing Fiscal Year, until such time (if any) as the County's Board may determine to renew or not to renew this Lease; it being the intention of the Board that any decision to renew or not to renew this Lease shall be made solely by the Board and not by any other official of the County. Said officer shall also include in said budget proposal the total amount to be expended by the County during the ensuing Fiscal Year for payment obligations under all lease-purchase agreements involving real property, including this Lease; the total maximum payment liability of the County under all lease-purchase agreements involving real property, including this Lease, over the entire terms of such agreements, including all optional renewal terms; the total amount to be expended by the County during the ensuing Fiscal Year for payment obligations under all lease-purchase agreements other than those involving real property, including this Lease (if applicable); and the total maximum payment liability of the County under all lease-purchase agreements other than those involving real property, including this Lease (if applicable), over the entire term of such agreements, including all optional renewal terms. [Such annual budget proposal, when prepared, shall also be provided to the Insurer.] Each budget required by law to be filed with the State

Department of Local Affairs, Division of Local Government, shall include a supplemental schedule that contains the foregoing information. The County shall in any event, promptly furnish the Trustee [and the Insurer] with copies of its annual budget within seven days after the budget is adopted, but not later than the fourth day after the end of such Fiscal Year, provided that telephonic notice is provided by the County to the Trustee of the adoption of the budget not later than the end of the first Business Day of the next succeeding Fiscal Year. If such budget and appropriation are not adopted, the Trustee shall notify the County in writing as further provided in Section 6.06 hereof.

Section 4.02. Termination of Lease Term. The Lease Term shall terminate upon the earliest of any of the following events:

(a) the last day of any Fiscal Year during which there has occurred an Event of Nonappropriation pursuant to Section 4.01 and Article VI of this Lease (provided that the Lease Term will be deemed to have been renewed and, therefore, not terminated if the Event of Nonappropriation is cured as provided in Section 6.06 hereof);

(b) the conveyance of all of the Leased Property to the County upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals as provided in Section 12.02(a) and (b) of this Lease, and discharge of the Indenture as it relates to this Lease; or

(c) an Event of Default and termination of this Lease by the Trustee under Article XIV of this Lease.

An election not to renew the Lease Term shall terminate all unaccrued obligations of the County under this Lease, and shall terminate the County's rights of possession under this Lease at the end of the last day of the Fiscal Year for which this Lease shall be in effect (except to the extent of the holdover provisions of Section 14.02(d)(i) hereof, and except for any conveyance pursuant to Article XII of this Lease); but all other provisions of this Lease, including all obligations of the County accrued prior to such termination and all obligations of the Trustee with respect to the Owners and the receipt and disbursement of funds and all rights and remedies of the Trustee specifically provided herein, shall be continuing until the Indenture is discharged with respect to this Lease. Except for an event described in subparagraph (b) above, upon termination of this Lease, the County agrees to peaceful delivery of the Leased Property to the Trustee or its assigns at such reasonable location specified by the Trustee.

ARTICLE V

ENJOYMENT OF LEASED PROPERTY

The Trustee hereby covenants that the County shall during the Lease Term peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee, except as expressly required or permitted by this Lease or the Indenture. The Trustee shall, at the request of the County and at the cost of the County, join and cooperate fully in any legal action in which the County asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the

Leased Property. In addition, the County may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article V shall be subject to the Trustee's right to inspect the Leased Property. The County also hereby consents to the inspection by the Trustee of all books, accounts and records maintained by the County with respect to the Leased Property and this Lease.

ARTICLE VI

PAYMENTS BY THE COUNTY

Section 6.01. Payments to Be Paid From Currently Budgeted Expenditures of the County. The County and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals hereunder during the Original Term and all of the Renewal Terms, if any, shall be paid from then currently budgeted expenditures of the County, using any legally available funds of the County. The County's obligations to pay Base Rentals, Additional Rentals or any other payments provided for under this Lease during the Original Term and all of the Renewal Terms, if any, shall be subject to the County's annual right to renew this Lease (as further provided in Article IV and Sections 6.02 and 6.06 hereof), and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as a delegation of governmental powers or as creating indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory debt limitation, including without limitation, Article XI, Sections 1, 2 and 6, and Article X, Section 20, of the Colorado Constitution. Neither this Lease nor the execution and delivery of the Series 2019 Certificates shall directly or indirectly obligate the County to make any payments of Base Rentals or Additional Rentals beyond the funds legally available to the County for its then current Fiscal Year. The County shall be under no obligation whatsoever to exercise its option to purchase the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of County moneys, nor shall any provision of this Lease restrict the future issuance of any bonds or obligations of the County payable from any class or source of moneys of the County.

Section 6.02. Base Rentals and Additional Rentals.

(a) The County shall pay all Base Rentals directly to the Trustee during the Original Term and all Renewal Terms, on the Base Rental Payment Dates and in the "Total Base Rentals" amounts set forth in Exhibit B, attached hereto and made a part hereof. The amount of Base Rentals otherwise payable hereunder shall be reduced by an amount equal to (i) the portion of the proceeds of the sale of the Series 2019 Certificates which is deposited in the Certificate Fund as accrued interest and capitalized interest; (ii) earnings derived from the investment of the Certificate Fund during the six-month period prior to the date on which such Base Rentals are required to be paid to the Trustee; (iii) moneys deposited into the Certificate Fund from the Reserve Fund or otherwise as

provided in the Indenture; and (iv) any moneys otherwise deposited into the Certificate Fund directed by the County to be applied toward Base Rentals.

(b) The County may, at any time during the Lease Term, pay the then applicable Purchase Option Price related to the Leased Property for the purpose of terminating this Lease and purchasing the Leased Property shown on Exhibit A, as further provided in Article XII of this Lease. Certificates will be redeemed on the first Interest Payment Date on which the Series 2019 Certificates may be redeemed following the payment of such Purchase Option Price. The County shall give the Trustee notice of its intention to exercise its option not less than 60 days in advance of the date of exercise and shall deposit with the Trustee on or prior to an Interest Payment Date an amount equal to the Purchase Option Price.

The County shall recalculate or cause to be recalculated the Base Rentals set forth in Exhibit B to this Lease in the event of any partial redemption of the Series 2019 Certificates prior to their respective principal payment dates, in order that such Base Rentals shall be paid in such amounts and at such times as will provide sufficient moneys to pay principal and interest on the Series 2019 Certificates which remain Outstanding. The Trustee may conclusively rely on the recalculation of the Base Rentals provided to it by the County.

The County shall pay Additional Rentals during the Original Term and all Renewal Terms, if any, as herein provided. The County agrees that, to the extent that (i) the market value of Permitted Investments held in the Reserve Fund are less than the Reserve Requirement, or (ii) moneys from the Reserve Fund are applied to the payment of principal of or interest on the Series 2019 Certificates, the County will pay to the Trustee, for deposit into the Reserve Fund, as Additional Rentals, such amounts as are required to restore the amount on deposit in the Reserve Fund to the Reserve Requirement within 90 days in 3 equal monthly payments, immediately upon notice thereof, in the case of (i) above, and within 180 days in equal monthly payments immediately following withdrawal of moneys from the Reserve Fund in the case of (ii) above, unless this Lease has been terminated by the County prior to the determination of a deficiency in the market value of Permitted Investments in, or the withdrawal of funds from, the Reserve Fund.

All Additional Rentals shall be paid by the County on a timely basis directly to the person or entity to which such Additional Rentals are owed (except that Reserve Fund payments shall be made to the Trustee). If the County's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee [and the Insurer] under Section 4.01 of this Lease, the County shall furnish an itemization of such estimated Additional Rentals to the Trustee [and the Insurer] on or before the last day of such Fiscal Year.

Section 6.03. Interest Component. A portion of each payment of Base Rentals is paid as, and represents payment of, interest on the Series 2019 Certificates, and Exhibit B hereto sets forth the interest component of each payment of Base Rentals.

Section 6.04. Manner of Payment. The Base Rentals and, if paid, the Purchase Option Price, shall be paid by the County by certified funds, electronic wire or other method of payment acceptable to the Trustee in lawful money of the United States of America to the Trustee at its principal corporate trust office for deposit in accordance with the provisions of the Indenture. The obligation of the County to pay the Base Rentals and Additional Rentals, during the Original Term and each Renewal Term, shall be absolute and unconditional, payable from all legally available sources, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances, or any default under a Project Contract or by the Trustee under this Lease or under any other agreement between the County and the Trustee, or for any other reason, including without limitation, failure to complete the construction and equipping of the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease, it being the intention of the parties that the payments required by this Lease will be paid in full when due without any delay or diminution whatsoever, subject only to the special and limited nature of the County's obligation to make payments hereunder as set forth in section 6.01 above, and further subject to the County's rights under Section 9.04 hereof. Notwithstanding any dispute between the County, the Trustee or any party to a Project Contract, the County shall, during the Original Term and all Renewal Terms, make all payments of Base Rentals and Additional Rentals when due and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute (except to the extent permitted by Sections 8.02 and 9.04 hereof with respect to certain Additional Rentals), nor shall the County assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Trustee shall affect the County's obligation to pay all Base Rentals and Additional Rentals (except to the extent provided by Sections 8.02 and 9.04 hereof with respect to certain Additional Rentals), during the Lease Term.

Section 6.05. Expression of County's Need for the Leased Property. As of the date of this Lease, the County declares its current need for the Leased Property, that the leasing of the Leased Property is beneficial to the County, and that the Leased Property is necessary and essential to the County's purpose and operations. It is hereby declared to be the present intention and expectation of the Board that this Lease will be renewed annually until full title to the Leased Property is acquired by the County pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the County or any Board following the end of the Original Term.

Section 6.06. Nonappropriation. In the event that the Board shall not specifically budget and appropriate, on or before the last day of each Fiscal Year, moneys to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the next ensuing Fiscal Year as provided in Section 4.01 hereof and this Article, an Event of Nonappropriation shall be deemed to have occurred, [subject, however, to the consent of or at the written direction of the Insurer], and to each of the following provisions:

- (a) The Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives specific written notice from the County that this Lease will be terminated.

(b) Absent such notice from the County, the Trustee shall give written notice to the County of any Event of Nonappropriation, on or before the fifth day of the next following Fiscal Year; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) The Trustee [shall, at the written direction of the Insurer, or]may[, with the written consent of the Insurer,] waive any Event of Nonappropriation which is cured by the County within a reasonable time if in the Trustee's judgment such waiver is in the best interest of the Owners of the Series 2019 Certificates.

(d) The Trustee shall waive any Event of Nonappropriation which is cured by the County, within ten days of the giving of notice by the Trustee as provided in (b) above, by inclusion in a duly enacted appropriation resolution, (i) by specific line item, amounts authorized and directed to be used to pay all Base Rentals and (ii) sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Fiscal Year.

In the event that during any Fiscal Year, any Additional Rentals shall become due which were not included in a duly enacted appropriation resolution then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Rentals within 45 days [(or longer, as may be approved by the Insurer)] subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the County to such effect (subject to waiver by the Trustee as hereinbefore provided).

Notwithstanding any provision to the contrary herein, if an Event of Nonappropriation occurs, the County's rights of possession of the Leased Property under this Lease shall terminate at the end of the last day of the Fiscal Year for which this Lease shall be in effect, and the County shall not be obligated to make payment of the Base Rentals, Additional Rentals or any other payments provided for herein which accrue after the end of the last day of the Fiscal Year for which this Lease shall be in effect; provided, however, that, subject to the limitations of Sections 6.01 and 14.03 hereof, the County shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the County shall continue to occupy, use or retain possession of the Leased Property, beginning with the first day of the Fiscal Year in respect of which the Event of Nonappropriation occurs. The County shall in all events vacate or surrender possession of the Leased Property by the 10th Business Day of the Fiscal Year in respect of which the Event of Nonappropriation has occurred.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled to all moneys then on hand and being held in the accounts within all funds created under the Indenture, including the Reserve Fund, for the benefit of the Owners. After the 10th Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred, the Trustee may[, with the written consent of the Insurer, and shall, at the written direction of the Insurer,] proceed to exercise all or any Lease Remedies. All property, funds and rights acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation as provided herein, less any moneys due and owing to the Trustee, shall be held by the Trustee for the benefit of the Owners as set forth in the Indenture.

[Upon the occurrence of an Event of Nonappropriation, the Trustee shall immediately give notice of such occurrence to the Insurer.]

Section 6.07. Disposition of Base Rentals. Upon receipt by the Trustee of each payment of Base Rentals, the Trustee, pursuant to the terms of the Indenture, is to deposit the amount of such Base Rentals in the Certificate Fund.

ARTICLE VII

CONSTRUCTION OF THE PROJECT

Section 7.01. Agreement to Construct the Project. So long as this Lease is not terminated by an Event of Nonappropriation or an Event of Default, the County hereby agrees that it will make all contracts, take all other actions and do all things necessary for the construction and equipping of the Project and, in connection therewith, and in addition thereto, will comply with all applicable provisions of State and local law.

(a) The County shall cause the Project to be constructed and equipped as herein provided and as provided in the Agreement to Construct; and

(b) title to all Leased Property that is purchased or financed from moneys deposited in the Construction Fund shall be held by the Trustee, subject to this Lease, the Site Lease and the Indenture, even though the County may act as agent of the Trustee in constructing and equipping the Project.

Construction and equipping of the Project shall be in accordance with the Project Documents and the Agreement to Construct, subject to reasonable change orders or any other reasonable changes approved by the County. So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the County shall have full power to carry out the acts and agreements provided in this Section 7.01, and such power is granted and conferred under this Lease to the County, and is accepted by the County and shall not be terminated or restricted by act of the Trustee, except as provided in this Section 7.01.

The County agrees to construct and equip the Project with all reasonable dispatch through the application of moneys to be disbursed by the Trustee from the Construction Fund. If for any reason the Project is not constructed and equipped by the Completion Date there shall be no resulting liability on the part of the County or Event of Default hereunder, and there shall be no diminution in or postponement of the Base Rentals and Additional Rentals required to be paid by the County during the Lease Term. However, in the event that the Trustee shall not receive a certificate to the effect that the Project shall have been constructed and equipped, as required in Section 7.03 of this Lease, by the Completion Date, and unless the County opts to complete the construction and equipping of the Project and submits a reasonable schedule of completion to the Trustee, the Trustee, shall, upon 30 days written notice to the County, be authorized, but not required, to construct and equip the Project from any moneys remaining in the Construction Fund.

Section 7.02. Disbursements from the Construction Fund. So long as no Event of Nonappropriation or Event of Default shall occur, and so long as the County's right to control

the construction and equipping of the Project has not otherwise been terminated pursuant to Section 7.01 of this Lease, the Trustee shall, at the written direction of the County, disburse moneys from the Construction Fund in payment of Costs of the Project. Such disbursements shall be made upon receipt by the Trustee of a requisition in the form attached hereto as Exhibit D signed by an Authorized Officer of the County (a) stating with respect to each payment to be made: (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal, (v) that all conditions required by this Lease to be met prior to such payment have been satisfied, and (vi) that the disbursement requested will be used for a Cost of the Project; (b) specifying in reasonable detail the nature of the obligation and in the case of a disbursement for items of Equipment, the serial number of all such items; (c) accompanied by a bill, invoice or statement of account for such obligation; (d) in the case of a disbursement for items of Equipment included in the Leased Property, a valid bill of sale, receipt or other evidence of title in the name of the Trustee or the County as agent of the Trustee capable of assignment to the Trustee, containing warranties of title free and clear of all claims together with a financing statement in form appropriate to perfect the security interest of the Trustee in such items; and (e) that no Event of Nonappropriation or Event of Default has occurred and is continuing. The Trustee may rely conclusively on any such certificate and shall not be required to make any independent investigation in connection therewith. The execution of any requisition certificate by County shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. The County shall execute such financing statements and other instruments and permit the labeling of the Equipment included in the Leased Property in connection with each disbursement as may be reasonably required by the Trustee to perfect its security interest in such Equipment.

If an Event of Nonappropriation or an Event of Default shall occur prior to the Completion Date, the Construction Fund may be utilized by the Trustee to complete, repair or modify the Project, or may[, upon the written direction or with the written consent of the Insurer,] be disbursed for the payment of the Series 2019 Certificates, or for other charges as the Trustee may deem appropriate in the best interests of the Owners of the Series 2019 Certificates.

Under the Indenture, the Trustee is authorized to issue its checks or drafts for each disbursement to pay Costs of the Project provided for herein. The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom as reasonably directed by the County, and after the Project has been constructed and equipped and the certificate as to payment of Costs of the Project has been filed with the Trustee as provided in Section 7.03 of this Lease, and after any remaining amounts in the Construction Fund are transferred to the Certificate Fund, the Trustee shall file a final accounting thereof with the County.

Section 7.03. Completion of Construction. Upon the completion of the construction and equipping of the Project and the acceptance thereof by the County, an Authorized Officer of the County shall deliver to the Trustee a certificate stating that, to the best of the County's knowledge based upon the representations of officials of the County and parties to the Project Contracts and except for any amounts estimated by an Authorized Officer of the County to be necessary for payment of any Costs of the Project not then due and payable, the Project has been

constructed and equipped to the satisfaction of the County, and all Costs of the Project have been paid. Notwithstanding the foregoing, such certificate shall not, and shall state that it does not, prejudice any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

In the event that, after the delivery of such completion certificate, there remains in the Construction Fund any unreserved balance, such balance shall be transferred to the Interest Account of the Certificate Fund for credit against the Base Rentals next becoming due.

Section 7.04. Acquisition of the Site Leased Property; Title Insurance. The County shall lease the Site Leased Property to the Trustee pursuant to the Site Lease. Concurrently with the execution of the Site Lease, the Trustee shall be provided with a commitment for an ALTA Loan Title Insurance Policy to be issued to the Trustee in an amount equal to no less than the par amount of the Series 2019 Certificates executed and delivered under the Indenture, insuring the Trustee's leasehold interest in the Site Leased Property, subject only to Permitted Encumbrances.

Section 7.05. Project Contracts. In the event of cost overruns in connection with the construction and equipping of the Project, either (a) the County shall make such modifications to the plans and specifications for the Project, or make such modifications to or deletions from the Equipment included in the Leased Property, as will permit such Project and Equipment to be otherwise constructed and equipped from the amounts available therefor in the Construction Fund, or (b) to the extent permitted by law, deposit additional funds in the Construction Fund sufficient to complete such construction and equipping of the Project. Upon the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee [shall, at the written direction of the Insurer, or] may[, with the written consent of the Insurer,] complete the construction and equipping of the Project, utilizing any moneys remaining in the Construction Fund. All Project Contracts relating to the Project or Equipment included in the Leased Property shall provide that, upon a failure to renew the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default or upon the Trustee's assuming control over completion of the construction and equipping of the Project as provided in Section 7.01 of this Lease, and upon written notice by the Trustee to the party or parties to the Project Contract that any of such events has occurred: (i) such contracts shall be fully and freely assignable to the Trustee without the consent of any other person and the Trustee may choose to assume or not assume such Project Contract; and (ii) if the Trustee does so assume such Project Contract, the other party or parties thereto shall perform the agreements contained therein for the Trustee. All Project Contracts relating to the Project or Equipment included in the Leased Property shall also provide that, upon an Event of Nonappropriation or an Event of Default and upon written notice from the Trustee, the Trustee may terminate such Project Contract, and the other party or parties thereto shall then be entitled to payment only from amounts available therefor in the Construction Fund and only for work done prior to such termination. Upon the occurrence of an Event of Nonappropriation or an Event of Default or upon the Trustee's assuming control over the construction and equipping of the Project as provided in Section 7.01 of this Lease, and upon receipt of a written request from the Trustee, the County shall assign all of its right, title, and interest in and to any or all Project Contracts relating to the Project to the Trustee and shall deliver all such Project Documents held by it to the Trustee.

Section 7.06. Project Documents. The County shall furnish to the Trustee copies of the Project Documents relating to the Project, as soon after the commencement of the Lease Term as such Project Documents shall become available to the County and from time to time thereafter. Neither the Project Documents nor any change or amendment thereto shall (a) cause the Project to be used for any purpose prohibited hereby or by the Constitution or laws of the State; (b) result in a material reduction in the value the Leased Property (except as provided in Section 7.05 hereof); or (c) adversely affect the ability of the County to meet its obligations hereunder.

Section 7.07. Defaults Under Project Contracts. In the event of any material default by a construction contractor under any of the Project Contracts relating to the Project, or in the event of a material breach of warranty with respect to any materials, workmanship, or performance, the County shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against such contractor and/or against each surety of any bond securing the performance of such Project Contract. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments, or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorneys' fees and costs), and after reimbursement to the County of any amounts theretofore paid by the County and not previously reimbursed to the County for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid into the Construction Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 10.02 of this Lease.

Section 7.08. Contractor's Performance and Payment Bonds. Each contractor entering into a Project Contract for the Project shall be required to furnish a performance bond and a separate labor and material payment bond on forms acceptable to the County, copies of which shall be provided to the County and the Trustee. Such bonds shall be made payable to the County and the Trustee, as their interests may appear, and shall be executed by a corporate surety licensed to transact business in the State and acceptable to the County, and shall be in an amount at least equal to the contract price for such contractor's Project Contract. If, at any time during the performance of a Project Contract, the surety on such bond shall be disqualified from or cease doing business within the State, an alternate surety acceptable to the County shall be selected. In the event of any change order resulting in the performance of additional work in connection with a Project Contract, the amount of such bond shall be increased by an amount at least equal to the cost of such additional work or materials or fixtures to be incorporated in the Leased Property.

Section 7.09. Contractor's General Public Liability and Property Insurance. Each contractor entering into a Project Contract for the Project shall be required to procure and maintain standard form comprehensive general public liability and property insurance, at its own cost and expense, during the duration of such contractor's Project Contract, in an amount acceptable to the County. Such policies shall name the County and the Trustee as mortgagee/trustee and loss payees and additional insureds, as their respective interests may appear, and shall include a provision to the effect that the insurance company shall not cancel the policy or modify it materially or adversely to the interests of the County and the Trustee without 60 days' prior notice by certified mail to the County and the Trustee. A certificate of insurance shall be provided by the County to the Trustee with respect to each such contractor. Such

insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability.

Section 7.10. Contractor's Builder's Risk Completed Value Insurance. The general contractor for any Project Contract for the Project shall be required to procure and maintain, at its own cost and expense, during the term of the applicable Project Contract standard, all risk of loss builder's risk completed value insurance upon the Project. Such policy shall contain a waiver of subrogation by the issuer of such policy with respect to the County and the Trustee, and their officers, agents and employees while acting within the scope of their employment. The policy may have a deductible clause in an amount not to exceed \$25,000. A certified copy of such insurance policy, or a certificate with respect thereto with appropriate endorsements attached, shall be provided by the County to the Trustee. Such insurance coverage shall be in an amount at least equal to the total contract price for such contractor's work. In the event of any change order resulting in the performance of additional work, the amount of such insurance shall be increased to include the cost of such additional work, as well as related materials and fixtures. Such builder's risk completed value insurance policy shall name the County and the Trustee as mortgagee/trustee and loss payees and additional insureds, as their respective interests may appear. No agent or employee of the County shall have the power to adjust or settle any loss with respect to the Project without the prior written consent of the Trustee; except that losses not exceeding \$5,000 may be adjusted or settled by the County without the Trustee's consent.

Section 7.11. Contractor's Worker's Compensation Insurance. Each contractor entering into a Project Contract for the Project shall be required to procure and maintain, at its own cost and expense, worker's compensation insurance during the term of its Project Contract, covering its employees working thereunder. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled without ten days' prior written notice to the County and the Trustee. A certificate issued by the Colorado State Insurance Fund or a private carrier evidencing such coverage shall be provided by the County to the Trustee with respect to such contractor. Each Project Contract relating to the Project shall also provide that each subcontractor of any contractor who is a party to such Project Contract shall be required to furnish similar worker's compensation insurance.

Section 7.12. Proceeds of Certain Insurance Policies and Performance Bonds. The Net Proceeds of any performance or payment bond or insurance policy required by Sections 7.08 and 7.10 of this Lease, and any Net Proceeds received as a consequence of default under a Project Contract as provided by Section 7.07 of this Lease, shall be paid into the Construction Fund if received before the Completion Date, or, if received thereafter, shall be deposited as provided in Section 10.02 of this Lease.

ARTICLE VIII

TITLE TO THE LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES

Section 8.01. Title to the Leased Property. Title to the Site Leased Property shall remain in the County, subject to the Site Lease and this Lease, and title to the Project and Equipment and any and all additions and modifications thereto and replacements thereof shall be

held in the name of the County, subject to the Site Lease and this Lease, until the Trustee has exercised Lease Remedies or until the Project and the Equipment are conveyed as provided in Article XII of this Lease, notwithstanding (a) a termination of this Lease by the County by reason of an Event of Nonappropriation as provided in Section 6.06 of this Lease; (b) the occurrence of one or more Events of Default as defined in Section 14.01 of this Lease; (c) the occurrence of any event of damage, destruction, condemnation, or, construction, manufacturing or design defect or title defect, as provided in Article X of this Lease; or (d) the violation by the Trustee of any provision of this Lease. Title to personal property purchased by the County at its own expense pursuant to Section 9.02 of this Lease shall remain in the County.

The County shall have no right, title or interest in the Leased Property or any additions and modifications thereto or replacements thereof, except as expressly set forth in this Lease or the Site Lease.

Section 8.02. No Encumbrance, Mortgage or Pledge of Leased Property. Except as may be permitted by this Lease, the County shall not permit any mechanic's or other lien to remain against the Leased Property; provided that, if the County shall first notify the Trustee of the intention of the County to do so, the County may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the County that, in the Opinion of Counsel, by nonpayment of any such items the Trustee's title to or interest in the Leased Property or the lien on the Leased Property pursuant to the Indenture will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate fully with the County in any such contest, upon the request and at the expense of the County. Except as may be permitted by this Lease, neither the Trustee nor the County shall directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The County and the Trustee shall promptly, at their own respective expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which each shall respectively have created, incurred, or suffered to exist. The Trustee's obligation shall be limited to funds held in the Trust Estate.

ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.01. Maintenance of the Leased Property by the County. The County agrees that at all times during the Lease Term the County will maintain, preserve and keep all portions of the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and that the County will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 9.03 and 10.03 of this Lease. Neither the Trustee nor any of the Series 2019 Certificate

Owners shall have any responsibility for such maintenance or repairs or for the making of any additions, modifications or replacements to the Leased Property.

Section 9.02. Modification of the Leased Property, Installation of Furnishings and Machinery of the County. The County shall have the privilege of making substitutions, additions, modifications and improvements to any portion of the Leased Property, at its own cost and expense, subject to this Lease and the Indenture, and shall be included under the terms of this Lease, the Site Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental or proprietary functions of the County (except to the extent of subleasing permitted under Section 13.02 hereof); and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to making such substitutions, additions, modifications and improvements.

The County may also, from time to time in its sole discretion and at its own expense, install machinery, equipment, and other tangible personal property in or on any Leased Property. All such machinery, equipment, and other tangible personal property shall remain the sole property of the County in which neither the Trustee nor the Owners of the Series 2019 Certificates shall have any interests; provided, however, that title to any such machinery, equipment, and other tangible personal property which becomes permanently affixed to any Leased Property shall be in the name of the Trustee, subject to the Indenture, and shall be included under the terms of this Lease and the Indenture, in the event the Trustee shall reasonably determine that such Leased Property would be materially damaged or impaired by the removal of such machinery, equipment, or other tangible personal property.

To the extent that there are funds remaining in the Construction Fund after the construction and equipping of the Project, but prior to the Completion Date, the County shall be allowed to make additions to the Leased Property. Any such addition shall have a useful life at least equal to the average useful life of the original Leased Property and shall be the property of the County, subject to, and included under the terms of, this Lease and the Indenture, as certified to the Trustee; provided however, that such addition shall not be used, or cause the original Leased Property to be used, for purposes other than lawful governmental or proprietary functions of the County (except to the extent of subleasing as permitted under Section 13.02 hereof); and provided that such addition to the Leased Property, upon completion, shall have a value at least equal to the amount remaining in the Construction Fund immediately prior to the addition of such Leased Property, as certified to the Trustee.

Section 9.03. Replacement and Substitution of Equipment. In any instance where the County determines any Equipment included in the Leased Property has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the County may (on behalf of the Trustee) sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without any responsibility or accountability to the Trustee therefor, provided that the County shall either:

- (a) substitute and install (by direct payment of the costs thereof or by designating equipment, machinery or other personal property not included pursuant to Section 9.02

hereof as Leased Property) other equipment, machinery or related property having equal or greater value and utility (but not necessarily having the same function); provided, however, that such substituted equipment, machinery or related property will have a useful life of not less than the remaining useful life of the Leased Property for which it is substituted and the substituted equipment, machinery or related property will be deemed to be amortized on the date or dates set forth on Exhibit B with respect to the Leased Property for which it is substituted; or

(b) not make any such substitution and installation, provided (i) that in the case of the sale or other disposition of any such Equipment to anyone other than itself or in the case of the scrapping thereof, the County shall pay to the Trustee for deposit into the Certificate Fund Principal Account the net proceeds from such sale or other disposition, or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be included in the Leased Property subject to this Lease, the County shall pay to the Trustee, for deposit into the Certificate Fund Principal Account the amount of the credit received by it in such trade-in and (iii) that in the case of the sale or other disposition of any such Equipment to the County, the County shall pay to the Trustee for deposit into the Certificate Fund Principal Account an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practices.

The removal from any Leased Property of any portion of the Equipment pursuant to the provisions of this Section 9.03 shall not entitle the County to any postponement, abatement or diminution of the Base Rentals or other payments required to be made under Section 6.02 hereof.

The County will promptly report in writing to the Trustee each removal, substitution, sale or other disposition under subparagraphs (a) and (b) of this Section and will pay to the Trustee all amounts required by subparagraph (b) of this Section to be paid into the Certificate Fund Principal Account promptly after any subsequent sale, trade-in or other disposition requiring such payment. All substituted machinery, equipment or related property installed pursuant to this Section 9.03 shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Property and subject to the lien of the Indenture. The County will not dispose of, or permit the disposition of, any of the Equipment except in accordance with this Section 9.03 or in accordance with Article X of this Lease. The Trustee will cooperate with the County in implementing the County's rights to dispose of Leased Property pursuant to this Section 9.03 and will execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

Section 9.04. Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the County shall pay the amount of all such taxes, assessments and governmental charges when due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the County shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the County shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion

thereof (including, without limitation, any taxes levied upon the Leased Property or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interest of the Trustee or the Owners), or the rentals and revenues derived therefrom or hereunder. The County shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges incurred in the maintenance and upkeep of the Leased Property.

The County may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the County that, in the opinion of Counsel, by nonpayment of any such items the security afforded pursuant to the Indenture will be materially endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Section 9.05. Provisions Regarding Liability, Property and Worker's Compensation Insurance. Upon the delivery and acceptance of the Leased Property as provided in this Lease, the County shall, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the principal amount of the Series 2019 Certificates related to this Lease then Outstanding or the maximum insurable value of the Leased Property, whichever is greater. Such insurance policy may have a deductible clause in an amount not to exceed \$25,000. The County may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other property as well, as long as such blanket insurance policies comply with the requirements hereof. Any property damage insurance policy required by this Section 9.05 shall be so written or endorsed as to show the Trustee, as mortgagee/trustee and loss payee and additional insured, and to make losses exceeding \$25,000, if any, payable to the County and the Trustee as their respective interests may appear.

Upon the execution and delivery of this Lease, the County shall, at its own expense, cause public liability insurance, including blanket contractual liability or specific contractual liability insurance for this Lease and public officials' errors and omissions coverage, to be carried and maintained with respect to the activities to be undertaken by the County and its officers, officials, agents and employees in connection with the use and possession of the Leased Property. All such policies (other than errors and omissions) shall show the County and all officers and employees thereof and the Trustee as additional insureds and loss payees. Such coverage shall be in amounts not less than the limits of liability per occurrence set by the Colorado Governmental Immunity Act as the same may from time to time be amended, to a \$1,000,000 annual aggregate, for claims to which the defense of sovereign immunity applies. The public liability insurance required by this Section 9.05 may be by blanket insurance policy or policies.

Upon the execution and delivery of this Lease, the County shall, at its own expense, cause worker's compensation insurance to be procured and maintained covering the County's employees working in or on the Leased Property. Such insurance, if issued by a private carrier,

shall contain a provision that such coverage shall not be cancelled without 60 days' prior written notice to the County and the Trustee. A certificate issued by the Colorado State Insurance Fund or a private carrier evidencing such coverage shall be provided by the County to the Trustee. The worker's compensation insurance required by this Section 9.05 may be by blanket insurance policy or policies.

If the County shall insure against similar risks by self-insurance, the County, at its election and in accordance with the standards of the State relating thereto, may in lieu of obtaining policies for casualty and property, public liability and workers' compensation insurance coverage as required by this Section 9.05 provide one or more such coverages by a self-insurance fund so long as the County provides an annual certification to the Trustee [and the Insurer] that the reserves therein are adequate as determined by, in the case of public liability and workers' compensation insurance, the County's risk manager, insurance consultant or actuary, and in the case of casualty and property insurance, an independent insurance consultant or actuary; [provided, however, that the County will not self-insure the Leased Property as to casualty and property risks without the consent of the Insurer].

Each property and liability insurance policy provided for in this Section 9.05 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Trustee without first giving written notice thereof to the County, [the Insurer] and the Trustee at least 60 days in advance of such cancellation or modification. In the event that the County has received such notice of cancellation or modification, it shall immediately furnish to the Trustee a new insurance policy or certificate evidencing such policy replacing the cancelled or modified policy and effective on or before the effective date of such cancellation or modification.

The County shall provide certified copies of all insurance policies required under this Section 9.05 or certificates of insurance with appropriate endorsements attached evidencing, that the parties have been named as mortgagee/trustee and loss payees and additional insureds and that the sixty-day notice of cancellation provision is in effect. A certificate of insurance will be acceptable evidence of insurance at closing, with the understanding that the County shall furnish the policy or endorsements within 45 days after closing. All insurance policies issued pursuant to this Section 9.05 and Sections 7.09, 7.10 and 7.11 of this Lease or certificates evidencing such policies, shall be deposited with the Trustee. No agent or employee of the County shall have the power to adjust or settle any loss with respect to the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$25,000 may be adjusted or settled by the County without the Trustee's consent.

Section 9.06. Advances. In the event that the County shall fail to pay any Additional Rentals during the Lease Term as such Additional Rentals become due, the Trustee may (but shall be under no obligation to) pay such Additional Rentals and the County agrees to reimburse the Trustee to the extent permitted by law and subject to appropriation as provided under Article 6 hereof.

Section 9.07. Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Trustee shall at any time or times, but only upon the request of the County, grant easements, licenses, rights-of-way (including the

dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in this Lease and the Indenture, free from this Lease and the Indenture and any security interest or other encumbrance created hereunder or thereunder, and the Trustee shall release existing easements, licenses, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration, and shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt of: (a) a copy of the instrument of grant or release; (b) a written application signed by an Authorized Officer of the County requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of the Leased Property.

ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 10.01. Damage, Destruction and Condemnation. If, during the Lease Term (a) the Leased Property or any portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the County or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title thereto; then the County shall be obligated to continue to pay the amounts specified in Section 6.02 of this Lease (subject to Section 6.01 hereof) regardless of whether the certificate provided for in Section 7.03 of this Lease shall have been delivered to the Trustee.

Section 10.02. Obligation of the County to Repair and Replace the Leased Property. The County and, to the extent such Net Proceeds are within its control, the Trustee, shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards, or from default under a Project Contract to be deposited in the Construction Fund, if received before the applicable Completion Date, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee; [provided, however, that the appropriateness of any disposition of proceeds of casualty or property insurance shall be supported by a certificate of independent architect or engineer acceptable to the Insurer]. Subject to the receipt of the certificate required by the preceding sentence, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the County upon receipt of requisitions acceptable to the Trustee signed by an Authorized Officer of the County stating with respect to each payment to be made; (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the Construction Fund or the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee may rely conclusively on any such certificate and shall not be required to make any independent

investigation in connection therewith. The execution of any requisition certificate by County shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

For the purpose of effecting the collection of Net Proceeds, the County and the Trustee agree to cooperate and use their best reasonable efforts to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Project or the Equipment included in the Leased Property or otherwise. In carrying out any of the provisions of this Section 10.02, the County shall have all power and authority granted under Article VII of this Lease; and the Trustee shall cooperate with the County in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section 10.02. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be deposited into the Certificate Fund. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the County, subject to this Lease and the Indenture and shall be included as part of the Leased Property under this Lease and the Indenture.

Section 10.03. Insufficiency of Net Proceeds. If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.02 of this Lease, the County may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such Leased Property or portion thereof and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the County are available for payment of such cost, any cost in excess of the amount of the Net Proceeds, and the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County shall make any payments pursuant to the provisions of this Section 10.03(a), the County shall not be entitled to any reimbursement therefor from the Trustee or the Owners, nor shall the County be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.02 of this Lease;

(b) apply the Net Proceeds to the payment of the Purchase Option Price in accordance with Article XII of this Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the County shall, subject to the limitations of Section 6.01 hereof, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributed to the Leased Property for which the Net Proceeds have been received (as certified to the Trustee by the County); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be retained by the County; or

(c) if the County does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the County's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the County within 90 days of the occurrence of an event specified in Section 10.01 of this Lease.

If the County elects to replace the Leased Property with similar property pursuant to subparagraph (a) above, the County shall give notice thereof to S&P [and the Insurer] prior to such substitution.

Section 10.04. Cooperation of the Trustee. At the expense of the County, the Trustee shall cooperate fully with the County in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.01 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any portion thereof and in the prosecution of any action relating to defaults under Project Contracts and the enforcement of all warranties relating to the Leased Property. In no event shall the Trustee voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to defaults under Project Contracts with respect to the Leased Property or any portion thereof without the written consent of the County [and the Insurer].

ARTICLE XI

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 11.01. Disclaimer of Warranties. NEITHER THE TRUSTEE NOR THE OWNERS OF THE SERIES 2019 CERTIFICATES MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. THE COUNTY HEREBY ACKNOWLEDGES AND DECLARES THAT THE COUNTY IS SOLELY RESPONSIBLE FOR THE USE, CONSTRUCTION, IMPROVEMENT, EQUIPPING, MAINTENANCE AND OPERATION OF THE LEASED PROPERTY, AND THAT NEITHER THE TRUSTEE NOR ANY OF THE OWNERS OF THE SERIES 2019 CERTIFICATES HAS ANY RESPONSIBILITY THEREFOR. For the purpose of enabling the County to discharge such responsibility, the Trustee constitutes and appoints the County as its attorney in fact for the purpose of constructing, improving, equipping, maintaining and operating the Leased Property, and asserting and enforcing, at the sole cost and expense of the County, all constructor's or manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Trustee may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. In no event shall the Trustee or any of the Owners be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the County of any item, product or service provided for herein.

Section 11.02. Further Assurances and Corrective Instruments. The Trustee and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as

may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention hereof.

Section 11.03. Compliance with Requirements. During the Lease Term, the County and the Trustee shall observe and comply promptly to the extent possible with all current and future orders of all courts having jurisdiction over the Leased Property or any portion thereof, provided that the County or the Trustee may contest or appeal such orders so long as they are in compliance with such orders during the contest or appeal period, and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

Section 11.04. County Acknowledgment of the Indenture and the Series 2019 Certificates. The County acknowledges the execution and delivery of the Series 2019 Certificates pursuant to the Indenture.

Section 11.05. Covenant to Comply with Internal Revenue Code. The County acknowledges that moneys in funds and accounts created under the Indenture will be invested or deposited by the Trustee at the written direction of the County. The County certifies and covenants that it will not knowingly direct or otherwise cause the investment or use of any moneys in any fund or account in connection with the Series 2019 Certificates (including any moneys reasonably expected to be used to pay the Series 2019 Certificates or interest thereon, whether or not held by the Trustee pursuant to the Indenture and regardless of whether any such moneys were derived from the proceeds of the Series 2019 Certificates or from any other source), in a manner which will cause the Series 2019 Certificates to be classified as “arbitrage bonds” within the meaning of the Code.

The County further covenants that it will perform all acts within its power which are or may be necessary to insure that the interest portion of the Base Rentals will at all times remain excludable from gross income for purposes of federal income taxation under the laws and regulations of the United States of America as presently enacted and construed or as hereafter amended.

In particular, but without limitation, the County further covenants to comply with the following restrictions of the Code, unless the County receives an opinion of nationally recognized bond counsel substantially to the effect that noncompliance with such requirements will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Series 2019 Certificates.

(a) The Project and the Leased Property, and gross proceeds of the Series 2019 Certificates shall not be used in a manner which will cause the Series 2019 Certificates to be considered “private activity bonds” within the meaning of the Code.

(b) The Series 2019 Certificates are not and shall not become directly or indirectly “federally guaranteed.” The Series 2019 Certificates will be considered to be “federally guaranteed” if the payment of principal or interest with respect to the Series 2019 Certificates is guaranteed (in whole or in part) by the United States of America (or any agency or instrumentality thereof) or if 5% or more of the proceeds of the Series

2019 Certificates are used in making loans the payment of principal or interest with respect to which is guaranteed or invested (directly or indirectly) in federally insured deposits or accounts.

(c) The County shall timely file Internal Revenue Form 8038-G pursuant to Section 149(e) of the Code.

(d) The County shall not issue any obligations within thirty (30) days of the sale of the Series 2019 Certificates pursuant to a common plan of financing with the Series 2019 Certificates and payable from the same source of funds or having substantially the same claim to the same source of funds used to pay the Series 2019 Certificates.

Section 11.06. Immunity and Indemnification. In the exercise of the powers of the Trustee by its directors, members, officers, employees and agents under this Lease and the Indenture, including (without limiting the foregoing) the application of moneys and the investment of funds, the Trustee shall not be accountable to the County for any action taken or omitted with respect to this Lease by it or its directors, members, officers, employees and agents reasonably believed by it or them to be authorized or within the discretion or rights or powers conferred under this Lease. The Trustee and its directors, members, officers, employees and agents shall be protected in its or their actions taken in reliance upon any paper or documents believed by it or them to be genuine and consistent with their rights or powers under this Lease, and it or they may conclusively rely upon the opinion or advice of Counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the County for any claims based on the Indenture or this Lease against any director, member, officer, employee or agent of the Trustee alleging personal liability on the part of such person.

Subject to the limitations of Section 6.01 hereof and to the fullest extent permitted by law, the County shall indemnify the Trustee and any of its directors, members, officers, employees or agents and save them harmless against any liability resulting from acts or omissions of the County in connection with any acts taken pursuant to this Lease as it relates to the County and the Leased Property. The County shall also indemnify the Trustee its directors, members, officers, employees or agents against all claims arising from: (a) the conduct, management, operation or use of, or from any work or thing done on, the Leased Property during the Lease Term; (b) any condition of the Leased Property; (c) any act of negligence of the County or of any of its agents, contractors or employees or any violation of law by the County or breach of any covenant or warranty by the County hereunder; and (d) the incurrence of any cost or expense in connection with the acquisition, construction, and equipping of the Project in excess of the moneys available therefor in the Construction Fund. The County shall indemnify and save the Trustee and its directors, members, officers, employees and agents harmless from any such claim arising as aforesaid or in connection with any action or proceeding brought thereon and, upon notice from the Trustee or any of its directors, members, officers, employees or agents, shall defend the Trustee and its directors, members, officers, employees and agents in any such action or proceeding.

[To the fullest extent permitted by the laws and Constitution of the State, the County shall protect, hold harmless and indemnify the Insurer for, from and against any and all liability,

obligations, losses, claims and damages paid or incurred in connection with the Leased Property, this Lease and any related instrument (including all environmental liabilities regarding the Leased Property), (except that the County shall not protect, hold harmless or indemnify the Insurer for the willful or wanton acts or omissions, mistakes, gross negligence of the Insurer, to the extent that such acts, omissions, mistakes, gross negligence of such party are successfully alleged to have caused the liability, obligation, loss, claim or damage) and expenses in connection herewith including reasonable attorneys' fees and expenses. The obligations of the County to the Insurer as set forth under this paragraph are subject to the County's right to not renew the term of this Lease.]

[The County shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with the (i) administration, enforcement, defense, or preservation of any rights or security hereunder, (ii) the pursuit of any remedies hereunder or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action with respect to or related to this Lease whether or not executed or completed, (iv) the violation by the County of any law, rule, or regulation or any judgment, order or decree applicable to it, or (v) any litigation or other dispute in connection with this Lease or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its payment obligations under the Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect to this Lease or the Indenture. The obligations of the County to the Insurer as set forth in this paragraph are subject to the County's right to not renew the term of this Lease.]

Section 11.07. Access To Leased Property. The County agrees that the Trustee, and any authorized representative of such parties, shall have the right at all reasonable times to examine and inspect the Leased Property and all of the County's books and records with respect thereto. The County further agrees that the Trustee and any of its representatives shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the County to perform its obligations under this Lease.

Section 11.08. Reserved.

Section 11.09. Environmental Covenant. The County shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Leased Property in violation of any Environmental Regulation, shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in violation of any Environmental Regulation, shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations, shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulation and shall comply with all other Environmental Regulations which are applicable to the Leased Property.

Subject to the limitations of Section 6.01 hereof, in the event any Hazardous Substance is found upon, under, over or from the Leased Property in violation of any Environmental Regulation or if any lien or claim for lien in favor of any governmental entity or agency as a result of any release of any Hazardous Substance is threatened, the County, at its sole cost and expense, shall, within ten days of such finding, deliver written notice thereof to the Trustee [and the Insurer] and shall promptly remove such Hazardous Substances and prevent the imposition of any liens against the Leased Property for the cleanup of any Hazardous Materials. Such removal shall be conducted and completed in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies in accordance with the orders and directives of all federal, state and local governmental authorities.

Subject to the limitations of Section 6.01 hereof and to the fullest extent permitted by law, the County further agrees to reimburse and indemnify the Trustee [and the Insurer] for any and all claims, demands, judgments, penalties, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly incurred by [the Insurer and] the Trustee in any action against or involving [the Insurer and] the Trustee, resulting from any breach of the foregoing covenants or the covenant in Section 2.01(e) hereof, or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from, the Leased Property.

The representations and warranties in Section 2.01(e) hereof and the covenants of this Section 11.09 shall be deemed to be for the benefit of [the Insurer and] the Trustee and any successors and assigns of [the Insurer and] the Trustee.

Section 11.10. [Reporting Requirements to the Insurer]. The County covenants and agrees with the Insurer to provide notification to the Insurer in the event of any significant change in the financial condition of the County or the physical condition of the Leased Property.

The County covenants that while the County is occupying the Leased Property it will provide to the Insurer timely information regarding the County and the Leased Property, including but not limited to:

(a) annual audited financial statements reviewed by the County's auditor, within two hundred and forty (240) days after the end of the County's Fiscal Year;

(b) a copy of any audit, the County budget, and any other material report of the County relating to the Leased Property within twenty (20) days of completion of such audit, budget or report and thereafter as updated;

(c) a copy of any notice or report required to be given to the Trustee, the Insurance Trustee, the registered Owners of the Series 2019 Certificates or any other party to the Site Lease, the Lease or the Indenture executed in connection with the execution and delivery of the Series 2019 Certificates, including, without limitation, notice of any redemption of or defeasance of Series 2019 Certificates, and any certificate rendered pursuant to the Site Lease, the Lease or the Indenture relating to the security for the Series 2019 Certificates;

(d) a copy of any information filed by the County with the Electronic Municipal Market Access ("EMMA") facility for municipal securities disclosure of the Municipal

Securities Rulemaking Board (“MSRB”) under Securities Exchange Commission Rule 15c-2(12), simultaneously with the filing with such EMMA filing; and

(e) such additional information as the Insurer may reasonably request.

The County and/or the Trustee will permit Insurer and/or the Insurance Trustee to discuss the affairs, finances and accounts of the County and/or the Trustee or any information the Insurer may reasonably request regarding the security for the Series 2019 Certificates with appropriate officers of the County and/or the Trustee, their representatives and agents. The Trustee and/or the County will permit the Insurer and/or the Insurance Trustee to have access to and make copies of all books and records relating to the Series 2019 Certificates, and the security therefor at any reasonable time.]

ARTICLE XII

PURCHASE AND CONVEYANCE OF THE LEASED PROPERTY

Section 12.01. Purchase Option. The County shall have the option to purchase the Leased Property and terminate this Lease, but only if it is not then in default under this Lease. The County may exercise its option on any date by complying with one of the conditions set forth in Section 12.02. Such purchase price shall be deposited by the Trustee in the Certificate Fund to be applied to the payment or redemption of Series 2019 Certificates as provided therein. The County shall give the Trustee notice of its intention to exercise its option not less than 60 days in advance of the date of exercise and, if such payment will result in the redemption of Series 2019 Certificates, shall deposit the required moneys with the Trustee on or before the redemption date. If the County exercises its option to purchase the Leased Property pursuant to this Section and complies with all requirements hereunder with respect to its exercise of such option, any amount then on hand in the Reserve Fund and the Certificate Fund (excluding amounts required for payment of past due principal or interest with respect to Series 2019 Certificates not presented for payment), shall be applied toward the payment of the applicable purchase price to be paid by the County. If the County shall have given notice to the Trustee of its intention to purchase the Leased Property, but shall not have deposited the amounts with the Trustee on the date specified in such notice, the County shall continue to pay Base Rentals as if no such notice had been given.

Section 12.02. Conveyance of the Leased Property. The Trustee shall transfer and convey the Leased Property to the County in the manner provided for in Section 12.03 of this Lease; provided, however, that prior to such transfer and conveyance, either:

(a) the County shall have paid the then applicable Purchase Option Price;

(b) an Event of Default shall not have occurred and be continuing, and the County shall have paid all Base Rentals set forth in Exhibit B hereto and all then current Additional Rentals required to be paid hereunder, in which case the Trustee shall transfer and convey the Leased Property to the County; or

(c) the Indenture shall have been discharged with respect to this Lease as provided in Article XIV of the Indenture.

The County is hereby granted the option to terminate this Lease and to purchase the Leased Property upon payment by the County of the then applicable Purchase Option Price. It is the intent of this Section to provide for and allow the release of the Leased Property shown on Exhibit A subject to this Lease if the County has fulfilled all payment obligations with respect hereto and is not then in default hereunder.

Section 12.03. Manner of Conveyance. At the closing of any purchase or other conveyance of the Leased Property pursuant to Section 12.02 of this Lease, the Trustee shall execute and deliver to the County such deeds, bills of sale and other necessary documents assigning, transferring and conveying good and marketable title to the Leased Property, as they then exist, subject to the following: (a) Permitted Encumbrances, other than this Lease and the Indenture; (b) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by this Lease or the Indenture; and (c) any lien or encumbrance created by action of the County.

ARTICLE XIII

ASSIGNMENT AND SUBLEASING

Section 13.01. Assignment by the Trustee; Replacement of the Trustee. Except as otherwise provided in this Lease and the Indenture, this Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the County which consent shall not be unreasonably withheld. The Trustee will notify the County of any assignment to a successor by operation of law.

If an Event of Default or Event of Nonappropriation has occurred and is continuing, the Trustee may act as herein provided, including exercising the remedies set forth in Section 14.2, without the prior written direction of the County

Section 13.02. Assignment and Subleasing by the County. This Lease may not be assigned by the County for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the County, [with the written approval of the Insurer,] but without the necessity of obtaining the consent of the Trustee or any Owner of the Series 2019 Certificates, subject, however, to each of the following conditions:

(a) the Leased Property may be subleased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of nationally recognized bond counsel acceptable to the Trustee, such sublease will not impair the excludability from gross income for purposes of federal income taxation of the interest on the Series 2019 Certificates;

(b) this Lease, and the obligations of the County hereunder, shall, at all times during the Lease Term remain obligations of the County subject to Section 6.01 of this Lease, and the County shall maintain its obligations to the Trustee, notwithstanding any sublease;

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

(d) no sublease by the County shall cause the Leased Property to be used for any purpose which would adversely affect the excludability from gross income for purposes of federal income taxation of any interest on the Series 2019 Certificates, or which would violate the Constitution or laws of the State.

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.01. Events of Default Defined. Any one of the following shall be an “Event of Default” under this Lease:

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

(b) failure by the County to vacate or surrender possession of the Leased Property by the 10th Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred;

(c) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under any certificates executed and delivered by the County in connection with the execution and delivery of this Lease, other than as referred to in (a) or (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the County by the Trustee [or the Insurer], unless the Trustee [and the Insurer] shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee [and the Insurer] shall not withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected. Such consent by the Trustee [and the Insurer] shall not be unreasonably withheld; or

(d) the County (i) files a petition or application seeking reorganization, arrangement under federal bankruptcy law, or other debtor relief under the laws of the State or (ii) is the subject of such a petition or application which is not contested by the County, or otherwise dismissed or discharged, within 30 days.

The foregoing provisions of this Section 14.01 are subject to the following limitations: (a) the County shall be obligated to pay the Base Rentals and Additional Rentals only during the Original Term or current Renewal Term, except as otherwise expressly provided in this Lease; and (b) if, by reason of Force Majeure, the County shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the County contained in Article VI of this Lease, the County shall not be deemed in default during the continuance of such inability. The County agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the County from carrying out its

agreement; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County.

Section 14.02. Remedies on Default. Whenever any Event of Default referred to in Section 14.01 of this Lease shall have happened and be continuing, the Trustee shall, without any further demand or notice, take one or any combination of the following remedial steps:

(a) The Trustee may[, with the written consent of the Insurer, and shall, at the written direction of the Insurer,] terminate the Lease Term and give notice to the County to vacate and surrender possession of the Leased Property within 10 Business Days of such notice.

(b) [In the event that payments under the Policy shall be insufficient to pay the principal of and interest on the Series 2019 Certificates when due], the Trustee may[, and shall, at the written direction of the Insurer,] proceed to foreclose through the courts on or otherwise sell, trade-in, repossess or liquidate the Leased Property, or any part thereof in any lawful manner and may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code with respect to the Equipment included in the Leased Property and in accordance with the remedies in the Indenture; provided, however, that the Trustee may not recover from the County any deficiency which may exist following the liquidation of the Leased Property in excess of Base Rentals and Additional Rentals for the then current Fiscal Year and in excess of amounts payable under subparagraph (d) of this Section 14.02.

(c) In the event that the Trustee deems such action to be in the best interests of the Owners of the Series 2019 Certificates, the Trustee may[, with the written consent of the Insurer, and shall, at the written direction of the Insurer,] lease or sublease the Leased Property or any portion thereof or sell any interest the Trustee has in the Leased Property for the benefit of such Owners.

(d) The Trustee may recover from the County:

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

(ii) Base Rentals and Additional Rentals which would otherwise have been payable by the County hereunder during the remainder, after the County vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Default occurs.

(e) The Trustee may[, with the written consent of the Insurer, and shall, at the written direction of the Insurer,] take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease and the Indenture.

Section 14.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the County by reason of an Event of Default only as to the County's

liabilities described in paragraph (d) of Section 14.02 of this Lease. A judgment requiring a payment of money may be entered against the County by reason of an Event of Nonappropriation only to the extent that the County fails to vacate and surrender possession of the Leased Property as required by Section 6.06 of this Lease, and only as to the liabilities described in paragraph (d)(i) of Section 14.02 of this Lease. The remedy described in paragraph (d)(ii) of Section 14.02 of this Lease is not available for an Event of Default consisting of failure by the County to vacate and surrender possession of the Leased Property within 10 Business Days following notice of an Event of Nonappropriation.

Section 14.04. No Remedy Exclusive. Subject to Section 14.03 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. [Any action taken by the Trustee hereunder shall be at the written direction of or with the prior consent of the Insurer, provided that the Insurer shall be in compliance with its payment obligations under the Policy.] No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV.

Section 14.05. Waivers. The Trustee may waive any Event of Default under this Lease and its consequences, as the Trustee deems to be in the best interest of the Owners of the Series 2019 Certificates, [and with the prior written consent of the Insurer]. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

A waiver of an Event of Default under the Indenture shall constitute a waiver of the corresponding Event of Default under this Lease; provided, that no such waiver shall extend to or affect any subsequent or other Event of Default under this Lease or impair any right consequent thereon.

Section 14.06. Agreement to Pay Attorneys' Fees and Expenses. To the extent permitted by law and subject to the provisions of Section 6.01 hereof, in the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

Section 14.07. Waiver of Appraisal, Valuation, Stay, Extension and Redemption Laws. The Trustee and the County agree, to the extent permitted by law, that in the case of an Event of Nonappropriation or an Event of Default neither the Trustee nor the County nor any one claiming through or under any of them shall or will set up, claim or seek to

take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Indenture; and the Trustee and the County, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Sovereign Powers of Trustee and County. Nothing in this Lease shall be construed as diminishing, delegating, or otherwise restricting any of the sovereign powers of the Trustee or the County. Nothing in this Lease shall be construed to require the County to occupy and operate the Leased Property other than as lessee, or to require the County to exercise its right to purchase the Leased Property as provided in Article XII hereof.

Section 15.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows: if to the County, Archuleta County, Colorado, 398 Lewis Street, P.O. Box 1507, Pagosa Springs, Colorado 81147, Attention: Interim County Administrator; if to the Trustee, UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust and Escrow Services; [and if to the Insurer, [UPDATE]]. The County, the Trustee [and the Insurer] may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the County and their respective successors and assigns, subject, however, to the limitations contained in Article XIII of this Lease.

Section 15.04. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or the Indenture, this Lease may not be effectively amended, changed, modified or altered without the written consent of the Trustee [and the Insurer] as provided in the Indenture.

Section 15.05. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any of the funds or accounts created under the Indenture, upon termination of the Lease Term, and after payment in full of the Series 2019 Certificates (or provision for payment thereof having been made in accordance with the provisions of this Lease and the Indenture) and fees and expenses of the Trustee in accordance with this Lease and the Indenture, [and any reimbursement of the Insurer for amounts paid by the Insurer on the Series 2019 Certificates under the Policy and any other amounts owed to the Insurer under the Indenture], shall belong to and be paid to the County by the Trustee as an overpayment of Base Rentals.

Section 15.06. Net Lease. This Lease shall be deemed and construed to be a “triple net lease,” and the County shall, subject to Section 6.01 hereof, pay absolutely net during the Lease Term, the Base Rentals, Additional Rentals and all other payments required hereunder, free of

any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

Section 15.07. [Consent or Approval by the Insurer.] Notwithstanding any other provision of this Lease to the contrary, whenever any provision of this Lease requires the consent by, approval of or direction from the Insurer, such consent, approval or direction, as the case may be, shall only be required if the Insurer is in compliance with its payment obligations under the Policy. In the event that the Insurer is not in compliance with its payment obligations under the Policy, any provision or term of this Lease requiring the consent by, approval of or direction from the Insurer shall continue in full force and effect but shall be construed as if such requirement did not exist.]

Section 15.08. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 15.09. Severability. In the event that any provision of this Lease, other than the requirement of the County to pay Base Rentals in accordance with Section 6.01 and the requirement of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Leased Property to the County under the conditions set forth in Article XII of this Lease, and the requirement that the obligation of the County to pay Base Rentals, Additional Rentals and other amounts under this Lease are subject to the limitations of Section 6.01 hereof, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.10. No Merger. The Trustee and the County intend that the legal doctrine of merger shall have no application to this Lease and that neither the execution and delivery of the Site Lease by the County and the Trustee nor the exercise of any remedies under the Site Lease or this Lease shall operate to terminate or extinguish the Site Lease or this Lease, except as specifically provided therein and herein.

Section 15.11. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.12. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15.13. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State, without regard to conflict of laws principles.

Section 15.14. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

WITNESS the due execution hereof as of the day and the year first mentioned above.

UMB BANK, N.A., as Trustee and Lessor

By _____
Authorized Signatory

[SEAL]

ARCHULETA COUNTY, COLORADO as County
and Lessee

Attest:

By _____
Chairman, Board of County Commissioners

By _____
County Clerk and Recorder

DRAFT

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

This instrument was acknowledged before me this ____ day of [May], 2019, by _____, as authorized signatory of UMB Bank, n.a.

Witness my hand and official seal.

[SEAL]

Notary Public

My Commission Expires:

DRAFT

STATE OF COLORADO)
) ss.
COUNTY OF ARCHULETA)

This instrument was acknowledged before me this ____ day of May, 2019, by Ronnie Maez, as Chairman of the Board of County Commissioners of Archuleta County, Colorado, and by Kristy Archuleta, as County Clerk and Recorder of Archuleta County, Colorado.

Witness my hand and official seal.

[SEAL]

Notary Public

My Commission Expires:

DRAFT

EXHIBIT A
DESCRIPTION OF LEASED PROPERTY

Description of Site:

[To be inserted]

Description of the “Improvements” and “Equipment” included in the “Project”:

[To be inserted]

DRAFT

EXHIBIT B

BASE RENTALS SCHEDULE

Payment Date	Base Rentals Principal Component	Base Rentals Interest Component	Total Base Rental
Nov. 15, 2019	\$	\$	\$
May 15, 2020	--		
Nov. 15, 2020			
May 15, 2021	--		
Nov. 15, 2021			
May 15, 2022	--		
Nov. 15, 2022			
May 15, 2023	--		
Nov. 15, 2023			
May 15, 2024	--		
Nov. 15, 2024			
May 15, 2025	--		
Nov. 15, 2025			
May 15, 2026	--		
Nov. 15, 2026			
May 15, 2027	--		
Nov. 15, 2027			
May 15, 2028	--		
Nov. 15, 2028			
May 15, 2029	--		
Nov. 15, 2029			
May 15, 2030	--		
Nov. 15, 2030			
May 15, 2031	--		
Nov. 15, 2031			
May 15, 2032	--		
Nov. 15, 2032			
May 15, 2033	--		
Nov. 15, 2033			
May 15, 2034	--		
Nov. 15, 2034			
May 15, 2035	--		
Nov. 15, 2035			
May 15, 2036	--		
Nov. 15, 2036			
May 15, 2037	--		
Nov. 15, 2037			
May 15, 2038	--		
Nov. 15, 2038			
May 15, 2039	--		
Nov. 15, 2039			
Total	\$	\$	\$

EXHIBIT C
PERMITTED ENCUMBRANCES

[To be inserted]

DRAFT

EXHIBIT D
FORM OF REQUISITION
ARCHULETA COUNTY, COLORADO
REQUISITION NO. ____

To: UMB Bank, n.a., as Trustee
1670 Broadway
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services

The undersigned Archuleta County, Colorado (the "County"), pursuant to a Lease Purchase Agreement dated as of [May 1], 2019 by and between UMB Bank, n.a., as lessor, and the County, as lessee (the "Lease"), hereby requisitions the following sum from the Construction Fund established under the Indenture of Trust dated as of [May 1], 2019 (the "Indenture") by UMB Bank, n.a., as Trustee, and in connection with such request, certifies and warrants as follows:

Amount: \$ _____

Name and Address of Payee: _____

Describe Nature of Obligation: _____

The County further certifies and warrants that (a) the obligation described above has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal or requisition; (b) all conditions required by the Lease to be met prior to the disbursement of the above amount have been satisfied; (c) the disbursement requested is due and payable and will be used for "Costs of the Project" permitted under the Lease; (d) all the representations contained in the Lease remain true and correct and the County is not in breach of any of the covenants contained therein; and (e) no Event of Default or Event of Nonappropriation under the Lease has occurred and is continuing.

ARCHULETA COUNTY, COLORADO

Date: _____ By _____
Name _____
Title _____

Attach:
—Invoice supporting payment

SITE LEASE

by and between

ARCHULETA COUNTY, COLORADO
as Lessor,

and

UMB BANK, N.A.,
as Lessee

Dated as of [May] 1, 2019

THIS SITE LEASE dated as of [May 1], 2019 (this “Site Lease”), by and between **ARCHULETA COUNTY, COLORADO**, as lessor (the “County”), a political subdivision duly organized and existing under the laws of the State of Colorado (the “State”), and **UMB BANK, N.A.**, solely in its capacity as trustee under an Indenture of Trust dated as of the date hereof, and its successors and assigns, as lessee (in its capacity as trustee, the “Trustee”).

W I T N E S S E T H:

WHEREAS, the County is authorized by Section 30-11-104.1, Colorado Revised Statutes (“C.R.S.”), to enter into lease purchase agreements in order to provide for the financing of a courthouse, jail or other county buildings or equipment used, or to be used, for governmental purposes; and

WHEREAS, the Trustee (a) is a national banking association duly organized and existing under the laws of the United States of America, (b) is duly qualified to do business in the State, (c) is executing and delivering and will perform its obligations under this Site Lease as trustee under the Indenture of Trust dated as of the date hereof by the Trustee (the “Indenture”) pursuant to which there are being executed and delivered the “Certificates of Participation, Series 2019, evidencing assignment of interests in the right to receive certain revenues payable by Archuleta County, Colorado pursuant to a Lease between the County and UMB Bank, n.a., as trustee” (the “Series 2019 Certificates”) and (d) in its capacity as Trustee, (i) will lease the Leased Property hereunder and (ii) is authorized, under its articles of association, action of its board of directors and applicable law, to lease the Leased Property and to execute, deliver and perform its obligations under this Site Lease; and

WHEREAS, the Board of County Commissioners (the “Board”) of the County has determined that the County, as lessee, shall enter into that certain Lease Purchase Agreement dated as of [May 1], 2019 (the “Lease”), with the Trustee, as lessor, to provide funding for the construction and improvement of new County detention facilities (the “Facilities”); and

WHEREAS, the County owns the Site Leased Property (as defined in Section 2 hereof) which it intends to lease to the Trustee hereunder for the purpose of constructing and improving the Facilities and the County is authorized by Section 30-11-101(1)(c), C.R.S., to lease such real property to the Trustee when deemed by the Board to be in the best interests of the County and its inhabitants; and

WHEREAS, the County shall lease the Site Leased Property back from the Trustee as Leased Property under the Lease; and

WHEREAS, the County proposes to enter into this Site Lease with the Trustee as a material consideration for the Trustee’s agreement to lease the Leased Property to the County pursuant to the Lease and provide the proceeds of the Series 2019 Certificates for constructing and equipping the Facilities;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows;

Section 1. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them herein and in the Lease.

Section 2. Site Lease and Terms. The County hereby leases to the Trustee and the Trustee hereby leases from the County, on the terms and conditions hereinafter set forth, the real property consisting of the site or parcels described in Exhibit A attached hereto and made a part hereof (the "Site Leased Property"), subject to Permitted Encumbrances as defined in the Lease, and such Lease to the Trustee is hereby deemed to be in the best interests of the County and its inhabitants.

The term of this Site Lease shall commence on the date hereof and shall end on December 31, 20__ (the "Site Lease Termination Date"), unless such term is sooner terminated as hereinafter provided. If prior to the Site Lease Termination Date, (a) all of the Leased Property has been conveyed to the County pursuant to the Lease as a result of the County's payment of (i) the related Purchase Option Price thereunder or (ii) all Base Rentals and Additional Rentals as provided in Section 12.2 of the Lease and (b) the Indenture of Trust dated as of [May 1], 2019 (the "Indenture"), by UMB Bank, n.a., as trustee (the "Trustee"), has been discharged, then the term of this Site Lease shall end immediately thereafter.

Section 3. Rental. During the Lease Term of the Lease, the County acknowledges receipt from the Trustee as and for rental hereunder, paid in advance, the sum of Ten Dollars (\$10.00) and other good and valuable consideration.

In the event that (a) the Lease is terminated for any reason, (b) this Site Lease is not terminated, and (c) the Trustee leases all or any portion of the Site Leased Property or sells an assignment of its interest in this Site Lease, then the rental due hereunder from the Trustee to the County shall be (i) an amount equal to a percentage, not to exceed two percent (2%), of the net proceeds (gross proceeds less any amounts which may be payable under Section 12 hereof) of any such leasing or sale received by the Trustee (such percentage to be calculated as the ratio of the estimated unimproved fair market value of such Site to the estimated improved fair market value of such Site and the Facilities and such values to be determined by an independent person engaged in the business of appraising property and acceptable to the Trustee) and (ii) payable to the County by the Trustee within thirty (30) days after the receipt of such proceeds by the Trustee.

Section 4. Purpose. The Trustee shall use the Site Leased Property solely for the purpose of leasing the Leased Property to the County pursuant to the Lease and for such purposes as may be incidental thereto; provided that upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the County shall vacate the Leased Property as provided in the Lease and the Trustee may exercise the remedies provided in this Site Lease, the Lease and the Indenture.

Section 5. Owner in Fee. The County covenants that (a) it is the owner in fee of the Site Leased Property, subject only to Permitted Encumbrances as described in Exhibit B hereto, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Site Leased Property.

Section 6. Assignments and Subleases. Unless an Event of Nonappropriation or an Event of Default under the Lease shall have occurred and except as may otherwise be provided in the Lease, the Trustee may not assign its rights under this Site Lease or sublet the Site Leased Property without the written consent of the County.

In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee may sublease the Site Leased Property or any portion thereof, or sell an assignment of their interest in this Site Lease, pursuant to the terms of the Lease and the Indenture. Except as provided in this Site Lease, the County and the Trustee (or any assignee or lessee of the Trustee) agree that, except as may otherwise be provided in the Lease and the Indenture, neither the County, the Trustee, nor any lessee or assignee of the Trustee will sell, mortgage or encumber the Site Lease Property or any portion thereof during the term of this Site Lease.

The Trustee and any other person who has the right to use the Leased Property under this Site Lease, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property unless it is permanently affixed to the Leased Property, in which case it will become part of the Leased Property.

Section 7. Right of Entry. To the extent that the Lease is terminated and this Site Lease is still in effect, the County reserves the right, so long as no Event of Nonappropriation or Event of Default shall have occurred under the Lease, for any of its duly authorized representatives to enter upon the Site Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Trustee agrees, upon the termination of this Site Lease, to quit and surrender the Site Leased Property to the County, and agrees that any fixtures, permanent improvements and structures existing upon the Site Leased Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the County. The Trustee and any sublessee or assignee shall execute and deliver, upon request by the County, any instrument of transfer, conveyance or release necessary or appropriate to confirm the vesting of such right, title and interest in the County.

Section 9. Default. In the event the Trustee shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following written notice and demand for correction thereof to the Trustee, the County may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any of the Series 2019 Certificates are outstanding and unpaid in accordance with the terms thereof, the Base Rentals due to the Trustee under the Indenture shall continue to be paid to the Trustee except as provided in the Lease. The liability of the Trustee under this Site Lease shall be limited as provided in Section 11 herein. In addition, so long as any of the Series 2019 Certificates are outstanding, this Site Lease shall not be terminated except as described in Section 2 hereof.

Section 10. Quiet Enjoyment and Acknowledgment of Interest. The Trustee at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy the Site Leased Property, subject to the provisions of the Lease and the Indenture, and the County hereby

acknowledges that the Trustee shall have a leasehold interest in the Site Leased Property, subject to the Lease.

Section 11. Trustee Disclaimer. It is expressly understood and agreed that (a) this Site Lease is executed by UMB Bank, n.a. solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

Section 12. Taxes; Maintenance; Insurance. During the Lease Term of the Lease and in accordance with the provisions of the Lease, the County covenants and agrees to pay any and all assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, (b) this Site Lease is not terminated, and (c) the Trustee subleases all or any portion of the Site Leased Property or sells an assignment of its interest in this Site Lease, the Trustee or any sublessee or assignee of the Site Leased Property shall pay or cause to be paid when due, solely from the proceeds of such subleasing or sale, all taxes and assessments imposed thereon and maintain the Site Leased Property and all fixtures, improvements and structures built thereon in good condition and in good working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under the Indenture.

The provisions of the Lease shall govern with respect to the maintenance of insurance hereunder during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, (b) this Site Lease is not terminated, and (c) the Trustee subleases all or any portion of the Site Leased Property or sells an assignment of its interest in this Site Lease, the Trustee or any sublessee or assignee of the Site Leased Property shall obtain and keep in force, solely from the proceeds of such leasing or sale, (i) comprehensive general public liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Site Leased Property or any improvements and structures built on the Site Leased Property in an amount not less than \$1,000,000 and (ii) property insurance in an amount not less than the full replacement value of any improvements and structures built on the Site Leased Property. All such insurance shall name the Trustee, any sublessee or assignee and the County as insureds. The County and the Trustee shall waive any rights of subrogation with respect to the Trustee, the County and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Section 13. Damage, Destruction or Condemnation. The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property or any improvements and structures built thereon during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, and either (i) the Site Leased Property, any improvements and structures built thereon or any portion thereof are damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Site Leased Property, any improvements and structures built thereon or any part thereof shall be

taken under the exercise of the power of eminent domain, the County and the Trustee or any sublessee or assignee of the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair and restoration of the Site Leased Property, any improvements and structures built thereon or any portion thereof. Any Net Proceeds remaining after such work has been completed will be paid to the Trustee or any sublessee or assignee of the Trustee. If the Net Proceeds are insufficient to pay the full cost of the replacement, repair and restoration, the Trustee or any sublessee or assignee shall complete the work and pay any cost in excess of the Net Proceeds (provided, however, that the Trustee is obligated to pay any such cost in excess of Net Proceeds only to the extent of any moneys available therefor in any of the Funds or Accounts created under the Indenture).

The County agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to the Site Leased Property or any part thereof, the appraised value of the condemned property shall not be less than (a) if the Series 2019 Certificates are then subject to redemption under the Indenture, the redemption price of the Series 2019 Certificates, or (b) if the Series 2019 Certificates are not then subject to redemption, the amount necessary to pay the principal of and interest on the Series 2019 Certificates to the first date on which the Series 2019 Certificates are subject to redemption under the Indenture.

Section 14. Hazardous Substances. Except for customary materials necessary for operation, cleaning and maintenance of the Leased Property, none of the County, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the County and the Trustee and all Hazardous Substances, including customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property. If the presence of Hazardous Substance on the Leased Property caused or permitted by the County, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the County, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom, then the County, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties hereto or assignees hereof that have not caused or permitted such contamination and are not so legally liable with respect to this Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the County, shall be payable only if the cost of such defense has been annually appropriated by the County. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the County, the Trustee or any sublessee, purchaser or assignee is indemnifying any other person with respect to this Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by:

(a) the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the County and the Trustee and promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

(b) the County results in any contamination of the Leased Property, the County shall provide prior written notice to the Trustee and promptly take all actions, solely at the expense of the County, which expenses shall constitute Additional Rentals, as are necessary to effect remediation of the contamination in accordance with legal requirements.

Section 15. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 16. Severability. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Amendments. This Site Lease may not be amended, changed or modified without the prior written consent of the Trustee and the Insurer.

Section 18. No Merger. The County and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease and that neither the execution and delivery of the Lease by the County nor the exercise of any remedies under this Site Lease or the Lease shall operate to terminate or extinguish this Site Lease or the Lease, except as specifically provided herein and therein.

Section 19. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed shall be made by United States registered mail, return receipt requested, postage prepaid, at the addresses indicated in the Lease, or to such other addresses as the respective parties may from time to time designate in writing.

Section 20. Governing Law. This Site Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

Section 21. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 22. Execution. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Site Lease.

[Remainder of Page Left Intentionally Blank]

DRAFT

IN WITNESS WHEREOF, the County and the Trustee have caused this Site Lease to be executed by their respective officers thereunto duly authorized, and the County has affixed its corporate seal hereto all as of the day and year first above written.

[SEAL]

ARCHULETA COUNTY, COLORADO, as Lessor

By _____
Chairman, Board of County Commissioners

Attest:

By _____
County Clerk and Recorder

UMB BANK, N.A., as Lessee

By _____
Authorized Signatory

DRAFT

EXHIBIT A

DESCRIPTION OF THE SITE LEASED PROPERTY

[To be inserted]

DRAFT

EXHIBIT B
PERMITTED ENCUMBRANCES

[To be inserted]

DRAFT

INDENTURE OF TRUST

By

**UMB BANK, N.A.
as Trustee**

**providing for the
Certificates of Participation, Series 2019
evidencing undivided interests in
the right to receive certain revenues payable by
Archuleta County, Colorado
under a Lease Purchase Agreement
between the County and UMB Bank, n.a.**

Dated as of [May 1], 2019

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST is dated as of [May 1], 2019 (together with any amendments, supplements or other modifications hereto, made in accordance herewith, collectively referred to as this “Indenture”), and is entered into by UMB BANK, N.A., a national banking association, having an office and place of business in Denver, Colorado and duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, as trustee (the “Trustee”) hereunder for the benefit of the Owners of the Certificates. Capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in Article I hereof.

RECITALS:

WHEREAS, the Trustee (a) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America; (b) is duly qualified to do business in the State of Colorado; (c) solely in its capacity as trustee under this Indenture, is the site lessee of the Site Leased Property pursuant to the Site Lease; and (d) is authorized, under its articles of association and applicable law, to lease the Site Leased Property from Archuleta County, Colorado (the “County”), to lease the Leased Property to the County, to hold in trust the Trust Estate and to execute, deliver and perform its obligations under this Indenture; and

WHEREAS, the County, as site lessor, and the Trustee, as site lessee, have entered into a Site Lease dated as of the date hereof (the “Site Lease”), pursuant to which the County has leased the Site Leased Property to the Trustee, as authorized by Section 30-11-101(1)(c), Colorado Revised Statutes, as amended; and

WHEREAS, pursuant to Section 30-11-104.1(1), Colorado Revised Statutes, as amended, the County, for the purpose of financing the construction of certain capital improvements to be used as its detention facilities and the Costs of Issuance (the “Project”), has entered into an annually renewable Lease Purchase Agreement of even date herewith (the “Lease”), between the Trustee, as lessor, and the County, as lessee, whereby the County has leased from the Trustee the Site Leased Property, any improvements to be constructed thereon and the Equipment, if any, to be used in connection therewith (collectively, the “Leased Property”), more particularly described in Exhibit B attached hereto; and

WHEREAS, pursuant to the Lease, and subject to the right of the County to terminate the Lease and other limitations as therein provided, the County will pay certain Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the County to use the Leased Property; and

WHEREAS, pursuant to this Indenture, the Trustee has the right to receive the Base Rentals, and rights to receive certain other payments as provided herein and in the Lease (with certain exceptions as provided herein and in the Lease); and

WHEREAS, in order to finance the Project, there will be executed and delivered pursuant to this Indenture \$ _____ aggregate principal amount of Certificates of Participation, Series

2019 (the "Certificates"), evidencing assignments of proportionate interests in rights to receive Base Rentals and certain other payments payable by the County pursuant to the Lease; and

WHEREAS, the net proceeds from the sale of the Certificates will be disbursed by the Trustee, at the direction of the County, to pay for the acquisition, construction and equipping of the Project and other purposes set forth herein; and

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the registered owners of the Certificates (the "Certificate Owners" or "Owners"), and will hold its rights hereunder, including its rights with respect to the Leased Property, except as otherwise specifically provided herein, for the equal and proportionate benefit of the Certificate Owners, and will disburse moneys received by the Trustee in accordance with this Indenture; and

WHEREAS, the Certificates shall evidence undivided interests in the right to receive Revenues, shall be payable solely from the Trust Estate and no provision of the Certificates, this Indenture, the Site Lease or the Lease shall be construed or interpreted (a) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple Fiscal Year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (c) as a delegation of governmental powers by the County; (d) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (e) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.; and

WHEREAS, the execution and performance of this Indenture by the Trustee has been duly authorized by the Trustee and, upon the execution of this Indenture by the Trustee, this Indenture will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the Certificates are to be in substantially the form set forth in Exhibit A to this Indenture, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Certificates, when executed and delivered by the Trustee as in this Indenture provided, legal, valid and binding assignments of proportionate interests in rights to receive certain Revenues and certain other payments, as herein provided, and to constitute this Indenture a valid, binding and legal instrument for the security of the Certificates, in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Trustee shall hold in trust, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Certificate Owners, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any other of the Certificates, except as otherwise provided herein, all and singular the following described property, franchises and income, including any title therein acquired after these presents (the "Trust Estate"):

- (a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms of the Lease and the Site Lease, including, but not limited to, the terms of the Lease permitting the existence of Permitted Encumbrances (as defined in the Lease);
- (b) all right, title and interest of the Trustee in, to and under the Lease and the Site Lease (other than the Trustee's rights to payment of its fees and expenses under the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);
- (c) all Base Rentals (defined in the Lease);
- (d) all Additional Rentals (defined in the Lease) that are payable to the Trustee for the benefit of the Certificate Owners;
- (e) the Purchase Option Price (defined in the Lease), if paid; and
- (g) all money and securities from time to time held by the Trustee under this Indenture in the Certificate Fund;

PROVIDED, HOWEVER, that if the principal of the Certificates and the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner provided in Section 2.02 hereof in accordance with the terms and provisions hereof, then, upon such final payments, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture is to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Certificates delivered and secured hereunder are to be executed and delivered and all said property, rights, interests, revenues and receipts hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, for the benefit of the Owners, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01. Definitions. All words and phrases defined in Article I of the Lease shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

“*Additional Certificates*” means the Additional Certificates executed and delivered pursuant to Section 2.11 hereof.

“*Agreement to Construct*” is defined in the Lease.

“*Approval of Bond Counsel*” means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income, for federal income tax purposes, of interest on the Certificates.

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

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

“*Certificate Fund*” means the special fund created by Section 3.02 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

“*Construction Fund*” means the special fund created by Section 3.09 hereof.

“*Costs of Issuance*” means administrative costs of issuance of any Certificates, including, but not limited to, any fees and expenses of any underwriter or financial advisor that provides services in connection with the delivery of any Certificates, legal fees and expenses, Trustee’s fees and expenses, costs incurred in obtaining ratings from rating agencies, costs of immediately available funds, costs of publication, printing and engraving, accountants’ fees and recording and filing fees.

“*Costs*” or “*Costs of the Project*” is defined in the Lease.

“*County*” means Archuleta County, Colorado.

“*Event of Default*” means those defaults specified in Section 7.01 of this Indenture.

“*Event of Nonappropriation*” is defined in the Lease.

“*Fiscal Year*” is defined in the Lease.

“*Initial Purchaser*” means (a) with respect to the 2019 Certificates, _____, and (b) with respect to any Additional Certificates, the purchasers designated as such in any Supplemental Indenture.

[“*Insurer*” means _____.]

“*Opinion of Counsel*” means an opinion in writing of Counsel.

“*Outstanding*” or “*Certificates Outstanding*” means all Certificates which have been executed and delivered under this Indenture, except:

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

(b) Certificates in lieu of which other Certificates have been executed and delivered under Section 2.08 or 2.09 of this Indenture;

(c) Certificates which shall have been redeemed as provided in Article IV of this Indenture (including Certificates redeemed on a partial payment as provided in Section 4.02 of this Indenture); and

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

[“*Policy*” means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Certificates as provided therein.]

“*Permitted Investments*” means any lawful investment permitted for the investment of funds of the County by the laws of the State.

“*Person*” means natural persons, firms, associations, corporations and public bodies.

“*Rebate Fund*” means the special fund created by Section 3.11 hereof.

“*Regular Record Date*” means the fifteenth day of the month (whether or not a Business Day) preceding the date on which an Interest Payment Date for the Certificates occurs (other than a Special Record Date).

“*Reserve Requirement*” means \$_____.

“*Revenues*” is defined in the Lease.

“*Series 2019 Certificates*” or “*Certificates*” means the Certificates of Participation, Series 2019, which have been executed and delivered pursuant to this Indenture with the expectation that the interest component of the Base Rentals evidenced by such Certificates shall be excludable from gross income for the purposes of federal and State income taxation, as set forth in an opinion of Bond Counsel.

“*Site Leased Property*” means the property described in Exhibit A to the Lease and any other property designated by the County as Site Leased Property.

[“*S&P*” means S&P Global Ratings and its successors and assigns.]

“*Special Record Date*” means a special date fixed to determine the names and addresses of registered owners of the Certificates for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 2.02 hereof.

“*Supplemental Indenture*” means any indenture supplementing or amending this Indenture that is adopted pursuant to Article IX hereof.

“*Trust Estate*” means the property pledged and assigned to the Trustee pursuant to the granting clauses hereof.

“*Trustee Default*” is defined in Section 7.04 hereof.

Section 1.02. Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of execution and delivery of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not include or connote the payment of such Certificate at its stated maturity or the purchase of such Certificate.

(e) References in this Indenture to particular sections of the Code or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes and shall be deemed to include any related Regulations.

(f) The terms “receipt,” “received,” “recovery,” “recovered” and any similar terms, when used in this Indenture with respect to moneys or payments due, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Trustee.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. Authorized Amount of Certificates. No Certificates may be executed and delivered hereunder except in accordance with this Article II. The aggregate principal amount of Certificates that may be executed and delivered shall be \$_____, except as provided in Section 2.11 of this Indenture.

Section 2.02. Terms of the Certificates.

(a) In order to provide funds for the acquisition, construction and equipping of the Project by the County, the Certificates shall be executed and delivered in substantially the form attached hereto as Exhibit A and shall constitute assignments of proportionate undivided interests in the right to receive the Base Rentals and shall be additionally payable from certain other Revenues under the Lease.

The Certificates shall be executed and delivered solely as fully registered Certificates without coupons in the denomination of \$5,000 and any integral multiple thereof. The Certificates shall be known as Series 2019 and shall be lettered “R-” and shall be numbered separately from 1 upward.

The Certificates shall be dated as of the date of their execution by the Trustee. The Certificates shall bear interest from [May] __, 2019, if executed prior to December 1, 2019, or if executed on any later date, the Certificates shall bear interest from the [June 1 or December 1] next preceding their date of execution, or if executed on a [June 1 or December 1], the Certificates shall bear interest from such date; provided, however, that if interest on the Certificates shall be in default, Certificates executed and delivered in exchange for Certificates surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Certificates so surrendered. Interest on the Certificates shall be payable on the first day of each [June and December], commencing [December 1, 2019], until such Certificates are paid pursuant to the provisions of this Indenture. Interest on the Certificates shall be calculated on the basis of a year of 360 days, consisting of 12 thirty-day months.

The Certificates shall mature on [December 1] of the years, and in the amounts, and shall bear interest at the rates per annum, as set forth below:

<u>Maturity Date</u> <u>[(December 1)]</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2019	\$	%
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		

2036
2037
2038
2039

(b) The principal of and premium, if any, on the Certificates shall be payable to the registered owners thereof, as shown on the registration books kept by the Trustee, upon presentation and surrender thereof at the corporate trust office of the Trustee or its successor. Payment of interest on any Certificate shall be made to the registered owner thereof by check or draft mailed by the Trustee, on or before each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof at his or her address as shown on the registration books kept by the Trustee at the close of business on the Regular Record Date for such interest payment date; but any such interest not so 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 Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Certificates not less than ten days prior thereto by first-class mail to each such registered owner as shown on the register on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Trustee may make payments of interest on any Certificate by such alternative means as may be mutually agreed to between the registered owner of such Certificate and the Trustee including payment through the Federal Reserve System by wire transfer in same day funds with any cost or expense to be paid by the registered owner. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Trustee.

(c) The Certificates initially shall be delivered only in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, acting as securities depository and registered owner of the Certificates, and immobilized in the custody of DTC. The principal of, premium, if any, and interest on the Certificates shall be paid by wire transfer to DTC; provided, however, that, if at any time the Trustee determines, and notifies the County of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the Trustee may, at its discretion, either (i) designate a substitute securities depository for DTC and re-register the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system with DTC and re-register the Certificates in the names of the beneficial owners thereof provided to it by DTC. Neither the County nor the Trustee shall have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are re-registered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the Trustee under (i) or (ii) above or (B) any action taken to implement such determination and the procedures related thereto that are taken

pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are re-registered.

Section 2.03. Limited Obligation. Each Certificate shall evidence the assignment of a proportionate undivided interest in the right to receive Base Rentals and certain other Revenues under the Lease. The Certificates are payable solely from Revenues under the Lease as, when and if the same are received by the Trustee. The Revenues are to be held in trust by the Trustee for such purposes in the manner and to the extent provided herein.

NEITHER THE LEASE NOR THE CERTIFICATES CONSTITUTE A GENERAL OBLIGATION INDEBTEDNESS OR A MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NEITHER THE LEASE, THE INDENTURE NOR THE CERTIFICATES HAVE DIRECTLY OR INDIRECTLY OBLIGATED THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED FOR ANY FISCAL YEAR IN WHICH THE LEASE SHALL BE IN EFFECT. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, FROM NET PROCEEDS OF CERTAIN INSURANCE POLICIES, PERFORMANCE BONDS AND CONDEMNATION AWARDS, FROM NET PROCEEDS FROM THE SUBLEASING OR LIQUIDATION OF THE TRUSTEE'S INTEREST IN THE SITE LEASED PROPERTY AND THE LEASING, SALE OR ASSIGNMENT OF THE TRUSTEE'S INTEREST IN THE SITE LEASED PROPERTY OR FROM OTHER AMOUNTS MADE AVAILABLE UNDER THE INDENTURE, THE CERTIFICATES WILL BE PAYABLE DURING THE LEASE TERM SOLELY FROM BASE RENTALS TO BE PAID BY THE COUNTY UNDER THE LEASE. ALL PAYMENT OBLIGATIONS OF THE COUNTY UNDER THE LEASE, INCLUDING, WITHOUT LIMITATION, THE OBLIGATION OF THE COUNTY TO PAY BASE RENTALS, ARE FROM YEAR TO YEAR ONLY AND DO NOT CONSTITUTE A MANDATORY PAYMENT OBLIGATION OF THE COUNTY IN ANY FISCAL YEAR BEYOND A FISCAL YEAR IN WHICH THE LEASE SHALL BE IN EFFECT. THE LEASE IS SUBJECT TO ANNUAL RENEWAL AT THE OPTION OF THE COUNTY AND WILL BE TERMINATED UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. IN SUCH EVENT, ALL PAYMENTS FROM THE COUNTY UNDER THE LEASE WILL TERMINATE, AND THE CERTIFICATES AND THE INTEREST THEREON WILL BE PAYABLE FROM CERTAIN MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE INDENTURE, ANY AMOUNTS PAYABLE UNDER THE POLICY AND ANY MONEYS MADE AVAILABLE BY ACTION OF THE TRUSTEE REGARDING THE LEASED PROPERTY.

Section 2.04. Execution of the Certificates. Each Certificate shall be executed by the manual or facsimile signature of an Authorized Officer of the Trustee. In case any official of the Trustee whose signature shall appear on the Certificates shall cease to be such official before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed in the manner prescribed by this Section 2.04, and such execution of any

Certificate shall be conclusive evidence that such Certificate has been properly executed and delivered hereunder.

Section 2.05. RESERVED.

Section 2.06. Form of Certificates. The Certificates shall be substantially in the form set forth in Exhibit A to this Indenture, with such appropriate variations, omissions and insertions as permitted or required hereby.

Section 2.07. Delivery of the Certificates. Upon the execution and delivery of this Indenture, the Trustee shall execute and deliver the Certificates in the aggregate principal amount of \$ _____ to the Initial Purchaser, as hereinafter in this Section 2.07 provided.

(a) Prior to the delivery by the Trustee of any of the Certificates, there shall be filed with the Trustee (i) originally executed counterparts of the Site Lease, the Lease, the Agreement to Construct and this Indenture; (ii) an executed copy of the resolution adopted by the County approving the Site Lease and the Lease; (iii) the Policy, executed by the Insurer; and (iv) a commitment for the title insurance policy required by Section 7.04 of the Lease.

(b) Thereupon, the Trustee shall deliver the Certificates to or for the account of the Initial Purchaser, subject to the provisions of Section 2.02(c) above, upon payment to the Trustee of the sum of \$ _____, constituting the net proceeds of the Certificates, specified in a separate agreement between the County and the Initial Purchaser, less amount withheld for payment of the Costs of Issuance and the premium due in connection with the issuance of the Policy by the Insurer.

(c) The net proceeds of the Certificates shall be applied for the following purposes:

(i) an amount equal to the accrued interest and capitalized interest, if any, on the Certificates shall be deposited into the Interest Account of the Certificate Fund;

(ii) an amount equal to the Reserve Requirement shall be deposited into the Reserve Fund; and

(iii) the remaining amount, \$ _____, shall be deposited into the Construction Fund.

Section 2.08. Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed and delivered by the Trustee, of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received indemnity from the registered owner of the Certificate satisfactory to it and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered at the corporate trust operations office of the Trustee in Kansas City, Missouri, and in the case of any lost, stolen or destroyed Certificate, that there shall be first furnished to the Trustee evidence of such loss, theft

or destruction satisfactory to the Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the registered owner of the Certificate with its reasonable fees and expenses for this service.

Section 2.09. Registration of Certificates; Persons Treated as Registered Owners; Transfer and Exchange of Certificates. Books for the registration and for the transfer of Certificates shall be kept by the Trustee, which is hereby appointed the registrar. Upon surrender for transfer of a Certificate at the corporate trust office of the Trustee, the Trustee shall execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like aggregate principal amount and of the same series and maturity.

Certificates may be exchanged at the corporate trust office of the Trustee for an equal aggregate principal amount of Certificates of the same series and maturity and of other authorized denominations. The Trustee shall execute and deliver Certificates which the registered owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding.

All Certificates presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by his or her attorney duly authorized in writing.

The Trustee shall not be required to transfer the Certificates during the period beginning on a Regular Record Date and ending on the next Interest Payment Date of the Certificates nor to transfer or exchange any Certificate after the mailing of notice calling such Certificate for redemption has been given as herein provided, nor during the period of 15 days next preceding the giving of such notice of redemption.

New Certificates delivered upon any transfer or exchange shall evidence the same obligations as the Certificates surrendered, shall be secured by this Indenture and entitled to all of the security and benefits hereof to the same extent as the Certificates surrendered. As to any Certificate, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal, premium, if any, and interest on the Certificate shall be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

The Trustee shall require the payment, by any Certificate Owner requesting transfer or exchange of Certificates, of any tax, Trustee's fee, fee or other governmental charge required to be paid with respect to such transfer or exchange.

Section 2.10. Cancellation of Certificates. Whenever any Outstanding Certificate shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.08 or 2.09 of this Indenture, such Certificate shall

be promptly canceled in accordance with the customary procedures of the Trustee and applicable retention laws.

Section 2.11. Execution and Delivery of Additional Certificates. So long as the Lease Term shall remain in effect and no Event of Nonappropriation or Event of Default shall have occurred, one or more issues of Additional Certificates (the “Additional Certificates”) may be issued upon the terms and conditions provided herein.

Additional Certificates may be executed and delivered to provide funds for any one or more of the following: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Project in excess of the amount available therefor in the Construction Fund pursuant to Section 3.09 of this Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property as the County may deem necessary or desirable; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates, any deposit to the Reserve Fund necessary for the amount therein to equal the maximum amount allowed under the Code and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Additional Certificates may be issued only upon there being filed with the Trustee:

(a) Originally executed counterparts of a Supplemental Indenture and an amendment to the Lease adopted in accordance with the requirements of Article IX hereof, including requirements regarding approval of the Certificate Owners, if applicable, expressly providing that, for all the purposes hereof, the Leased Property shall include any property, buildings or equipment being financed by the Additional Certificates and further providing for an increase in the Base Rentals required to be paid to the Trustee under Exhibit B to the Lease in such amount as shall be necessary to pay (assuming that no Event of Nonappropriation or Event of Default shall occur), the principal of and interest on the Certificates and any Additional Certificates theretofore executed and delivered and Outstanding as well as the Additional Certificates proposed to be executed and delivered.

(b) A written opinion or opinions of Bond Counsel, mutually acceptable to the County and the Trustee, to the effect that the amendment to the Lease and the execution and delivery of the Additional Certificates have been duly authorized, that the amendment to the Lease is valid and enforceable against the County, that the excludability from federal income taxation of the interest on the Certificates and any Additional Certificates theretofore executed and delivered with the expectation that the interest thereon will not be includible in federal income taxation will not be adversely affected by the execution and delivery of the Additional Certificates proposed to be executed and delivered, and that the execution and delivery of the Additional Certificates will not constitute a default under the Lease or this Indenture nor cause any violation of the covenants, agreements or representations in the Lease or this Indenture.

(c) Evidence that the amount of the title insurance policy or policies required by Section 7.04 of the Lease has been increased, if necessary, to reflect the amount of the

Certificates and Additional Certificates theretofore executed and delivered plus the Additional Certificates, (or such lesser amount as shall be the maximum insurable value of the Leased Property that is to be insured by such policy or policies).

Additional Certificates shall, in all cases, bear interest at fixed interest rates and, except for Additional Certificates that are executed and delivered for the purpose of refunding all of the Outstanding Certificates and Additional Certificates and for paying the costs, additional deposits to the Reserve Fund and capitalized interest in connection with such refunding, shall mature, including sinking fund redemption dates, if any, on [December 1] of each year, shall pay interest on [June 1 and December 1] of each year and shall not be subject to redemption earlier than the Certificates. Each of the Additional Certificates executed and delivered pursuant to this Section 2.11 shall evidence an assignment of a proportionate interest in rights to receive Revenues under the Lease, as amended, proportionately and ratably secured with the Certificates originally executed and delivered and all other issues of Additional Certificates, if any, executed and delivered pursuant to this Section 2.11, without preference, priority or distinction of any Certificates or Additional Certificates over any other.

In addition to the other requirements of this Indenture, each series of Additional Certificates shall be insured under a policy of insurance issued by any company whose primary business is the insurance of municipal bonds, except those Additional Certificates executed and delivered to refund all of the Outstanding Certificates as described in clause (i) above and to pay the costs, additional deposits to the Reserve Fund, if any, and capitalized interest, if any, as described in clause (iii) above, in connection with such refunding. If and for so long as the Insurer shall be in compliance with its payment obligations under the Policy, no Additional Certificates may be executed and delivered without the prior written consent of the Insurer.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Certificates. The Certificates shall be payable solely from Revenues received by the Trustee and do not constitute a general obligation indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory debt limitation. Revenues, when, as and if received by the Trustee, shall be held hereunder for payment of the principal of, premium, if any, and interest on the Certificates as provided in this Indenture.

Section 3.02. Creation of the Certificate Fund. A special fund is hereby created and established with the Trustee, to be designated the “Certificate of Participation Fund” (the “Certificate Fund”), which shall be used to pay the principal of, premium, if any, and interest on the Certificates. Within the Certificate Fund there are hereby created and ordered established an Interest Account and a Principal Account, which shall be used as set forth in Section 3.05 of this Indenture.

Section 3.03. Payments Into the Interest Account of the Certificate Fund. There shall be deposited into the Interest Account of the Certificate Fund (a) all accrued interest received at the time of the execution and delivery of the Certificates, if any; (b) the amount

constituting capitalized interest on the Certificates, if any, (c) that portion of each payment of Base Rentals made by the County which is designated and paid as interest in the amounts determined in accordance with Section 2.02 hereof and paid at the times specified in Exhibit B to the Lease; and (d) all other moneys received by the Trustee under this Indenture to be used for the purpose of paying interest on the Certificates.

Section 3.04. Payments Into the Principal Account of the Certificate Fund. There shall be deposited into the Principal Account of the Certificate Fund (a) that portion of each payment of Base Rentals made by the County which is designated and paid as principal under Exhibit B to the Lease; and (b) all other moneys received by the Trustee under this Indenture to be used for the purpose of paying the principal of the Certificates.

Section 3.05. Use of Moneys in the Certificate Fund. Moneys in the Interest Account of the Certificate Fund shall be used solely for the payment of the interest on the Certificates. Moneys in the Principal Account of the Certificate Fund shall be used solely for the payment of the principal of the Certificates. In the event the Certificates are to be redeemed in whole, any moneys remaining in the Certificate Fund shall be applied to such redemption along with other moneys held by the Trustee for such purpose.

Amounts deposited into the Certificate Fund shall be depleted at least once a year except for an amount not to exceed the greater of one year's earnings on the Certificate Fund or 1/12th of the annual debt service on the Certificates.

Section 3.06. Custody of the Funds. All Funds created under this Indenture shall be in the custody of the Trustee, subject to the provisions of this Indenture.

Section 3.07. Creation of the Reserve Fund. A special fund is hereby created and established with the Trustee to be designated the "Archuleta County, Colorado Certificates of Participation, Series 2019, Reserve Fund" (the "Reserve Fund"), which shall be expended in accordance with Section 3.08 hereof. There shall be deposited into the Reserve Fund the amount of the Reserve Requirement from the proceeds of the sale of the Certificates, and Additional Rentals paid by the County for deposit in the Reserve Fund pursuant to Section 6.02 of the Lease.

Section 3.08. Use of Moneys in the Reserve Fund. The income derived from the investment of the Reserve Fund shall be deposited when received as follows: (i) to the Reserve Fund until the amount on deposit shall equal the Reserve Requirement; (ii) upon the direction of the County, to the Construction Fund until the earlier of [December 31, 20__] or the completion of the Project, for payment of the Costs of the Project; and (iii) all remaining income derived from the investment of the Reserve Fund shall be deposited in the Interest Account of the Certificate Fund.

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

(a) To the payment of the principal amount of the Certificates and interest thereon, as the same shall become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Certificate Fund for such purpose;

(b) At the option of the Trustee, subsequent to an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Certificate Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for the subleasing, leasing, sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Certificate Owners; provided, however, that if the Insurer is in compliance with its payment obligations under the Policy, then no disbursement shall be made from the Reserve Fund for any of the purposes set forth in this subsection (b) without the prior written consent of the Insurer;

(c) In the event that the Certificates are to be redeemed subsequent to an Event of Nonappropriation or an Event of Default, to the redemption of the Certificates then Outstanding and the payment of interest thereon;

(d) In the event that the County shall exercise its option to purchase the Leased Property and terminate the Lease upon payment of the Purchase Option Price, to the County, or, at the option of the County, as a reduction of such Purchase Option Price; or

(e) At the option of the County, in reduction of the final payment of Base Rentals payable by the County under the Lease and, to the extent moneys in the Reserve Fund exceed the final payment of Base Rentals, to the next preceding payment or payments of Base Rentals.

To the extent that Reserve Fund moneys are applied pursuant to paragraph (a) of this Section 3.08, the County has agreed, under Section 6.02 of the Lease, to pay to the Trustee for deposit in the Reserve Fund, as Additional Rentals, such amounts as are required to restore the amount on deposit in the Reserve Fund to the Reserve Requirement, within 180 days in equal monthly payments immediately following such withdrawal of moneys from the Reserve Fund.

To the extent that the market value of Permitted Investments held in the Reserve Fund are less than the Reserve Requirement, the County has agreed, under Section 6.02 of the Lease, to pay to the Trustee for deposit in the Reserve Fund, as Additional Rentals, such amounts as are required to restore the amount on deposit to the Reserve Requirement within 90 days, in equal monthly payments, immediately upon notice thereof.

Amounts in the Reserve Fund that exceed the Reserve Requirement may, at the direction of the County so long as no Event of Nonappropriation or Event of Default has occurred and is continuing, be retained in the Reserve Fund or be transferred by the Trustee to the Interest Account of the Certificate Fund.

Section 3.09. Creation of the Construction Fund. A special fund is hereby created and established with the Trustee to be designated the “Construction Fund” (the “Construction Fund”), which shall be used as set forth in Section 7.02 of the Lease. Proceeds of the sale of the Certificates as provided in Section 2.07(c)(iii) of this Indenture shall be deposited into the Construction Fund and the moneys on deposit in the Construction Fund shall be disbursed at the written direction of the County to pay the Costs of the Project. Any moneys held as part of the Construction Fund shall be invested and reinvested by the Trustee in accordance with Article V

of this Indenture, and the income therefrom shall remain in the Construction Fund to pay the Costs of the Project or, at the direction of the County, be deposited in the Certificate Fund. Any moneys remaining in the Construction Fund on completion of the Project, as certified by the Trustee, shall be transferred to the Interest Account of the Certificate Fund and used for the purposes of such Fund.

Section 3.10. [Payment Procedure Under the Policy.]

(a) Subject to the County's right to determine not to appropriate funds under the Lease, the County will reimburse the Insurer, within the reimbursement period specified in the Policy, without demand or notice by the Insurer to the County or any other person, to the extent of each surety bond payment with interest on each surety bond payment from and including the date made to the date of the reimbursement at the lesser of the reimbursement rate specified in the Policy or the maximum rate of interest permitted by then applicable law.

(b) The County also agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by state law and subject to the County's right to determine not to appropriate funds under the Lease, for all reasonable expenses incurred by the Insurer in connection with the surety bond issued pursuant to the Policy (the "Surety Bond") and the enforcement by the Insurer of the County's obligations under the Policy, this Indenture, and any other document executed in connection with the issuance of the Certificates, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in the Policy.

(c) The County agrees to indemnify the Insurer, to the extent permitted by state law, against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses which the Insurer may sustain or incur by reason of or in consequence of (i) the failure of the County to perform or comply with the covenants or conditions of the Policy or (ii) reliance by the Insurer upon representations made by the County or (iii) a default by the County under the terms of this Indenture or any other documents executed in connection with the issuance of the Certificates.

(d) The County agrees that, so long as the Insurer is in compliance with its payment obligations under the Surety Bond, all amounts owing to the Insurer pursuant to the Policy must be paid in full prior to any optional redemption or refunding of the Certificates.

(e) All payments made to the Insurer under the Policy shall be paid in lawful currency of the United States in immediately available funds at the Insurer's office at 1 Manhattanville Road, Suite 301, Purchase, New York 10577, Attention: Portfolio Surveillance Group, or at such other place as shall be designated by the Insurer.

Each payment received by the Insurer from or on behalf of the County as a reimbursement to the Insurer as required by the Policy shall be applied by the Insurer first, toward payment of any unpaid premium; second, toward repayment of the aggregate surety bond

payments made by the Insurer under the Policy and not yet repaid, payment of which will reinstate all or a portion of the amount available at any particular time to be paid under the terms of the Policy (“Surety Bond Coverage”) to the extent of such repayment (but not to exceed the surety bond limit provided in the Policy (the “Surety Bond Limit”)); and third, upon full reinstatement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitation, any interest payable with respect to any surety bond payments then due to the Insurer.]

Section 3.11. Rebate Fund.

(a) *Creation of the Rebate Fund.* A special fund is hereby created and established with the Trustee to be designated the “Archuleta County, Colorado Certificates of Participation Rebate Fund” (the “Rebate Fund”).

(b) *Deposits into the Rebate Fund.* There shall be deposited into the Rebate Fund (i) any moneys transferred to the Rebate Fund from the Reserve Fund pursuant to this Section; (ii) all amounts paid by the County pursuant to subsection (e) of this Section; and (iii) all other moneys delivered to the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund.

(c) *Use of Moneys in the Rebate Fund.* Not later than 60 days after December 1, 2023 and every five years thereafter, the Trustee shall, at the direction of the County, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the final retirement of the Certificates, the Trustee shall, at the direction of the County, pay to the United States of America 100% of the amount required to be on deposit in the Rebate Fund which shall remain in effect for such period of time as is necessary for such final payment to be made. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Internal Revenue Form 8038-T executed by the County and a statement prepared by the County or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the County has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

(d) *Administration of Rebate Fund.* The County shall make or cause to be made all requisite rebate calculations so as to provide the information required to transfer moneys to the Rebate Fund pursuant to subsection (b) of this Section and to make the payments required by subsection (c) of this Section. The Trustee shall make deposits to and disbursements from the Rebate Fund in accordance with the written directions of the County given pursuant to the Investment Instructions (the “Investment Instructions”) and the Tax Compliance Certificate (the “Tax Compliance Certificate”) executed by the County in connection with the initial delivery of the 2012 Certificates or any similar certificate or instrument delivered by the County in connection with the initial delivery of any Additional Certificates. The Trustee shall, at the written direction of the County, invest the Rebate Fund pursuant to said Investment Instructions and shall deposit income

from said investments immediately upon receipt thereof in the Rebate Fund, all as set forth in the Investment Instructions. The Investment Instructions may be superseded or amended by new Investment Instructions drafted by, and accompanied by an opinion of, Bond Counsel addressed to the Trustee to the effect that the use of said new Investment Instructions will not cause the interest on the Certificates to be includible in the gross income of the recipients thereof for purposes of federal income taxation. The County may employ, at its expense, a designated agent to calculate the amount of deposits to and disbursements from the Rebate Fund. If a withdrawal from the Rebate Fund is permitted as a result of the computation described in the Investment Instructions, the amount withdrawn shall be deposited in the Certificate Fund. Record of the determinations required by this Section and delivered to the Trustee and the Investment Instructions must be retained by the Trustee until six years after the final retirement of the Certificates.

(e) ***Payments by the County.*** The County has agreed in the Lease, subject to the terms of the Lease, that, if, for any reason, the amount on deposit in the Rebate Fund is less than the amount required to be paid to the United States of America on any date, the County will pay to the Trustee as Additional Rentals under the Lease the amount required to make such payment on such date.

Section 3.12. Costs of Issuance Account. A special account is hereby created and established with the Trustee, to be designated “Archuleta County, Colorado, Certificates of Participation, Costs of Issuance Account” (the “Costs of Issuance Account”). Moneys held in the Costs of Issuance Account shall be used to pay Costs of Issuance as directed in writing by the County. The Trustee may rely conclusively on any such written direction and shall not be required to make any independent investigation in connection therewith. The execution of any direction by the County shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. The Trustee shall transfer to the Principal Account of the Certificate Fund any amounts held in the Costs of Issuance Account that are not required to pay Costs of Issuance pursuant to written direction from the County 3 months after the date of issuance of the Certificates.

Section 3.13. Nonpresentment of Certificates. In the event any Certificate shall not be presented for payment when due, if funds sufficient to pay such Certificate shall have been made available to the Trustee for the benefit of the registered owner thereof, it shall be the duty of the Trustee to hold such funds for a period of three years, without liability for interest thereon, for the benefit of the registered owner of such Certificate, who shall be restricted exclusively to such funds for any claim of whatever nature on his or her part under the Lease or this Indenture or on or with respect to such Certificate.

Funds (including proceeds of Permitted Investments as provided in Article VI) so deposited with the Trustee which remain unclaimed four years after the date payment thereof becomes due, whether at maturity or upon redemption, three, if, to the knowledge of the Trustee, there has been no Event of Nonappropriation or Event of Default, be paid to the County, and the registered owners of the Certificates for which the deposit was made shall thereafter be limited to a claim against the County.

Section 3.14. Reports to County. Not less than once each calendar year, the Trustee shall provide the County with an accounting for all receipts to and disbursements from the Funds or Accounts created hereunder.

Section 3.15. Repayment to the County From the Trustee. Upon a discharge and a defeasance of this Indenture pursuant to Article VI of this Indenture, any amounts remaining in the Certificate Fund, the Reserve Fund, the Construction Fund, or otherwise held by the Trustee pursuant hereto and not needed for the payment of the Certificates or the fees and expenses of the Trustee or owed to the Insurer shall be paid to the County as a return of an overpayment of Base Rentals.

Section 3.16. Moneys to be Held in Trust. The Certificate Fund, the Reserve Fund, the Construction Fund and, except for the Rebate Fund established pursuant to this Indenture hereof, any other fund or account created hereunder shall be held by the Trustee, for the benefit of the Owners as specified in the Indenture, subject to the terms of this Indenture, the Lease and the Site Lease. The Rebate Fund shall be held by the Trustee for the purpose of making payments to the United States of America pursuant to Section 3.11 hereof.

ARTICLE IV

REDEMPTION OF CERTIFICATES

Section 4.01. Redemption of Certificates in Whole Upon an Event of Nonappropriation or Event of Default under the Lease.

(a) [In the event the Insurer is in payment default under the Policy,] the Certificates shall be called for redemption, in whole, at a redemption price determined pursuant to subsection (b) of this Section, on any date, in the event of the occurrence of an Event of Nonappropriation under the Lease or the occurrence and continuation of an Event of Default under the Lease.

(b) The redemption price for any redemption pursuant to this Section shall be the lesser of (i) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption and (B) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts shall be allocated among the Certificates in proportion to the principal amount of each Certificate. Notwithstanding any other provision hereof, the payment of the redemption price of any Certificate pursuant to this Section shall be deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed pursuant to this Section shall have any right to any payment from the Trustee or the County in excess of such redemption price.

(c) In addition to any other notice required to be given under this Article or any other provision hereof, the Trustee shall, immediately upon the occurrence of an Event of

Nonappropriation or an Event of Default under the Lease, notify the Owners (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section, such redemption price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (i) of subsection (b) of this Section, the Trustee shall (A) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease and (B) subject to the provisions of Article VII hereof, immediately begin to exercise and shall diligently pursue all remedies available to them under the Lease in connection of such Event of Nonappropriation or Event of Default. The remainder of the redemption price, if any, shall be paid to the Owners if and when funds become available to the Trustee from the exercise of such remedies.

Section 4.02. Redemption of Certificates in Whole Upon Payment of Purchase Option Price from Moneys Other than Moneys Derived From a Financing. The Certificates shall be called for redemption, in whole, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on any date in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the County of its option to purchase the Leased Property from a source other than (a) moneys borrowed by the County or (b) moneys made available to the County from a sale and lease-back or a lease and sublease-back of the Leased Property.

Section 4.03. Redemption of Certificates in Whole Upon Payment of Purchase Option Price from Moneys Derived From a Financing. The Certificates maturing in the year 20__ and thereafter are subject to redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on and after [December 1], 20__, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the County of its option to purchase the Leased Property from either (a) moneys borrowed by the County or (b) moneys made available to the County from a sale and lease-back or a lease and sublease-back of the Leased Property.

Section 4.04. Mandatory Sinking Fund Redemption. The Certificates maturing on [December 1], 20__, are also subject to mandatory sinking fund redemption by lot on [December 1] of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date:

Years	Principal Amount
20__	\$
20__	
20__	
20__ (maturity)	

The principal amount of Certificates to be redeemed on any date pursuant to this Section shall be reduced by the principal amount of any Certificates of the same maturity that (a) have, on or before the forty-fifth day next preceding the sinking fund redemption date, been delivered to the Trustee for cancellation and have not previously been applied as a credit against any sinking fund obligation and (b) have, on or before the sinking fund redemption date, been redeemed and have not previously applied as a credit against any sinking fund redemption obligation.

Section 4.05. Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee, upon being satisfactorily indemnified as to expenses, by mailing a copy of the redemption notice by first-class mail, or by electronic means if to DTC or its successors, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Certificates as to which no such failure has occurred.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of such Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.06. Redemption Payments. On or prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in the case of redemption pursuant to Section 4.02 above, may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called for redemption shall no longer accrue after the date fixed for redemption.

Redemption of the Certificates shall be permitted at any time without the prior written consent of the Insurer so long as funds for such redemption are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Certificate holders, or in the alternative, the notice expressly states that such redemption is subject to the deposit of funds by the County.

The Trustee shall pay to the registered owners of Certificates so redeemed, the amounts due on their respective Certificates, at the corporate trust operations office of the Trustee upon presentation and surrender of the Certificates. Redemption payments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the

unpaid principal amount of the Certificate immediately prior to the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a redemption premium.

Section 4.07. Cancellation. All Certificates which have been redeemed shall not be reissued but shall be canceled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.10 hereof.

Section 4.08. Delivery of New Certificates Upon Partial Redemption of Certificates. Upon surrender and cancellation of a Certificate for redemption in part only, a new Certificate or Certificates of the same series and maturity and of authorized denomination in an aggregate principal amount equal to the unredeemed portion thereof, shall be executed on behalf of and delivered by the Trustee. The expenses of such execution, delivery and exchange shall be paid by the County as Additional Rentals under the Lease.

ARTICLE V

INVESTMENTS

Section 5.01. Investment of Moneys. All moneys held as part of the Certificate Fund, the Construction Fund, the Reserve Fund, the Rebate Fund or any other Fund or Account created hereunder or under the Lease shall be deposited or invested and reinvested by the Trustee, at the written direction of the County, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any Fund or Account created hereunder which shall interfere with or prevent withdrawals for payment of the Costs of the Project or for payment of the Certificates at or before maturity or of interest thereon as required hereunder. In the absence of written direction by the County, the Trustee is hereby directed to invest in a money market fund that qualifies as a Permitted Investment. All investments and reinvestments of any amounts pursuant to this Indenture or the Lease shall be made in accordance with the provisions of this Indenture; and all investments and reinvestments of any amounts deemed to be, for purposes of the Code, proceeds of the Certificates, shall be in accordance with the requirements of the Tax Compliance Certificate executed by the County in connection with the execution and delivery of the Certificates, unless the Trustee shall receive an opinion of Bond Counsel to the effect that an alternate investment or reinvestment shall not adversely affect the exclusion from federal income taxation of interest on the Certificates, in which case such investment or reinvestment may be made in accordance with such opinion. Any and all such deposits or investments shall be held by or under the control of the Trustee.

[No forward delivery agreement, hedge, purchase and resale agreements or par-put agreements may be used with respect to the investment of any Fund or Account with respect to the Trust Estate pledged to the Certificates without the prior written consent of the Insurer.]

The Trustee may make any and all such deposits or investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Income from deposits or investments of moneys held in the Funds and Accounts under this Indenture shall be deposited as follows: income derived from the investment of moneys held in the Construction Fund shall be

deposited as provided in Section 3.09 hereof; income derived from the investment of moneys held in the Reserve Fund shall be deposited as provided in Section 3.08 hereof; income derived from the investment of moneys held in the Rebate Fund shall be deposited as provided in Section 3.11 hereof; and all other deposits or investments of moneys held in the Funds and Accounts under this Indenture shall at all times be a part of the Fund or Account from which the moneys used to acquire such deposits or investments shall have come and the income therefrom shall be deposited to and all losses thereon shall be charged against, such Fund or Account. In computing the amount in any Fund or Account held under the provisions of this Indenture, obligations purchased as a deposit or investment of moneys therein shall be valued on each Interest Payment Date at the cost or market price thereof, whichever is lower, exclusive of accrued interest. Where market prices for obligations held hereunder are not readily available, the market price for such obligations may be determined in such manner as the Trustee deems reasonable. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any Fund or Account created hereunder is insufficient to satisfy the purposes of such Fund or Account.

Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the County shall confirm that the investment transactions identified therein accurately reflect the investment directions of the County unless the County notifies the Trustee in writing to the contrary within thirty days of the date of such statement. It is specifically provided herein that the Trustee may purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share, and, the Trustee may implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

Section 5.02. Arbitrage Covenant. In reliance on the written direction of investments by the County as provided in Section 5.01 of this Indenture, and in reliance on the covenant of the County in Section 11.05 of the Lease, the Trustee covenants to and for the benefit of the Certificate Owners that so long as any of the Certificates remain Outstanding, moneys, constituting proceeds of the Certificates for purposes of the Code, in any Fund or Account held by the Trustee under this Indenture, whether or not such moneys were derived from the proceeds of the sale of the Certificates or from any other source, will not be knowingly deposited or invested in a manner which will cause the Certificates to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code.

ARTICLE VI

DISCHARGE OF INDENTURE

If, when the Certificates secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates shall be paid (or, in the

case of redemption of the Certificates pursuant to Section 4.01(c) of this Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.02 of this Indenture), or provision shall have been made for the payment of the same, together with all other sums payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the County to the Trustee and the Certificate Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event and upon reimbursement to the Insurer of all amounts paid by the Insurer under the Policy and payment to the Insurer of other amounts owed to the Insurer under this Indenture, the Trustee shall transfer and convey to the County all remaining property assigned or pledged to the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the County and shall turn over to the County any surplus in any Fund and Account created under this Indenture.

All Outstanding Certificates shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Article VI if (a) in case said Certificates are to be redeemed on any day prior to their maturity, the County shall have given to the Trustee in form satisfactory to the Trustee irrevocable written instructions to give, on a date in accordance with the provisions of Section 4.04 hereof, notice of redemption of such Certificates on said redemption date, such notice to be given in accordance with the provisions of Section 4.04 hereof, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or non-redeemable obligations described in (a) of the definition of Permitted Investments, 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 Trustee at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be, (c) a verification report by a verifier acceptable to the Insurer shall be delivered to the Insurer and the Trustee in form and substance satisfactory to the Insurer, (d) an opinion of Bond Counsel shall be rendered to the Insurer to the effect that all of the requirements of this Indenture for defeasance of the Certificates have been complied with, and (e) in the event said Certificates are not by their terms subject to redemption within the next 60 days, the County shall have given the Trustee, in form satisfactory to it, irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 4.04 hereof, a notice to the registered owners of such Certificates that the deposit required by (b) above has been made with the Trustee and that said Certificates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Certificates. Neither the Permitted Investments nor moneys deposited with the Trustee pursuant to this Article VI or principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Certificates; provided any cash received from such principal or interest payments on such Permitted Investments deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Permitted Investments of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Certificates on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or

entitled to the benefits of this Indenture or the Lease, except for the purpose of exchange and transfer and any payment from such moneys or Permitted Investments deposited with the Trustee.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. If any of the following events occur it is hereby defined as and shall be deemed an “Event of Default” under this Indenture:

(a) default in the payment of the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon redemption;

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

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

In determining whether a payment default on the Certificates has occurred under (a) or (b) of this Section 7.01, amounts paid by the Insurer under its Policy shall be given no effect.

Upon the occurrence of an Event of Default hereunder, the Trustee shall immediately give notice of such occurrence to the registered owners of the Certificates, to the Initial Purchaser, to the Insurer, and to S&P.

Section 7.02. Remedies on Default. If any Event of Default occurs and is continuing, the Insurer shall control all remedies and default proceedings, including, but not limited to, the use of moneys held by the Trustee, so long as the Insurer is meeting its payment obligations under the Policy. If any Event of Default occurs and is continuing, the Trustee may enforce, for the benefit of the registered owners of the Outstanding Certificates, each and every right granted to it as the assignee or grantee of the Lease. In exercising such rights and the rights given the Trustee under this Article VII, the Trustee shall take such action as directed in writing by the Insurer, or, in the event that payments under the Policy shall be insufficient to pay the principal of and interest on the Certificates when due, as in the judgment of the Trustee would best serve the interests of the registered owners of the Outstanding Certificates, including calling the Outstanding Certificates for redemption prior to their maturity in the manner and subject to the provisions of Section 4.01(c) hereof and exercising the Lease Remedies provided in the Lease.

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

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

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

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute. If the Insurer incurs costs or expenses in giving indemnity to the Trustee after an Event of Default by the County, the Insurer shall be subrogated (to the extent of the Insurer's indemnity payments to the Trustee) to the Trustee's rights of indemnification by the County. However, notwithstanding any other provision of the Lease or this Indenture, any and all remedies against the County under the Lease or this Indenture shall be limited as provided in Section 14.03 of the Lease.

Section 7.03. Majority of Certificate Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, if the Insurer is not meeting its payment obligations under the Policy when due, the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section until the indemnity described in Section 8.01(m) of this Indenture is furnished to it by such Certificate Owners.

Section 7.04. Trustee Default. Any of the following shall constitute a Trustee Default:

(a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under Section 7.01 or 7.02 hereof, unless the Trustee has been advised by counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Holders, and after it shall have received assurances or indemnification satisfactory to it that it will be repaid for such action; and

(c) failure by the Trustee to comply with any other provision of this Indenture within 30 days after receiving notice of noncompliance.

Section 7.05. Remedies of Owners Upon a Trustee Default. Subject to the other provisions of this Article, upon the occurrence of any Trustee Default, the Owner of any Certificate may:

(a) commence proceedings in any court of competent jurisdiction to enforce the provisions of this Indenture against the Trustee;

(b) subject to Section 8.03 hereof, cause the Trustee to be removed and replaced by a successor trustee; and

(c) subject to Section 7.05 hereof, take any other action at law or in equity that may appear necessary or desirable to enforce the rights of such Owner.

Section 7.06. Rights and Remedies of Certificate Owners. No Certificate Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 8.01(h) hereof, or of which by said Section it is deemed to have notice; (b) such default shall have become an Event of Default as defined in Section 7.01 of this Indenture; (c) the registered owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such registered owners of the Certificates shall have offered to the Trustee indemnity as provided in Section 8.01(m) hereof; (e) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and (f) the consent of the Insurer has been obtained (unless the Insurer is not meeting its payment obligations under the Policy). The foregoing conditions are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Certificate Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by any action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the registered owners of all Certificates then Outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the principal of, premium, if any, and interest on any Certificate at and after the maturity thereof.

Section 7.07. Purchase of Leased Property by Certificate Owners or Trustee; Application of Certificates Toward Purchase Price. Upon the occurrence of an Event of Default under this Indenture, the lien on the Leased Property created and vested in the Trustee hereunder may be foreclosed either by sale at public auction or by proceedings in equity. Upon any such sale, any Certificate Owner or the Trustee may bid for and purchase the Leased Property or any portion thereof and, subject to the terms of the Site Lease, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in their own absolute right without further accountability; and any purchaser at any such sale may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash for the costs and expenses of the sale, compensation and other charges, in paying purchase money, turn in Certificates then Outstanding in lieu of cash, to the amount which shall, upon distribution of the Net Proceeds of such sale, be payable thereon. If the Trustee shall acquire possession of the

Leased Property as a result of any such sale, or any proceeding or transaction in lieu thereof, the Trustee shall thereafter lease or sell its interest in the Leased Property; and may take any further lawful action with respect to the Leased Property which it, being advised by counsel, shall deem to be in the best interest of the Certificate Owners, including but not limited to the enforcement of all rights and remedies set forth in the Lease and this Indenture and the taking of all other courses of action permitted therein or herein.

Section 7.08. Waiver of Appraisalment, Valuation, Stay, Execution and Redemption Laws. The Trustee and the County agree, to the extent permitted by law, that in case of the occurrence of an Event of Default, neither the Trustee nor the County nor anyone claiming through or under the Trustee shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Indenture, or the sale of the Trust Estate and the final and absolute possession thereof, immediately after such sale, of the purchasers thereof; and the Trustee and the County, for themselves and all who may at any time claim through or under the Trustee, hereby waive, to the full extent permitted by law, the benefit of all such laws, and any and all right to marshalling of the estates comprised in the security intended to be hereby created upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may sell its interest in the Leased Property as an entirety.

Section 7.09. Trustee May Enforce Rights Without Certificates. All rights of action and claims under this Indenture or any of the Certificates Outstanding hereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any registered owners of the Certificates, and any recovery of judgment shall be for the ratable benefit of the registered owners of the Certificates, subject to the provisions of this Indenture.

Section 7.10. Delay or Omission No Waiver. No delay or omission of the Trustee, the Insurer or any Certificate Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. No Waiver of One Default to Affect Another. No waiver of any default hereunder, whether by the Trustee, the Insurer or the Certificate Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 7.12. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee, the Insurer or the Certificate Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Insurer or the Certificate Owners, then and in every such case the County, the Trustee, the Insurer and the Certificate Owners shall be restored to their former positions and rights hereunder with respect to

the Trust Estate, and all rights, remedies and powers of the Trustee, the Insurer and the Certificate Owners shall continue as if no such proceedings had been taken.

Section 7.13. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences with the prior written consent of the Insurer and shall do so upon the written direction of the Insurer, or, if the Insurer is not meeting its payment obligations under the Policy when due, upon the written request of the registered owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that there shall be no waiver without the consent of the registered owners of 100% of the Certificates then Outstanding if the Event of Default relates to (a) any default in the payment when due of the principal of any Outstanding Certificates at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Certificates, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal then due, as the case may be (both with interest at the rate borne by the respective Certificates on all such overdue installments), and all expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the County, the Trustee, the Insurer and the Certificate Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 7.14. Application of Moneys in Event of Default. Unless otherwise provided in the Lease or this Indenture, any moneys received by the Trustee pursuant to any right or action taken under this Article VII and any moneys held as part of the Trust Estate shall, after the payment of the cost and expenses of the proceedings resulting in the collection of such moneys, be applied in the following order:

- (a) To the payment of all the fees, costs, expenses, liabilities and advances incurred or made by the Trustee, including Counsel fees, costs and expenses;
- (b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest;
- (c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Outstanding Certificate over another;
- (d) To reimburse the Insurer for any amounts it may have expended due to such Event of Default or due to indemnification of the Trustee; and

The surplus, if any, shall be paid to the County, or to the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.01. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above and in Section 8.01(g) hereof, and shall be entitled to act upon the advice or Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice or Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such advice or Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Lease or this Indenture or of any supplements thereto or hereto or instruments of further assurance, or collecting any insurance moneys or for the validity of the execution by the Trustee of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County, except as provided herein; but the Trustee may require of the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the County under the Lease, and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article V hereof.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee) or as to the validity or sufficiency of this Indenture or the Certificates. The Trustee shall not be accountable for the use or application of any Certificates executed and delivered hereunder or the proceeds thereof. The Trustee, in its individual or any other capacity, may become the registered owner of the Certificates with the same rights which it would have if not the Trustee.

(e) The Trustee may conclusively rely and shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee shall not be required to make any independent investigation in connection with any such certificate or document. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent, is the registered owner of any Certificate shall be conclusive and binding upon all future registered owners of the same Certificate and upon any Certificates issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the County by its Authorized Officers or such other person as may be designated for such purpose by a certified resolution, as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the County to cause to be made any of the payments to the Trustee required to be made by Article III hereof, unless the Trustee shall be specifically notified in writing of such default by the County, the Insurer or by the registered owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were

received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability to pay interest on any moneys received hereunder except such as may be agreed upon.

(j) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all of the property pledged herein, including all books, papers and records of the County pertaining to the Leased Property and the Certificates, and to take such memorandum from and in regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) The Trustee shall have no obligation to lend the Trustee's funds or credit to the County, or otherwise for the benefit or protection of the Leased Property or the Revenues.

(m) The Trustee shall not be required to advance its own funds and, before taking any action hereunder, the Trustee may require that satisfactory indemnity be furnished to it by the Insurer or the Certificate Owners for the reimbursement of all costs and expenses (including attorney's fees and expenses) which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

(n) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Certificates, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the County to the authentication of any Certificates, or the taking of any other action by the Trustee.

(o) The Trustee will cause all supplements to the financing statements which are prepared and filed on the date of issuance of the Certificates and all other instruments as may be required at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Owners and all rights of the Trustee hereunder.

(p) The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, provided that the Trustee shall not be required to take further action and, in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

Section 8.02. Fees and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, including legal fees and expenses. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith as and when the same become due, as Additional Rentals provided in Section 6.02 of the Lease; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor.

Section 8.03. Resignation or Replacement of Trustee. The present or any future Trustee may resign by giving written notice to the County and the Insurer not less than 60 days before such resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor qualified as provided in the third paragraph of this Section 8.03 and such successor shall have accepted the duties of Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 90 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. After payment of all outstanding fees and expenses, the present or any future Trustee may be removed at any time by an instrument in writing, executed by the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding and delivered to the Trustee and the Insurer, or by the Insurer for any breach of the trust set forth herein.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the registered owners of a majority in aggregate principal amount of the Outstanding Certificates by an instrument or concurrent instruments signed by such Certificate Owners, or their attorneys-in-fact duly appointed; provided that the County may, by an instrument executed by order of the County, appoint a successor until a new successor shall be appointed by the Certificate Owners as herein authorized. The County upon making such appointment shall forthwith give notice thereof to each Certificate Owner and the Insurer, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the County shall immediately and without further act be superseded by a successor appointed in the manner above provided by the registered owners of a majority in aggregate principal amount of the Certificates Outstanding.

Every successor shall always be a bank or trust company (a) in good standing and located in or organized under the laws of a state of the United States, (b) qualified to act hereunder and duly authorized to exercise trust powers, (c) subject to examination by a federal or state authority, and (d) having a reported capital and surplus of not less than \$25,000,000, or, if such requirements are not met and the Insurer is meeting its payment obligations under the Policy when due, subject to approval by the Insurer. Any successor appointed hereunder shall execute, acknowledge and deliver to the County an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested

with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, which shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the County be required by any successor for more certainly vesting in and confirming to it the said estates, properties, rights, powers and trusts of its predecessor, such instrument or instruments, in writing, shall be made, executed, acknowledged and delivered by the County on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed and/or recorded.

Section 8.04. Conversion, Consolidation or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case any of the Certificates to be executed and delivered hereunder shall have been executed, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as executed; and, in case any of such Certificates shall not have been executed, any successor Trustee may execute such Certificates in its own name.

Section 8.05. Intervention by Trustee. In any judicial proceeding to which the County is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the registered owners of the Certificates, the Trustee may intervene on behalf of registered owners of the Certificates, and shall do so if requested in writing by the Insurer or the registered owners of at least 25% in aggregate principal amount of the Certificates then Outstanding.

Section 8.06. Title Insurance. The Trustee shall be provided with a standard title insurance policy insuring the Trustee's interest in the real estate included in the Leased Property, subject only to Permitted Encumbrances, in an amount not less than the lesser of either the Outstanding amount of Certificates or the insurable value of such real property. Such policy, or a binding commitment therefor, shall be in a form approved by the County and shall be provided to the Trustee concurrently with the initial delivery of any Certificates.

Section 8.07. List of Certificate Owners. At reasonable times and under reasonable regulations established by the Trustee, the registration books, kept by the Trustee pursuant to Section 2.09 of this Indenture, may be inspected and copied, by the County or by registered owners (or a designated representative thereof) of fifteen percent (15%) or more in aggregate

principal amount of the Certificates then Outstanding, such ownership and the authority of such designated representative to be evidenced to the satisfaction of the Trustee.

ARTICLE IX

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE LEASE

Section 9.01. Supplemental Indentures Not Requiring Consent of Certificate Owners. The Trustee may, with the written consent of the County and the Insurer (so long as the Insurer is not in default in its payment obligations under the Policy when due), but without the consent of, or notice to, the Certificate Owners, enter into Supplemental Indentures for any one or more or all of the following purposes:

- (a) To grant additional powers or rights to the Trustee;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Certificate Owners;
- (c) To subject to this Indenture additional revenues, properties or collateral;
- (d) To amend or modify the description of the real property and improvements described in Exhibit B; provided, however, that such amendment or modification shall not materially adversely affect the interests of the Certificate Owners;
- (e) To set forth the terms and conditions and other matters in connection with the execution and delivery of Additional Certificates pursuant to Section 2.11 of this Indenture; or
- (f) To preserve or protect the excludability from gross income, for federal income tax purposes, of interest on the Certificates.

Section 9.02. Supplemental Indentures Requiring Certain Consents. Exclusive of Supplemental Indentures covered by Section 9.01 hereof, the written consent of the County and the consent of the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding and of the Insurer (so long as the Insurer is not in default in its payment obligations under the Policy when due) shall be required for the execution by the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the registered owners of all the Certificates at the time Outstanding and of the Insurer (so long as the Insurer is not in default in its payment obligations under the Policy when due) nothing herein contained shall permit, or be construed as permitting:

- (a) A change in the maturity, terms of redemption or the method of calculating the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate without the consent of the registered owner of such Certificate;

(b) The deprivation of the registered owner of any Certificate then Outstanding of the lien created by this Indenture (other than as originally permitted hereby);

(c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or

(d) A reduction in the aggregate principal amount of the Certificates required for consent to such Supplemental Indenture.

If at any time the County shall request the Trustee to enter into such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to the Insurer and to the registered owners of the Certificates then Outstanding at the address of each such Certificate Owner shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners.

If, within 60 days or such longer period as shall be prescribed by the County following the giving of such notice, the registered owners of all or of a majority in aggregate principal amount of the Certificates then Outstanding, as the case may be, at the time of the execution of any such Supplemental Indenture, shall have consented to and approved the execution thereof as herein provided, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.03. Execution of Supplemental Indenture. The Trustee may execute any such Supplemental Indenture as provided herein and make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects its rights, duties or immunities under this Indenture, except as provided under this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. A full copy of the transcript relating to such Supplemental Indenture shall be provided to the Certificate Insurer. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee.

Section 9.04. Amendments, Etc., of the Lease Not Requiring Consent of Certificate Owners. The Trustee may, with the written consent of the County and the Insurer (so long as the Insurer is not in default in its payment obligations under the Policy), but without the consent of or notice to the Certificate Owners, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease or this Indenture, (b) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defect or omission or

inconsistent provision contained therein, or to make any provisions with respect to matters arising under the Lease or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Certificate Owners, (c) in order to more precisely identify the Leased Property or to add additional improvements or properties acquired in accordance with the Lease and this Indenture; (d) in connection with the execution and delivery of Additional Certificates, (e) to add covenants of the County, (f) in order to preserve or protect the exclusion from gross income, for federal income tax purposes, of interest on the Certificates, or (g) to amend or modify the description of the real property and improvements constituting the Leased Property; provided, however, that such amendment or modification shall not materially adversely affect the interests of the Certificate Owners.

Section 9.05. Amendments, Etc., of the Lease Requiring Consent of Certificate Owners. Except for the amendments, changes or modifications permitted by Section 9.04 hereof, the Trustee shall not consent to any other amendment, change or modification of the Lease without the giving of notice by the Trustee and the written approval or consent of the registered owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding given and procured as provided in Section 9.02 hereof. The consent of the Insurer shall also be required under this Section 9.05 so long as the Insurer is not in default in its payment obligations under the Policy when due, and a full copy of the transcript relating to such amendment, change or modification of the Lease shall be provided to the Insurer. If at any time the County shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 9.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners.

ARTICLE X

MISCELLANEOUS

Section 10.01. Evidence of Signature of Certificate Owners and Ownership of Certificates. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Certificate Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Certificate Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Certificate Owner or his or her attorney of such instrument may be proven by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the person signing such request or other instrument acknowledged to him or her the

execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The fact of ownership by any person of Certificates and the amounts and numbers of such Certificates, and the date of ownership of the same, may be proven by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such bankers, as the property of such party, the Certificates therein mentioned, if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Certificates have been deposited with a bank, bankers or trust company before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

Any request or consent of the registered owner of any Certificate shall bind all future registered owners of such Certificate in respect of any thing done or suffered to be done by the County or the Trustee in accordance therewith.

Section 10.02. RESERVED.

Section 10.03. Inspection of the Leased Property. The Trustee, the Insurer and its duly authorized agents shall have the right, but not the duty, on reasonable notice to the County, at all reasonable times, to examine and inspect the Leased Property. The Trustee, the Insurer and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the County with respect to the Leased Property.

Section 10.04. Parties Interested Herein. With the exception of rights herein expressly conferred on the County, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than, the County, the Trustee, the Insurer and the Certificate Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the County, the Trustee, the Insurer and the Certificate Owners.

Section 10.05. Titles, Headings, Captions, Etc. The titles, captions and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.06. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.07. Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of Colorado without regard to conflict of laws principles.

Section 10.08. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.09. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed given when delivered or mailed in the manner as provided by Section 15.02 of the Lease. The County, the Trustee [and the Insurer] may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.10. Payments Due on Holidays; Delayed Transfer of Funds. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 10.11. Trustee, County and Trustee Representatives. Whenever under the provisions hereof the approval of the County or the Trustee is required, or the County or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the County and for the Trustee by their respective Authorized Officers, and the County and the Trustee shall be authorized to act on any such approval or request

Section 10.12. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 10.13. [Concerning the Rights of the Insurer.]

(a) (b) The County shall repay the Insurer to the extent of payments made and expenses incurred by the Insurer in connection with the Certificates and the Policy. The obligation of the County to repay such amounts shall be subordinate only to the rights of the Owners to receive regularly scheduled principal and interest on the Certificates.

(b) (c) The Insurer shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Insurer, the County or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Insurer's decision thereon, if made in good faith, shall be final and binding upon the Insurer, the County and any other party on the Surety Bond. An itemized statement of payments made by the Insurer, certified by an officer of the Insurer, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the County, and if the County fails to immediately reimburse the Insurer upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Insurer at the rate set forth in the Policy.

(c) No failure or delay on the part of the Insurer to exercise any right, power or privilege under the Policy and no course of dealing between the Insurer and the County or any other party shall operate as a waiver of any such right, power or privilege, nor

shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies expressly provided in the Policy are cumulative and not exclusive of any rights or remedies which the Insurer would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.]

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DRAFT

IN WITNESS WHEREOF, the County and the Trustee have caused this Indenture to be executed in their respective corporate names and attested by their duly authorized officials or officers, all as of the date first above written.

ARCHULETA COUNTY, COLORADO,

[SEAL]

By _____
Chairman, Board of County Commissioners

Attest:

By _____
County Clerk and Recorder

UMB BANK, N.A.,
as Trustee

By _____
Authorized Representative

DRAFT

STATE OF COLORADO)
) ss.
COUNTY OF ARCHULETA)

This instrument was acknowledged before me this ____ day of [May], 2019, by Ronnie Maez, as Chairman of the Board of County Commissioners of Archuleta County, Colorado, and by Kristy Archuleta, as County Clerk and Recorder of Archuleta County, Colorado.

WITNESS my hand and official seal.

[SEAL]

Notary Public

My Commission Expires:

DRAFT

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

This instrument was acknowledged before me this ____ day of [May], 2019, by _____, as authorized signatory of UMB Bank, n.a.

Witness my hand and official seal.

[SEAL]

Notary Public

My Commission Expires:

DRAFT

EXHIBIT A

(FORM OF CERTIFICATE)

**CERTIFICATE OF PARTICIPATION, SERIES 2019
(Detention Center Projects)**

**Evidencing Assignment of Interests in the Right to Receive Certain Revenues Payable by
ARCHULETA COUNTY, COLORADO**

Pursuant to a Lease

Between the County and UMB Bank, n.a., as trustee

No. R- _____

\$ _____

INTEREST RATE:
%

MATURITY DATE:
[December 1], _____

DATED:
[May] __, 2019

CUSIP:

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM:

THIS CERTIFIES THAT THE REGISTERED OWNER (named above) or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to an annually renewable Lease Purchase Agreement dated as of [May 1], 2019 (which Agreement as from time to time amended is referred to herein as the "Lease"), between UMB Bank, n.a., as lessor (the "Trustee"), and ARCHULETA COUNTY, COLORADO, a political subdivision duly organized and existing under the laws of the State of Colorado, as lessee (the "County"). The interest of the Registered Owner of this Certificate of Participation, Series 2019 (this "Certificate") is secured as provided in the Lease and in the Indenture of Trust dated as of [May 1], 2019 (which Indenture as from time to time amended is herein referred to as the "Indenture"), between the County and UMB Bank, n.a. as trustee, or its successor (the "Trustee") for the registered owners of the Certificates (the "Certificate Owners"). Under the Indenture, the County has also granted to the Trustee, for the benefit of the Certificate Owners, a security interest in the Leased Property (as hereinafter defined). Pursuant to the Lease and the Indenture, the Registered Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date (stated above) (or earlier as hereinafter provided), the Principal Sum (stated above), and interest thereon as described in the Indenture at the Interest Rate (stated above) and payable commencing [December 1, 2019] and semiannually thereafter on [June 1 and December 1] of each year. Principal of and any premium on this Certificate are payable in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office of the Trustee; and interest on this Certificate is payable to the Registered Owner hereof as of the Regular Record Date (as defined in the Indenture) by check or draft of the Trustee to be mailed to such Registered Owner, on or before each interest payment date (or, if such interest payment date is not a Business Day, as defined in the Indenture, on or before the next succeeding Business Day), at the address of such Registered Owner as it last appears in the registration books kept by the Trustee; provided, however, the Trustee may make payments of interest on this Certificate by

such alternate means as may be mutually agreed upon by the Registered Owner hereof and the Trustee with any cost or expense to be paid by the Registered Owner.

This Certificate is one of a series of Certificates of Participation, Series 2019, evidencing assignments of proportionate undivided interests in rights to receive certain revenues, as described below, pursuant to the Lease and the Indenture, executed and delivered in an aggregate principal amount of \$ _____, pursuant to the Indenture, for the purpose, among others, of providing funds to finance the construction of certain capital improvements to be used as the County's detention and judicial facilities (the "Facilities") and the acquisition of the Equipment (as defined in the Lease), if any, for such Facilities (collectively, the "Project"), which, together with the site for the Facilities (the "Site Leased Property"), are collectively referred to herein as the "Leased Property." The Site Leased Property has been leased to the Trustee by the County pursuant to the Site Lease and the Project will be financed with proceeds of the Certificates. The Leased Property will be leased by the Trustee to the County pursuant to the Lease. Under the Lease, the County has agreed to pay directly to the Trustee semiannual rental payments (the "Base Rentals") in consideration for its right to use the Leased Property, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal of, premium, if any, and interest on the Certificates. In addition to the Base Rentals, the County has agreed to make certain other payments (the "Additional Rentals") sufficient to pay the fees and expenses of the Trustee, certain insurance premiums, taxes, utility charges, costs of maintenance and repair and other expenses expressly required to be paid by the County under the Lease.

The Lease is subject to annual renewal at the option of the County. The obligation of the County to pay Base Rentals and Additional Rentals under the Lease will terminate in the event that the County, for any reason, fails to budget and appropriate, specifically with respect to the Lease, moneys to pay all Base Rentals and reasonably estimated Additional Rentals during the next occurring renewal term of the Lease. In the event that the Lease Term (as defined in the Lease) is terminated by the County as set forth above (herein referred to as an "Event of Nonappropriation") or is terminated by reason of an Event of Default (as defined in the Lease), the principal amount of this Certificate and interest hereon will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from the liquidation or leasing of the Leased Property. Under certain circumstances, this Certificate and the interest hereon may also be payable from the Net Proceeds (as defined in the Lease) of title or casualty insurance policies, performance bonds or condemnation awards. The Lease Term may also be terminated in the event that the County shall exercise its option to purchase the Leased Property from the Trustee by making payment of the Purchase Option Price (as defined in the Lease). In the event that the County shall pay the Purchase Option Price, the proceeds thereof are required to be used to pay the principal of and interest on the Certificates and on any Additional Certificates (as defined below).

It is provided in the Indenture that there may hereafter be executed and delivered Additional Certificates ("Additional Certificates") from time to time under certain terms and conditions, and if executed and delivered, such Additional Certificates will be equally and proportionately secured under and entitled to the protection given by the Indenture with the Certificates. Reference is hereby made to the Lease and the Indenture for a description of the rights, duties and obligations of the County, the Trustee and the registered owners of the Certificates, the terms upon which Additional Certificates may be executed and delivered, the

terms upon which the Certificates and any Additional Certificates are secured, the terms and conditions upon which the Certificates will be deemed to be paid at or prior to maturity or redemption of the Certificates upon the making of provision for the full or partial payment thereof, and the rights of the registered owners of the Certificates upon the occurrence of an Event of Default or an Event of Nonappropriation.

NEITHER THE LEASE NOR THE CERTIFICATES CONSTITUTE A GENERAL OBLIGATION OR A MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NEITHER THE LEASE, THE INDENTURE NOR THE CERTIFICATES HAVE DIRECTLY OR INDIRECTLY OBLIGATED THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED FOR ANY FISCAL YEAR IN WHICH THE LEASE SHALL BE IN EFFECT. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, FROM NET PROCEEDS OF CERTAIN INSURANCE POLICIES, PERFORMANCE BONDS AND CONDEMNATION AWARDS, FROM NET PROCEEDS FROM THE SUBLEASING OR LIQUIDATION OF THE TRUSTEE'S INTEREST IN THE SITE LEASED PROPERTY AND THE LEASING, SALE OR ASSIGNMENT OF THE TRUSTEE'S INTEREST IN THE SITE LEASED PROPERTY OR FROM OTHER AMOUNTS MADE AVAILABLE UNDER THE INDENTURE, THE CERTIFICATES WILL BE PAYABLE DURING THE LEASE TERM SOLELY FROM BASE RENTALS TO BE PAID BY THE COUNTY UNDER THE LEASE. ALL PAYMENT OBLIGATIONS OF THE COUNTY UNDER THE LEASE, INCLUDING, WITHOUT LIMITATION, THE OBLIGATION OF THE COUNTY TO PAY BASE RENTALS, ARE FROM YEAR TO YEAR ONLY AND DO NOT CONSTITUTE A MANDATORY PAYMENT OBLIGATION OF THE COUNTY IN ANY FISCAL YEAR BEYOND A FISCAL YEAR IN WHICH THE LEASE SHALL BE IN EFFECT. THE LEASE IS SUBJECT TO ANNUAL RENEWAL AT THE OPTION OF THE COUNTY AND WILL BE TERMINATED UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. IN SUCH EVENT, ALL PAYMENTS FROM THE COUNTY UNDER THE LEASE WILL TERMINATE, AND THE CERTIFICATES AND THE INTEREST THEREON WILL BE PAYABLE FROM CERTAIN MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE INDENTURE, ANY AMOUNTS PAYABLE UNDER THE POLICY OF INSURANCE REFERRED TO IN THE INDENTURE, AND ANY MONEYS MADE AVAILABLE BY ACTION OF THE TRUSTEE REGARDING THE LEASED PROPERTY.

The Certificates are issuable solely as fully registered Certificates without coupons in denominations of \$5,000 and any integral multiple thereof.

This Certificate is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee, upon surrender of this Certificate together with a duly executed written instrument of transfer satisfactory to the Trustee. Upon such transfer, a new fully registered Certificate or Certificates without coupons and of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and

conditions set forth in the Indenture. The Trustee may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof, whether or not this Certificate shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary.

The Certificates are subject to redemption as follows:

(a) The Certificates shall be called for redemption, in whole, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date, on any interest payment date in the event of, and to the extent that moneys are actually received by the Trustee from the exercise by the County of its option to purchase the Leased Property, as provided in the Lease, upon payment of the then applicable Purchase Option Price; provided, however, that paragraph (b) below, and not this paragraph (a), shall apply in the event that the Purchase Option Price is paid from moneys borrowed by the County or derived from any installment purchase or lease purchase financing by the County.

(b) In the event that the Purchase Option Price is paid from moneys borrowed by the County or derived from any installment sale or lease purchase financing by the County, the Certificates maturing on or before [December 1, 20__] shall not be callable for redemption prior to maturity; and the Certificates maturing on or after [December 1, 20__] shall be callable for redemption prior to maturity, at the option of the County, in whole, on [December 1, 20__] and on any interest payment date thereafter at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date.

(c) The Certificates shall also be called for redemption at any time as set forth below upon the occurrence of an Event of Nonappropriation or an Event of Default.

If the Lease is terminated by reason of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee is required under the Indenture to immediately notify the registered owners of the Certificates of such termination and, if moneys available under the Indenture and the Policy are insufficient to provide for the payment in full of the outstanding Certificates and the interest thereon when due, shall notify the registered owners of the Certificates of the related redemption. If the Net Proceeds (as defined under the Indenture), if any, and other moneys then available under the Indenture and the Policy are insufficient to redeem all Outstanding Certificates at a redemption price (expressed as a percentage of principal amount) of 100% plus accrued interest to the redemption date, the Trustee may, or at the request of the registered owners of a majority in aggregate principal amount of the Certificates then outstanding, and upon indemnification as to costs and expenses as provided in the Indenture, is required to, without any further demand or notice, exercise all or any combination of Lease Remedies as provided in the Lease, and the outstanding Certificates are to be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the registered owners of the outstanding Certificates. If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys, including moneys then available under the Indenture and the Policy, are insufficient to redeem the outstanding Certificates at 100% of the principal amount thereof plus

interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys, including moneys then available under the Indenture and the Policy, are to be allocated proportionately among the Certificates, according to the principal amount thereof outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys are to be paid first to the Insurer to the extent of its payments under the Policy and to the extent other amounts are owed to the Insurer under the Indenture, and second, any remaining balance shall be paid to the County. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee is entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys. IF THE OUTSTANDING CERTIFICATES ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE OUTSTANDING CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO REGISTERED OWNER OF SUCH OUTSTANDING CERTIFICATES SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE COUNTY. IN SUCH EVENT, THE CERTIFICATE OWNERS MAY PURSUE ANY AVAILABLE REMEDIES AGAINST THE INSURER.

In the event any of the Certificates are called for redemption as aforesaid, the Trustee shall cause notice of the call for redemption, identifying the Certificates or portions thereof to be redeemed, to be given by mailing, at least 30 days and not more than 60 days prior to the redemption date, as provided in the Indenture. All Certificates so called for redemption shall cease to bear interest after the specified redemption date, provided that such funds as may be available for their redemption (which, in the case of a redemption resulting from an Event of Nonappropriation or Event of Default may be less than the full principal amount of the outstanding Certificates and accrued interest thereon to the redemption date) are on deposit at the place of payment at that time.

The Trustee may waive an Event of Nonappropriation or an Event of Default under certain circumstances as provided in the Lease and the Indenture.

The Indenture permits amendments thereto and to the Lease, upon the agreement of the County and the Trustee and compliance with the other requirements of the Indenture, including but not limited to, in certain cases the approval of the registered owners of not less than a majority or, for certain amendments, 100% in aggregate principal amount of the Certificates at the time outstanding. The Indenture also contains provisions permitting amendments to the Indenture and the Lease without the consent of the registered owners of the Certificates for certain purposes, including, without limitation, the execution and delivery of Additional Certificates for certain purposes. The Indenture requires the written consent of the Trustee to any amendment of the Indenture or the Lease which modifies the rights, duties or immunities of the Trustee.

Any consent or request by the Registered Owner of this Certificate shall be conclusive and binding upon such owner and upon all future registered owners of this Certificate and of any Certificate issued upon the transfer of this Certificate whether or not notation of such consent or request is made upon this Certificate.

This Certificate is executed and delivered with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Lease, until executed on behalf of the Trustee.

IN WITNESS WHEREOF, this Certificate has been executed with the manual or facsimile signature of an authorized representative of the Trustee, all as of the date set forth below.

Execution Date: [May]__, 2019

UMB Bank, n.a., as Trustee

By _____
Authorized Representative

STATEMENT OF INSURANCE

[To be inserted as needed]

DRAFT

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Please Insert Social Security or the Identifying Number of Transferee) (Please Print or Type Name and Address of Transferee) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member of a Medallion Signature Program.

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Certificate in every particular without alteration or enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

(End of Form of Certificate)

EXHIBIT B
DESCRIPTION OF LEASED PROPERTY

Description of Sites:

[To be inserted]

Description of the “Improvements” and “Equipment” included in the “Project”:

[To be inserted]

DRAFT

AGREEMENT TO CONSTRUCT

between

UMB BANK, N.A.,
solely in its capacity as Trustee under an Indenture of
Trust dated as of the date hereof,
as Site Lessee

and

ARCHULETA COUNTY, COLORADO,
as Contractor

Dated as of [May 1], 2019

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DRAFT

AGREEMENT TO CONSTRUCT

THIS AGREEMENT TO CONSTRUCT (this “Agreement”) is dated as of [May 1], 2019 and is entered into by and between **UMB BANK, N.A.**, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as Trustee under the Indenture (defined herein) (the “Trustee”), as site lessee, and **ARCHULETA COUNTY, COLORADO** (“the County”), as contractor.

W I T N E S S E T H :

WHEREAS, the County is a political subdivision of the State of Colorado duly organized and validly existing under the laws of the State; and

WHEREAS, the Trustee (a) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America; (b) is duly qualified to do business in the State; (c) solely in its capacity as Trustee under the Indenture, is the site lessee of the Site Leased Property pursuant to the Site Lease; and (d) is authorized, under its articles of association and applicable law, to lease the Site Leased Property from the County, to lease the Leased Property to the County, to hold in trust the Trust Estate and to execute, deliver and perform its obligations under the Site Lease, the Lease, the Indenture and this Agreement; and

WHEREAS, the County is authorized, under the laws of the State, to execute, deliver and perform its obligations under this Agreement; and

WHEREAS, the County, as site lessor, and the Trustee, as site lessee, have entered into a Site Lease, dated as of the date hereof, pursuant to which the County has leased the Site Leased Property to the Trustee under the authority of Section 30-11-104.1, Colorado Revised Statutes, as amended (“C.R.S.”); and

WHEREAS, pursuant to Section 30-11-101(1)(c), C.R.S., the Trustee, as lessor, and the County, as lessee, have entered into a Lease Purchase Agreement, dated as of the date hereof, pursuant to which the Trustee has leased the Leased Property to the County and the County has agreed to pay Base Rentals and Additional Rentals, subject, in each case, to the terms of the Lease; and

WHEREAS, the County has agreed to design, construct and install certain improvements and equipment in and on the Site Leased Property, as provided in this Agreement; and

WHEREAS, in order to finance the Project, the Series 2019 Certificates will be delivered and sold pursuant to the Indenture; and

WHEREAS, the execution, delivery and performance of this Agreement by the Trustee has been duly authorized by the Trustee and, upon the execution and delivery of this Agreement by the Trustee and the County, this Agreement will be enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, by equitable principles, whether

considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America; and

WHEREAS, the execution, delivery and performance of this Agreement by the County has been duly authorized by the County and, upon the execution and delivery of this Agreement by the County and the Trustee, this Agreement will be enforceable against the County in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America;

NOW THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the Trustee and the County agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined in this Agreement. The following capitalized terms shall have the following meanings in this Agreement:

“*Additional Rentals*” is defined in the Lease.

“*Base Rentals*” is defined in the Lease.

“*Board*” is defined in the Lease.

“*Business Day*” is defined in the Indenture.

“*Costs*” or “*Costs of the Project*” is defined in the Lease.

“*County*” means Archuleta County, Colorado, or any successor thereto.

“*County Representative*” means any officer of the Board, and any other person or persons designated to act on behalf of the County for the purposes of performing any act under the Site Lease, the Lease, the Indenture, and this Agreement by a written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the County by any member of the Board. The identity of the County Representative may be changed by the County from time to time by furnishing a new certificate to the Trustee.

“*Equipment*” is defined in the Lease.

“*Fixed Price*” is defined in Section 4.01 hereof.

“*Force Majeure*” is defined in the Lease.

“*Improvements*” is defined in the Lease.

“*Indenture*” means the Indenture of Trust dated as of the date hereof providing for the delivery of the Series 2019 Certificates and any amendment or supplement thereto.

“*Lease*” means the Lease Purchase Agreement dated as of the date hereof between the Trustee, as lessor, and the County, as lessee, and any amendment or supplement thereto.

“*Leased Property*” is defined in the Lease.

“*Project Budget*” is defined in Section 4.01 hereof.

“*Project Contract*” is defined in the Lease.

“*Project Documents*” is defined in the Lease.

“*Scheduled Completion Date*” is defined in Section 3.03(a) hereof.

“*Series 2019 Certificates*” is defined in the Indenture.

“*Site Lease*” means the Site Lease dated as of the date hereof between the County, as site lessor and the Trustee, as site lessee, and any amendment or supplement thereto.

“*Site Leased Property*” is defined in the Lease.

“*State*” means the State of Colorado.

“*Subcontract*” means any Project Contract entered into by and between the County and any Subcontractor.

“*Subcontractor*” means any Person with whom the County contracts for the construction, acquisition or installation by such Person of all or any portion of the Project.

“*Trust Estate*” is defined in the Indenture.

“*Trustee*” means UMB Bank, n.a., or any successor thereto, solely in its capacity as trustee under the Indenture, and not in its own corporate capacity, or any successor trustee under the Indenture. Pursuant to Section 6.02 hereof, any successor trustee under the Indenture will automatically succeed to the rights, title, interest and obligations of the previous trustee under the Indenture in, to and under this Agreement.

“*Trustee Representative*” means any officer of the Trustee, and any other person or persons designated to act on behalf of the Trustee under the Site Lease, the Lease and the Indenture by a written certificate furnished to the County containing the specimen signature of such person and signed on behalf of the Trustee by any officer of the Trustee. The identity of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the County.

Section 1.02. Definitions Incorporated from Indenture. Capitalized terms used herein that are not defined in Section 1.01 hereof shall have the meanings assigned to them in the Indenture.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties by the Trustee. The Trustee represents, covenants and warrants that:

(a) The Trustee (i) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America; (ii) is duly qualified to do business in the State; (iii) solely in its capacity as Trustee under the Indenture, is the lessee of the Site Leased Property pursuant to the Site Lease; and (iv) is authorized, under its articles of association and applicable law, to lease the Site Leased Property from the County, to lease the Leased Property to the County, to hold in trust the Trust Estate and to execute, deliver and perform its obligations under the Lease, the Site Lease, the Indenture and this Agreement.

(b) The execution, delivery and performance of this Agreement by the Trustee have been duly authorized by the Trustee.

(c) This Agreement is enforceable against the Trustee in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Agreement by the Trustee do not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing or, except as specifically provided in this Agreement, the Indenture or the Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Trustee.

(e) There is no litigation or proceeding pending or to the best of its knowledge threatened against the Trustee affecting the right of the Trustee to execute, deliver or perform its obligations under this Agreement.

Section 2.02. Representations, Covenants and Warranties by the County. The County represents, covenants and warrants that:

(a) The County is a political subdivision of the State duly organized and validly existing under the laws of the State.

(b) The County is authorized, under the laws of the State, to execute, deliver and perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement serve a public purpose and are in the best interest of the County and its residents.

(d) The execution, delivery and performance of this Agreement by the County have been duly authorized by the Board.

(e) This Agreement is enforceable against the County in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance of the terms of this Agreement by the County do not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County is bound, or constitute a default under any of the foregoing or, except as specifically provided in this Agreement, the Indenture, the Lease or the Site Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the County.

(g) There is no litigation or proceeding pending or to the best of its knowledge threatened against the County or any other Person affecting the right of the County to execute, deliver or perform its obligations under this Agreement.

ARTICLE III

CONSTRUCTION OF IMPROVEMENTS AND ACQUISITION AND INSTALLATION OF EQUIPMENT

Section 3.01. County's Obligations. The County shall construct the Improvements in and on the Site Leased Property and shall acquire and install the Equipment in the Improvements or in the Site Leased Property as appropriate, promptly and with due diligence and in accordance with the terms hereof, provided, however, that, if the performance by the County of such obligations is delayed by Force Majeure, the period for the commencement or completion thereof shall be extended for a period equal to such delay.

Section 3.02. Project Documents.

(a) The County shall construct the Improvements and acquire and install the Equipment in accordance with the Project Documents deposited with the Trustee when available as the same may be amended from time to time, according to which the Project is to be constructed, prepared by or for the County, a summary of which is attached

hereto as Exhibit A, and any change orders made in accordance with subsection (b) of this Section.

(b) The County at any time may change the Project Documents by a change order, written evidence of which shall be filed with the Project Documents then in effect, upon the County's determination that such change order will not materially adversely affect the value of the Project or its intended use.

Section 3.03. Completion Date.

(a) The County shall use its best efforts to cause the Completion Date to occur on or before [_____, 20__] (the "Scheduled Completion Date"). The "Completion Date" shall be deemed to have occurred when the County delivers a certificate to the Trustee stating that, to the best of the County's knowledge based upon the representations of the contractors, architects, engineers, vendors or other consultants and, except for any amounts estimated by the County to be necessary for payment of any Costs of the Project not then due and payable, the Project has been completed, and all Costs of the Project have been paid; provided, however, that the delivery of such certificate shall not, and such certificate shall state that it does not, prejudice any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

(b) If the Completion Date does not occur by the Scheduled Completion Date for any reason other than Force Majeure, the Trustee, may, but shall not be required to, terminate this Agreement, retain a Person other than the County to complete the Project and recover from the County (i) all reasonable costs incurred by or on behalf of the Trustee in completing the Project, net of any amounts that would otherwise have been paid to the County to complete the Project hereunder, plus (ii) interest on the amount determined pursuant to clause (i) at the maximum rate of interest payable on any of the Series 2019 Certificates.

Section 3.04. Subcontractor Guarantees. The County shall cause each Subcontractor that is responsible for the construction of any portion of the Improvements or for the acquisition or installation of any portion of the Equipment to bond or otherwise guarantee all work performed by it against defective workmanship and materials for a period of one year after the Completion Date, provided that such one year period shall not begin with respect to any item that is not completed on the Completion Date until such item is completed. The County shall assign to the Trustee any guarantee of workmanship and materials which it may receive but shall retain the right to enforce such guarantee directly.

Section 3.05. Performance and Payment Bonds. The County shall require that each Subcontractor that is responsible for the construction of any portion of the Improvements provide a performance bond and a separate labor and material payment bond, which shall (a) be executed by a corporate surety licensed to transact business in the State, (b) be in customary form, (c) be in the amount payable to such Subcontractor pursuant to its Project Contract and (d) be payable to the County and the Trustee, as their interests may appear. If, at any time prior to completion of the work covered by any such bond, the surety shall be disqualified from doing business within the State, a new bond shall be provided from an alternate surety licensed to transact

business in the State. The amount of each bond shall be increased or decreased, as appropriate, to reflect change orders under Section 3.02(b) hereof. The County hereby assigns its rights to any proceeds under such bonds to the Trustee, to be applied pursuant to Section 7.12 of the Lease. A copy of each such bond and all modifications thereto shall be furnished to the Trustee upon its request.

Section 3.06. Builder's Risk Completed Value Insurance. The Subcontractor for any Project Contract for the Project shall procure and maintain, at its own cost and expense, during the term of the applicable Project Contract and until the property to which such insurance relates is insured by the County pursuant to Section 7.10 of the Lease, standard, all risk of loss builder's risk completed value insurance upon such property in an amount at least equal to the total contract price for such contractor's work. In the event of any change order resulting in the performance of additional work, the amount of such insurance shall be increased to include the cost of such additional work, as well as related materials and fixtures. Such builder's risk completed value insurance policy shall name the County and the Trustee as mortgagee/trustee and loss payees and additional insureds, as their respective interests may appear. A certificate of insurance evidencing such insurance shall be provided to the Trustee.

Section 3.07. General Public Liability and Property Damage Insurance. The County shall require that each Subcontractor procure and maintain standard form comprehensive general public liability and property insurance, at its own cost and expense, during the duration of such contractor's Project Contract, in an amount acceptable to the County. Such policies shall name the County and the Trustee as mortgagee/trustee and loss payees and additional insureds, as their respective interests may appear, and shall include a provision to the effect that the insurance company shall not cancel the policy or modify it materially or adversely to the interests of the County and the Trustee without 60 days' prior notice by certified mail to the County and the Trustee. A certificate of insurance evidencing such insurance shall be provided to the Trustee with respect to each Subcontractor upon the Trustee's request. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability.

Section 3.08. Workers' Compensation Insurance. The County shall require that each Subcontractor that is responsible for construction of any portion of the Improvements procure and maintain, at his own cost and expense, worker's compensation insurance during the term of its Project Contract, covering its employees working thereunder. The policy shall include the Trustee as an additional insured and as loss payee. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled, terminated or altered without 10 days' prior written notice to the County and to the Trustee. A certificate issued by the Colorado State Insurance Fund evidencing such coverage shall be provided by the County to the Trustee at its request, or if such insurance is provided by a private carrier a completed certificate of insurance shall be provided by the County to the Trustee at its request, with respect to each Subcontractor. Each Project Contract relating to the Project shall also provide that each subcontractor of any Subcontractor who is a party to such Project Contract shall be required to furnish similar worker's compensation insurance.

Section 3.09. Compliance with Requirements of Law. The County shall construct, acquire and install the Project in a manner such that (a) all permits required by law in respect of

the Project shall be obtained, maintained in full force and effect and complied with; (b) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, et seq., any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq., any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property as a result of the Project in such manner as would constitute a violation of any requirements of law; (c) there shall be no disposal of any of the items referred to in clause (b) on, from, into or out of the Leased Property in connection with the Project in violation of any requirements of law; and (d) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (b) into the indoor or outdoor environment from, into or out of the Leased Property in connection with the Project, including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any requirements of law.

Section 3.10. Defaults Under Project Contracts. In the event of any default under any Project Contract, or in the event of a breach of warranty with respect to any materials, workmanship or performance or with respect to the Project, which default or breach results in frustration of the purpose for which the Leased Property was intended, the County shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies, including any remedy against the surety of any bond securing the performance of the Project Contract.

Section 3.11. Assignment of Rights Under Subcontracts. The County hereby assigns to the Trustee, and each Subcontract shall expressly provide that the Trustee shall have, the right to enforce any Subcontract against the Subcontractor (a) following termination of the Lease and (b) in any case where, in the reasonable judgment of the Trustee, the County has failed to enforce the terms of such Subcontract in a manner consistent with the obligations of the County hereunder.

ARTICLE IV

PAYMENT FOR SERVICES

Section 4.01. Fixed Price. As consideration for the design, construction and installation of the Project in accordance with this Agreement, including but not limited to the preparation of the Project Documents, the Trustee shall disburse to the County, solely from the Trust Estate, and upon receipt of the County's written direction as required by the Indenture, the total amount to be deposited into the Construction Fund, pursuant to Section 2.07 of the Indenture, to pay the Costs of the Project, plus any earnings received from the investment of such amount pending disbursement to the County hereunder (the "Fixed Price"). The Fixed Price shall not be adjusted up or down for change orders or for any other reason, it being the intention of the parties that the

County will bear the cost of cost-overruns and will reap the benefit of cost-savings in connection with the services and property provided by it hereunder. The Fixed Price shall be allocated to various cost portions of the design, construction and installation of the Project generally as set forth in the Project Budget attached hereto as Exhibit B (the "Project Budget"), which Project Budget, as modified by the County from time to time, shall serve as the basis for reviewing the County's periodic requisitions for payment under Section 4.02 hereof.

Section 4.02. Requisitions for Payment. The County may request from time to time, payment of a portion of the Fixed Price for work performed pursuant to the Project Budget by delivering a requisition to the Trustee in the form attached as Exhibit D to the Lease. The Trustee may rely conclusively on any such certificate and shall not be required to make any independent investigation in connection therewith. The execution of any requisition certificate by the County shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. The County shall not submit a requisition for payment of amounts that the County does not intend to pay to a Subcontractor or material supplier because of a dispute or other reason. Requisitions for materials or equipment shall not be submitted until the materials or equipment have been delivered and title thereto shall have been transferred to the County. The County warrants that title to all work covered by a requisition shall pass to the Trustee no later than the time of payment and the County shall provide, in connection therewith, all lien waivers and title insurance endorsements sufficient to insure the Trustee's title to all work included in an application for payment free and clear of all liens. The requisition for the final installment of the Fixed Price shall be accompanied by the certificate of completion to be provided pursuant to Section 3.03(a) hereof.

Section 4.03. Reserved.

Section 4.04. Subcontracts. The County shall require that any Subcontract entered into between the County and a Subcontractor for the performance of any portion of the Project shall be a fixed price contract or a guaranteed maximum price contract.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Agreement to Construct:

(i) failure by the County to use its best efforts to cause the Completion Date to occur by the Scheduled Completion Date for any reason other than Force Majeure, or, if the County shall have used its best efforts to cause the Completion Date to occur by the Scheduled Completion Date but has failed to cause the same to occur, the failure by the County to use its best efforts to thereafter cause the Completion Date to occur;

(ii) failure by the County to construct, acquire and install the Project in a manner required by Section 3.09 of this Agreement; and

(iii) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) and (ii) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the County by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected.

(b) The provisions of subsection (a) of this Section are subject to the limitations set forth in Section 6.01 of this Agreement.

Section 5.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee may, but shall not be required to pursue any remedy available at law or equity, including, without limitation, the remedy set forth in Section 3.03(b) of this Agreement with respect to defaults under Section 5.01(a)(i) of this Agreement.

Section 5.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 5.04. Waivers. The Trustee may waive any Event of Default under this Agreement and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Limitations on Obligations of the County. Notwithstanding any other provision hereof, (a) the obligations of the County under this Agreement shall constitute a special obligation of the County and the County's performance of such obligations shall be limited to the availability of funds to pay the costs of such performance from (i) moneys paid to the County by the Trustee pursuant hereto and (ii) funds appropriated by the Board for Base Rentals and Additional Rentals for the Fiscal Year in which such funds are to be expended; and (b) no provision of this Agreement shall be construed or interpreted (i) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or

Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the County; (iv) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Section 6.02. Trustee's Rights in Trust for Benefit of Owners; Successor Trustee; Assignment by Trustee. The Trustee shall hold its rights, title and interest in, to and under this Agreement in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to the rights, title, interest and obligations of the previous trustee under the Indenture in, to and under this Agreement. The Trustee shall not, except as otherwise provided in this Section, assign any of its rights, title or interest in, to or under this Agreement to any Person.

Section 6.03. Binding Effect. Except as provided in Sections 6.01 and 6.02 hereof, this Agreement shall inure to the benefit of and shall be binding upon the County and the Trustee and their respective successors and assigns.

Section 6.04. Representatives of the County and Trustee. Whenever any notice or approval is to be given or any other action is to be taken by the Trustee or the County hereunder, such notice or approval shall be given or action taken by the Trustee Representative on behalf of the Trustee; and by the County Representative on behalf of the County.

Section 6.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be given in the same manner provided in Section 15.02 of the Lease. The County and the Trustee may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 6.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the County or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the County or the Trustee, as the case may be, and not of, with respect to the Trustee, UMB Bank, n.a., in its corporate capacity, or of any member, director, officer, employee, servant or other agent of the County or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against UMB Bank, n.a. in its corporate capacity, or any member, director, officer, employee, servant or other agent of the County or the Trustee or any natural person executing this Agreement or any related document or instrument.

Section 6.07. Amendments, Changes and Modifications. Except as otherwise provided herein and as provided for in the Indenture, this Agreement may not be amended, changed, modified or altered other than by the execution of a subsequent document in the same manner as this Agreement is executed.

Section 6.08. Events Occurring on Days That Are Not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Agreement is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Agreement.

Section 6.09. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 6.10. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.11. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 6.12. Applicable Law. The laws of the State shall be applied in the interpretation, execution and enforcement of this Agreement.

Section 6.13. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.14. Governmental Immunity. This Agreement is not intended, and shall not be construed, as a waiver of the limitations on damages or any of the privileges, immunities, or defenses provided to, or enjoyed by, the County and its past and current directors, officers, employees, volunteers and agents under common law or pursuant to statute, including but not limited to Section 24-10-101 et seq., C.R.S.

Section 6.15. Attorneys' Fees and Costs. In any dispute arising from or relating to this Agreement, the prevailing party shall be awarded its reasonable attorneys' fees, costs and expenses, including any attorneys' fees, costs and expenses incurred in enforcing or collecting upon any judgment, order or award.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the County and the Trustee have executed this Agreement as of the date first above written.

UMB BANK, N.A., solely in its capacity as Trustee under an Indenture of Trust dated as of the date hereof, as site lessee

By _____
Authorized Signatory

[SEAL]

ARCHULETA COUNTY, COLORADO, as contractor

By _____
Chairman, Board of County Commissioners

Attest:

By _____
County Clerk and Recorder

[Signature Page to Agreement to Construct]

EXHIBIT A
PROJECT DOCUMENTS

Please see attached.

DRAFT

EXHIBIT B
PROJECT BUDGET

Please see attached.

DRAFT

NOTICE OF SALE

**Certificates of Participation, Series 2019
(Justice Center Project)
evidencing assignment of interests in
the right to receive certain revenues payable by
Archuleta County, Colorado
pursuant to a Lease Purchase Agreement
between the County and UMB Bank, n.a., as Trustee
in the approximate aggregate principal amount of \$_____***

PUBLIC NOTICE IS HEREBY GIVEN that electronic bids will be received for the purchase of \$_____ * aggregate principal amount of Certificates of Participation, Series 2019 (the "Series 2019 Certificates"), more particularly described below. As more fully described in the Preliminary Official Statement, dated April __, 2019 (the "Preliminary Official Statement"), Archuleta County, Colorado (the "County"), is causing the Series 2019 Certificates to be offered and issued pursuant to Resolution No. ____ of the County finally adopted on April __, 2019 (the "Resolution"). Bids for the purchase of the Series 2019 Certificates must be submitted through the BIDCOMP/PARITY electronic bidding system ("PARITY"). The date and time for submitting bids will be as follows:

Bid Date: May __, 2019

Bid Time: Between 11:30 a.m. and 12:00 noon Eastern Time (Between 9:30 a.m. and 10:00 a.m. Mountain Time)

Submit Bid to: PARITY electronic bidding system as set forth in "TERMS OF SALE—Submission of Bids"

Delivery Date: May __, 2019

Information relating to this auction be obtained from the County's Municipal Advisor, Ehlers & Associates, Inc. (the "Municipal Advisor), at (303) 802-2304 (Deb Hinsvark) or from PARITY at 212-849-5021.

To bid, each bidder must have both (1) a subscription to PARITY and (2) requested and received admission to the bidding of the Series 2019 Certificates, as described under "**TERMS OF SALE—Submission of Bids**" below. The use of PARITY shall be at the bidder's risk and expense, and none of the County, the Municipal Advisor, Kutak Rock LLP ("Bond Counsel") or UMB Bank, n.a. (the "Trustee") shall have any liability with respect thereto.

None of the County, the Municipal Advisor, Bond Counsel or the Trustee shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or

* Preliminary; subject to adjustment as set forth herein

telecommunications lines, or any other cause arising from delivery by Internet transmission. Additionally, the PARITY time stamp will govern the receipt of all electronic bids. The official bid clock does not automatically refresh. Bidders must refresh the auction page periodically to monitor the progression of the bid clock and to ensure that their bid will be submitted prior to the termination of the auction. All bids will be deemed to incorporate the provisions of this Notice of Sale.

This Notice of Sale, and the information set forth herein, are not to be treated as a complete disclosure of all relevant information with respect to the Series 2019 Certificates. The information set forth herein is subject, in all respects, to a more complete description of the Series 2019 Certificates and the security therefor set forth in the Preliminary Official Statement.

THE SERIES 2019 CERTIFICATES

Terms. The Series 2019 Certificates will be issued in the aggregate principal amount set forth in the caption of this Notice of Sale, and will be dated the date of delivery. The proceeds of the Series 2019 Certificates are being used to (a) finance the acquisition and construction of certain capital improvement projects in connection with the County's detention facilities, including the construction of a new facility, the remodeling of an existing facility and capital improvements associated thereto (the "Project"); and (b) pay costs of issuance of the Series 2019 Certificates.

Interest on the Series 2019 Certificates will be payable on each [June 1] and [December 1], commencing on [December 1, 2019], while the Series 2019 Certificates are outstanding. The Series 2019 Certificates will mature on [December 1] in each of the designated amounts and years as follows:

Maturity (December 1):	Amount:*
2020	\$
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	

* Preliminary; subject to adjustment as set forth herein

The Series 2019 Certificates shall be issued in full book-entry form through the facilities of The Depository Trust Company (“DTC”). The Trustee, as trustee under the Indenture of Trust dated as of [May 1], 2019 (the “Indenture”) entered into by the Trustee, shall serve as Paying Agent, Registrar and Transfer Agent for the Series 2019 Certificates. CUSIP numbers will be affixed to the Series 2019 Certificates, but errors in such CUSIP numbers or the failure to affix the CUSIP numbers to the Series 2019 Certificates shall not constitute cause for the purchaser to refuse delivery of the Series 2019 Certificates.

Reference is made to the Preliminary Official Statement for a more detailed description of the Series 2019 Certificates, the Project, the above-referenced Lease (the “Lease”), the Indenture and related matters.

Optional Redemption. The Series 2019 Certificates maturing on and after [December 1], 20__ are subject to redemption prior to their respective maturities at the option of the County, in whole or in part, on [December 1], 20__ or at any time thereafter (if in part, in integral multiples of \$5,000, from any maturity or maturities or portions thereof as selected by the County and by lot within a maturity in such manner as the Trustee shall determine), at a redemption price equal to the principal amount so redeemed plus accrued interest thereon to the redemption date, without redemption premium.

Term Bond Option. Bids for the Series 2019 Certificates may contain a maturity schedule providing for any combination of serial certificates and term certificates, subject to

mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

Redemption of Series 2019 Certificates in Whole upon an Event of Nonappropriation or Event of Default. The Series 2019 Certificates are to be called, for redemption in whole, on any date, in the event of the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be the lesser of (a) the principal amount of the Series 2019 Certificates, plus accrued interest to the redemption date (without any premium); or (b) the sum of (i) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption; and (ii) the other amounts available in the Trust Estate for payment of the redemption price of the Series 2019 Certificates, which amounts will be allocated among the Series 2019 Certificates in proportion to the principal amount of each Series 2019 Certificate. Notwithstanding any other provision of the Indenture, the payment of the redemption price of any Series 2019 Certificate pursuant to this redemption provision will be deemed to be the payment in full of such Series 2019 Certificate and no Owner of any Series 2019 Certificate redeemed pursuant to this redemption provision will have any right to any payment from the Trustee or the County in excess of such redemption price.

In addition to any other notice required to be given under the Indenture, the Trustee must, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default, notify the Owners [and the Certificate Insurer (as defined in the Indenture)] (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price described in clause (i) of the immediately preceding paragraph. If the funds then available to the Trustee are sufficient to pay the redemption price described in clause (i) of the immediately preceding paragraph, such redemption price is to be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price described in clause (i) of the immediately preceding paragraph, the Trustee must (A) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease and (B) subject to the provisions of the Indenture, immediately begin to exercise and must diligently pursue all remedies available to it under the Lease in connection of such Event of Nonappropriation or Event of Default. The remainder of the redemption price, if any, is to be paid to the Owners if and when funds become available to the Trustee from the exercise of such remedies.

Adjustment of Principal Amounts. The County reserves the right to increase or decrease the principal amount of the Series 2019 Certificates on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

Amendment of Notice. In addition, the County reserves the right to amend this Notice of Sale at any time prior to the date and time for receipt of bids by publishing the amendments via TM3.com and/or Bloomberg wire service.

Interest Rates and Limitations. Interest from the date of delivery will be payable on [December 1], 2019 and semiannually thereafter on [June 1] and [December 1] in each year, as calculated based on a 360-day year of twelve 30-day months.

Only one interest rate is to be specified for any one maturity of the Series 2019 Certificates.

Each interest rate specified must be stated in a multiple of 1/8 or 1/20 of 1 percent per annum.

A zero interest rate is not permitted. No supplemental or “B” interest shall be allowed.

Ratings. [S&P Global Ratings (“S&P”) and Moody’s Investors Services (“Moody’s”)] have assigned the Series 2019 Certificates municipal bond underlying ratings of “___” and “___”, respectively, [and insured ratings of “___” and “___”,] respectively. See “RATINGS” in the Preliminary Official Statement.

Book-Entry Only. The Series 2019 Certificates will be issued in registered form, in denominations of \$5,000 or integral multiples thereof. The Series 2019 Certificates will be issued in registered, book-entry-only form, and all bidders for the Series 2019 Certificates must be participants of The Depository Trust Company, New York, New York (“DTC”) or affiliated with its participants. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and for the transfer of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Series 2019 Certificates on behalf of the individual purchasers. Individual purchases be made in the principal amount of \$5,000 or any multiple thereof through book entries made on the books and records of DTC and its participants. Unless the book-entry-only system is discontinued, Series 2019 Certificate principal and interest payments will be made by the County to DTC through the Trustee.

Authorization. The Series 2019 Certificates are being issued pursuant to and in full conformity with the Constitution and laws of the State of Colorado, the Resolution and the Supplemental Public Securities Act, Part 2 of Article 57, Title 11, C.R.S.

TERMS OF SALE

Submission of Bids. A prospective bidder must electronically submit a bid for the Series 2019 Certificates via PARITY. Bids must be submitted electronically via PARITY in accordance with this Notice of Sale, until 10:00 a.m., MDST, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders contact the County’s Municipal Advisor at Ehlers & Associates, Inc., 4700 S, Syracuse Street, Suite 860, Denver, Colorado 80237, Telephone (303) 802-2300, or BIDCOMP/PARITY at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 404-8153; Fax (212) 849-5021.

Bidding Parameters. Bidders are required to submit unconditional bids specifying the rate of interest and premium, if any, at which the bidder will purchase all and not less than all of the Series 2019 Certificates.

Information Regarding Bids. Bidders may change and submit bids as many times as they wish during the bidding; provided, however, that each bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid when compared to the immediately preceding bid of such bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see its own ranking (i.e., "Leader," "Cover," "3rd," etc.).

Bids Constitute an Irrevocable Offer. Each bid submitted through PARITY shall be deemed an irrevocable offer to purchase the Series 2019 Certificates on the terms provided in this Notice of Sale and shall be binding upon the bidder.

Purchase Price. The purchase price bid shall not be less than 100% of the par amount of the Series 2019 Certificates, nor will any net discount or commission be allowed or paid on the sale of the Series 2019 Certificates.

Basis of Award. The Series 2019 Certificates will be sold to the bidder offering to purchase the Series 2019 Certificates at the lowest TIC. The actuarial yield on the Series 2019 Certificates using the TIC method will be computed at that yield which, if used to compute the present value of all payments of principal and interest on the Series 2019 Certificates as of the date of the Series 2019 Certificates, i.e., [May __, 2019], produces an amount equal to the aggregate bid price. Such calculation will be made based upon a 360-day year and a semi-annual interval for compounding.

The winning bid will be indicated on PARITY, and the auction results, as posted on such website, will be subject to verification by the County and the Municipal Advisor. The County and the Municipal Advisor will verify the auction results immediately following the close of the bidding period and notice of confirmation by the County and the Municipal Advisor of the winning bidder will be made by a posting on PARITY under the "Results" link.

If two or more bids have the same TIC, the first bid submitted, as determined by reference to the time stamp displayed on PARITY, shall be deemed to be the leading bid.

Sale Reservations. The County reserves the right (a) to reject any and all bids for any Series 2019 Certificates, (b) to reoffer any Series 2019 Certificates for public or negotiated sale and (c) to waive any irregularity or informality in any bid.

Good Faith Deposit. The winning bidder will be required to wire two hundred fifty thousand dollars (\$250,000) to the Trustee, to be applied to the account of the County, as bid security by 5:00 p.m. Mountain Time on [May __, 2019]. The Trustee will provide wire instructions to the winning bidder. The bid security will be retained by the Trustee and: (a) will be applied, without allowance for interest, against the purchase price when the Series 2019 Certificates are delivered to and paid for by such winning bidder or (b) will be retained by the Trustee as liquidated damages if the bidder defaults with respect to the bid or (c) will be returned

to the bidder if the Series 2019 Certificates are not issued by the County for any reason which does not constitute a default by the bidder.

Manner and Time of Delivery. The Series 2019 Certificates will be delivered to DTC for the account of the winning bidder at the expense of the County on [May __, 2019] (the “Closing Date”) or such later date as the County and the winning bidder agree. The winning bidder will not be required to accept delivery of the Series 2019 Certificates if they are not tendered for delivery by the County on the Closing Date, or such later date as the County and the winning bidder agree; provided that delivery of any Series 2019 Certificates is conditioned upon the receipt by the County of a certificate as to their issue price. See “—Issue Price Certificate” below. Payment of the purchase price due at delivery must be made in Federal Reserve funds for immediate and unconditional credit to the County.

The good faith deposit of the winning bidder will be credited to the purchaser at the time of delivery of the Series 2019 Certificates (without accruing interest). If the winning bidder for the Series 2019 Certificates fails or neglects to complete the purchase of the Series 2019 Certificates within five days after such Series 2019 Certificates are made ready and are tendered for delivery, the amount of its good faith deposit will be forfeited (as liquidated damages for non-compliance with the bid) to the County, except as hereinafter provided.

Official Statement. The Preliminary Official Statement, dated [April __, 2019], and the information contained therein have been deemed final by the County as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) with permitted omissions, but is subject to change without notice and to completion or amendment in the Final Official Statement in final form (the “Final Official Statement” or the “Official Statement”). The Notice of Sale and the Preliminary Official Statement be viewed and downloaded at www.meritos.com. Bidders may also obtain a copy of the Preliminary Official Statement from the Municipal Advisor prior to the bid opening by making a request utilizing the bond sale link found at www.ehlers-inc.com.

The County, at its expense, will make available to the winning bidder, within seven (7) business days after the award of the sale of the Series 2019 Certificates, up to 10 physical copies of the Final Official Statement, and additional copies of the Final Official Statement be provided at the winning bidder’s expense. The winning bidder must cooperate in providing the information required to complete the Final Official Statement. The County will also provide the Final Official Statement to the winning bidder in electronic form.

The winning bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

Continuing Disclosure Undertaking. The County has covenanted to provide, in a timely manner to the municipal securities information repository at <http://emma.msrb.org>, notice of the occurrence of specified, material events and to provide certain financial information on an annual basis as more fully set forth in the Preliminary Official Statement. Reference is made to the Preliminary Official Statement for a more complete description of the County’s continuing disclosure undertaking obligations.

State Securities Laws. The County has taken no action to qualify the offer or sale of the Series 2019 Certificates under the securities laws of any state. Should any such qualification be necessary, the County agrees to cooperate with the winning bidder in such matters, provided that the County reserves the right not to consent to service of process outside its boundaries and expenses related to any such qualification shall be the responsibility of the winning bidder.

CUSIP Numbers. CUSIP numbers will be issued and printed on the Series 2019 Certificates. Any error or omission in printing such numbers on the Series 2019 Certificates will not constitute cause for the winning bidder to refuse delivery of any Series 2019 Certificate. All expenses in relation to obtaining the CUSIP numbers and printing of the CUSIP numbers on the Series 2019 Certificates shall be paid for by the County.

Legal Opinion and Transcript of Proceedings. Bids shall be conditioned upon receipt of the approving legal opinion of Bond Counsel, Kutak Rock LLP, but must in any and all other respects be unconditional. In the opinion of Bond Counsel, to be delivered substantially in the form set forth in the Preliminary Official Statement, the Series 2019 Certificates will evidence valid assignments of undivided interests in the Base Rentals to be received under the Lease payable on the terms and subject to the conditions and limitations stated in such opinion and Series 2019 Certificates. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations by the County and continuing compliance by the County with certain covenants, amounts designated and paid as interest on the Series 2019 Certificates (including any original issue discount properly allocable to the owners of the Series 2019 Certificates) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; and, under existing Colorado statutes, amounts designated and paid as interest on the Series 2019 Certificates are exempt from income taxation in the State of Colorado, all as described in greater detail under the caption “TAX MATTERS” in the Preliminary Official Statement. Bond Counsel, acting as such, has no responsibility for the accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2019 Certificates. A certified transcript of legal proceedings and the approving opinion of Kutak Rock LLP, as Bond Counsel, and not to exceed 10 copies of the Final Official Statement pertaining to the Series 2019 Certificates, will be furnished at no expense to the purchaser.

Establishment of Issue Price. The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Series 2019 Certificates pursuant to the provisions of the Internal Revenue Code of 1986, as amended. The issue price of the Series 2019 Certificates shall be established as follows:

- A. The winning bidder shall assist the County in establishing the issue price of the Series 2019 Certificates and shall execute and deliver to the County at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019 Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix A, with such modifications as may be appropriate or necessary (including but not limited to address the matters set forth in paragraphs D and E below), in the reasonable

judgment of the winning bidder, the County and Bond Counsel. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Series 2019 Certificates may be taken on behalf of the County by the Municipal Advisor, and any notice or report to be provided to the County may be provided to the Municipal Advisor.

B. The County intends that the provisions of Section 1.148-1(f)(3)(i) of the Treasury Regulations (defining “competitive sale” for purposes of establishing the issue price of the Series 2019 Certificates) will apply to the initial sale of the Series 2019 Certificates (the “competitive sale requirements”) because:

1. The County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
2. all bidders shall have an equal opportunity to bid;
3. the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the County anticipates awarding the sale of the Series 2019 Certificates to the bidder who submits a firm offer to purchase the Series 2019 Certificates at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2019 Certificates, as specified in this bid.

C. If all of the requirements of a “competitive sale” are not satisfied, the County shall advise the winning bidder of such fact prior to the time of award of the sale of the Series 2019 Certificates to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal, and the County agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Series 2019 Certificates. Notwithstanding the foregoing sentence, the County will treat the first price at which 10% of a maturity of the Series 2019 Certificates is sold to the public (the “10% test”) at the time and date of the award as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity), and the winning bidder shall advise the County if any maturity of the Series 2019 Certificates satisfies such 10% test as of the date and time of the award of the Series 2019 Certificates. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Series 2019 Certificates that do not meet the 10% test at the time and date of the award: (1) the 10% test; or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Series 2019 Certificates (the “hold-the-offering-price rule”).

D. If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the hold-the-offering-price rule, with respect to the Series 2019 Certificates that do not satisfy the 10% test as of the date and time of the award of the Series 2019 Certificates, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Series 2019 Certificates to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019 Certificates, that the underwriters will neither offer nor sell unsold Series 2019 Certificates of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the underwriters have sold at least 10% of that maturity of the Series 2019 Certificates to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Series 2019 Certificates to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019 Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2019 Certificates to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2019 Certificates.

E. If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the

County, Bond Counsel and the Municipal Advisor the prices at which the Series 2019 Certificates have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2019 Certificates or until all of the Series 2019 Certificates of a certain maturity have been sold.

- F. By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019 Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2019 Certificates of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Series 2019 Certificates of that maturity or all Series 2019 Certificates of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Series 2019 Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2019 Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019 Certificates of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Series 2019 Certificates of that maturity or all Series 2019 Certificates of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.
- G. Sales of any Series 2019 Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
1. “public” means any person other than an underwriter or a related party,
 2. “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019 Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019 Certificates to the public),

3. a purchaser of any of the Series 2019 Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

4. “sale date” means the date that the Series 2019 Certificates are awarded by the County to the winning bidder.

Right to Modify or Amend Notice of Sale. The County reserves the right to modify or amend this Notice of Sale and the Bid Form, prior to the bid date. If any modifications occur, supplemental information with respect to the Series 2019 Certificates will be communicated by posting on the PARITY website not later than 3:00 p.m., Mountain Time on the day preceding the day on which proposals be submitted, and bidders shall bid upon the Series 2019 Certificates based upon the terms thereof set forth in this Notice of Sale, as so modified by such supplemental information.

Postponement of Sale. The County reserves the right to postpone the date and time established for the receipt of bids. Any such postponement will be announced by posting on PARITY prior to commencement of the bidding. If any date and time fixed for the receipt of bids and the sale of the Series 2019 Certificates is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder submit bids electronically as described above for the purchase of the Series 2019 Certificates in conformity in all respects with the provision of this Notice of Sale, except for the date and time of sale and except for any changes announced by posting on PARITY at the time the sale date and time are announced.

Dated this ____ day of April, 2019.

ARCHULETA COUNTY, COLORADO

By /s/ _____
Director of Finance

**APPENDIX A
FORM OF ISSUE PRICE CERTIFICATE**

**Certificates of Participation, Series 2019
(Justice Center Project)
evidencing assignment of interests in
the right to receive certain revenues payable by
Archuleta County, Colorado
pursuant to a Lease Purchase Agreement
between the County and UMB Bank, n.a., as Trustee**

ISSUE PRICE CERTIFICATE

[CLOSING DATE]

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Series 2019 Certificates”) relating to the captioned Lease Purchase Agreement between Archuleta County, Colorado (the “County”), as lessee, and UMB Bank, n.a., as lessor. [*Sections 1 and 2 and schedules to be adjusted in execution version as necessary if all of the requirements of a “competitive sale” are not satisfied.*]

1. ***Reasonably Expected Initial Offering Price.***

(a) As of [THE SALE DATE], the reasonably expected initial offering prices of the Series 2019 Certificates to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2019 Certificates used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Series 2019 Certificates. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Series 2019 Certificates.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Series 2019 Certificates.

2. ***Defined Terms.***

(a) “*Maturity*” means Series 2019 Certificates with the same credit and payment terms. Series 2019 Certificates with different maturity dates, or Series 2019 Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019 Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019 Certificates, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Series 2019 Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the County from time to time relating to the Series 2019 Certificates.

IN WITNESS WHEREOF, the undersigned, on behalf of [SHORT NAME OF UNDERWRITER], has set his or her hand as of the date first written above.

[UNDERWRITER]

By: _____
Name: _____
Title: _____

SCHEDULE A
EXPECTED OFFERING PRICES
(See Attached)

DRAFT

SCHEDULE B
COPY OF WINNING BID
(See Attached)

DRAFT

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

NEW ISSUE
BOOK-ENTRY-ONLY

INSURED RATING _____: “__”
INSURANCE: _____
UNDERLYING RATING: _____: “__”
(See “MISCELLANEOUS--Ratings”)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the “Interest Portion”) (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

\$ _____*
CERTIFICATES OF PARTICIPATION, SERIES 2019
(Detention Center Project)

Evidencing Assignment of Interests in the Right to Receive Certain Revenues Payable by
ARCHULETA COUNTY, COLORADO
Pursuant to a Lease Purchase Agreement
Between the County and UMB Bank, n.a., as Trustee

Dated: Date of Delivery

Due: December 1, as shown below

The Certificates evidence undivided interests in the right to receive certain revenues under an annually terminable Lease Purchase Agreement dated as of [May 1], 2019, between the County and UMB Bank, n.a., Denver, Colorado, in its capacity as Trustee under an Indenture dated as of [May 1,] 2019, as Lessor. The Certificates will be executed and delivered pursuant to the Indenture. The Certificates will be delivered in book-entry-only form and The Depository Trust Company will act as securities depository for the Certificates. Capitalized terms used on this cover page are defined in the Introduction to this Official Statement and in APPENDIX A. The Certificates mature, bear per annum interest payable on [December 1], 2019 and semiannually thereafter on each June 1 and December 1, and are priced as follows:

Maturity Schedule									
CUSIP _____ ^{1, ©}									
Maturity Date (December 1) [*]	Principal Amount [*]	Interest Rate	Price or Yield	CUSIP ^{1, ©}	Maturity Date (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP ^{1, ©}
2020	\$	%	%		2030	\$	%	%	
2021					2031				
2022					2032				
2023					2033				
2024					2034				
2025					2035				
2026					2036				
2027					2037				
2028					2038				
2029					2039				

The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of various public improvements and paying the costs of issuance of the Certificates.

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by [_____].

[Insert Insurer Logo]

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

The Certificates are subject to redemption prior to maturity as described herein.

This cover page is not a summary of the issue. Investors should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the material under the caption “RISK FACTORS.”

The Certificates are offered when, as and if executed and delivered and accepted by the Underwriter named below, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to other conditions. Kutak Rock LLP has also been retained to assist the County in the preparation of this Official Statement. Certain matters will be passed upon by Todd Weaver, Esq., as counsel to the County. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about May __, 2019.

Selling: _____ May __, 2019
Manner of Sale: _____ (Electronically Through Parity)
The date of this Official Statement is May __, 2019.

¹ The County takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Certificates.

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* Preliminary; subject to change.

ARCHULETA COUNTY, COLORADO

Board of County Commissioners

Ronnie Maez, Chairman
Alvin Schaaf, Commissioner
Steve Wadley, Commissioner

County Officials

Greg Schulte, Interim County Administrator
Larry Walton, Finance Director
Todd Weaver, County Attorney

Underwriter

Trustee

UMB Bank, n.a.
Denver, Colorado

Municipal Advisor

Ehlers & Associates, Inc.
Denver, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

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

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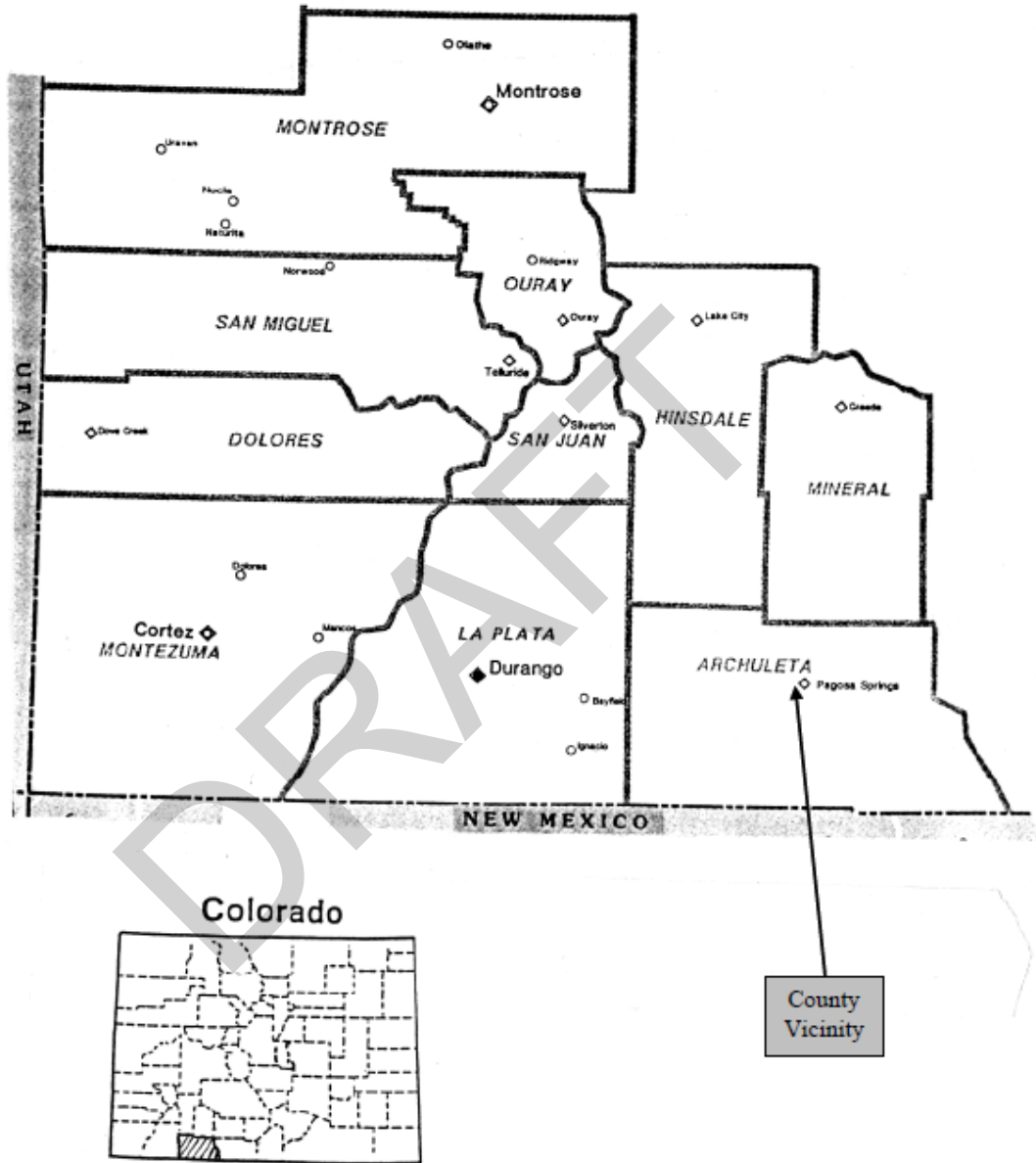
Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Certificates or this Official Statement. Furthermore, the foregoing authorities have not confirmed or determined the accuracy of this Official Statement. Any representation to the contrary is unlawful.

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COUNTY VICINITY MAP



INTRODUCTION

This Official Statement is furnished to prospective purchasers of \$_____ * Certificates of Participation, Series 2019 (the “Certificates”), dated the date of their delivery, evidencing undivided interests in the right to receive certain revenues under an annually terminable Lease Purchase Agreement dated as of [May 1], 2019 (the “Lease”), by and between Archuleta County, Colorado (the “County”), as lessee, and UMB Bank, n.a., Denver, Colorado, as lessor, in its capacity as Trustee (the “Trustee”) under an Indenture of Trust by the Trustee dated as of [May 1], 2019 (the “Indenture”). The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

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

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

The County The County was founded on April 14, 1885 and is a duly and regularly created, organized and existing political subdivision under the constitution and laws of the State of Colorado (the “State”). The county seat and only incorporated municipality in the County is the Town of Pagosa Springs, Colorado (the “Town” or “Pagosa Springs”), which is located approximately 270 miles southwest of Denver, Colorado. The County contains approximately 1,350 square miles near the southern border of the State. The County has an estimated 2017 population of 13,316 (the most recent population estimate available from the U.S. Census Bureau). See the preceding “COUNTY VICINITY MAP” and for additional information on the County see “THE COUNTY.”

Purpose The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of the County’s new detention facilities and paying the costs of issuance of the Certificates. See “THE CERTIFICATES—Application of Certificate Proceeds.”

The Leased Property At the time of execution and delivery of the Certificates, the County is to lease certain property owned by the County located at 125 Harman Drive in Pagosa Springs (the “Site Leased Property,” on which site the Detention Center (as defined under the caption “THE CERTIFICATES—Application of Certificate Proceeds—*The Project*”) is to be constructed) to the Trustee pursuant to the Site Lease, dated as of [May 1], 2019, between the County, as lessor, and the Trustee, as lessee (the “Site Lease”). The term of the Site Lease ends on December 31, 20___. Concurrently with the execution and delivery of the Site Lease, the Trustee will lease its leasehold interest in the Site Leased Property back to the County (the “Leased Property”) pursuant to the terms of the Lease. The County will retain its fee title to the Site Leased Property, and the Trustee will have a leasehold interest in the Site Leased Property,

* Preliminary; subject to change.

subject to the terms and provisions of the Site Lease, the Lease and the Indenture.

See “THE LEASED PROPERTY” and “THE CERTIFICATES—Application of Certificate Proceeds—*The Project*.” Summaries of the Site Lease and the Lease are provided in APPENDIX A.

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

The Certificates evidence assignments of proportionate undivided interests in the right to receive Revenues under the Lease. “Revenues” means (a) all amounts payable by or on behalf of the County with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices, if any, and Net Proceeds, if any, but not including Additional Rentals other than Reserve Fund payments or deposits, payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund or the Reserve Fund; (c) any earnings on moneys on deposit in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals other than those constituting Reserve Fund payments; and (e) any other moneys to which the Trustee may be entitled for the benefit of the owners of the Certificates (the “Owners” or the “Owners of the Certificates”). As more fully set forth under the caption “DEFINITIONS” in APPENDIX A, the term “Base Rentals” generally means the amounts payable by the County under the Lease during the Lease Term for the right to use the Leased Property (the schedule of payments of Base Rentals is designed to produce moneys sufficient to pay the Certificates), and the term “Additional Rentals” generally means: the reasonable fees and expenses of the Trustee and certain other costs and charges payable by the County under the Lease; the cost of taxes (if any), insurance premiums, maintenance, upkeep, repair, improvement, replacement and utility charges with respect to the Leased Property; payments or deposits in the Reserve Fund, as required by the Lease; and all other charges and costs which the County assumes or agrees to pay under the Lease, in the event that the County fails to pay the same. See APPENDIX A.

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

provision; or (iii) as a delegation of governmental powers by the County.

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

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

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

Additional Certificates..... The Indenture permits the issuance of additional certificates which would be secured under the Indenture. See “THE CERTIFICATES—Security for the Certificates—*Additional Certificates.*”

Payment Provisions..... The Certificates mature and bear interest at the rates (computed on the basis of a 360-day year, consisting of twelve 30-day months) as set forth on the cover page hereof. Interest on the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on [December 1], 2019. Payments to Beneficial Owners will be made as described in “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

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

Book-Entry-Only

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

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

Denominations..... The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof.

Tax Status In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the “Interest Portion”) (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS.”

Authority for Issuance The Site Lease, the Lease and the Indenture have been authorized, executed, and delivered in full conformity with the constitution and

laws of the State. The Certificates are executed and delivered pursuant to the Indenture.

Risk Factors The purchase of the Certificates is subject to certain investment risks. See “RISK FACTORS.”

Delivery Information The Certificates are offered when, as, and if executed and delivered, and accepted by _____ (the “Underwriter”), subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Certificates will be available for delivery on or about May __, 2019, against payment therefor.

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

Financial Statements..... Appended hereto are the audited basic financial statements of the County as of and for the year ended December 31, 2017, being the most recent audited financial statements available.

Additional Information ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Archuleta County c/o County Administrator, 398 Lewis Street, P.O. Box 1507, Pagosa Springs, Colorado 81147, Telephone: (970) 264-8300; or [Underwriter] [Update Address], Telephone: (____) ____ - ____.

THE CERTIFICATES

The maturities, principal amounts and interest rates for the Certificates are set forth on the cover page hereof. Provisions regarding payment of principal and interest, prior redemption, anticipated delivery and certain other matters are described in the “INTRODUCTION.” The Certificates are being delivered pursuant to the Indenture. For a complete statement of the details and provisions of the Certificates, reference is made to the Lease and the Indenture, copies of which are available from the Town prior to delivery of the Certificates. See “INTRODUCTION—Additional Information” and APPENDIX A

Redemption Provisions

Optional Redemption. The Certificates maturing on and before December 1, 20__ are not subject to redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 20__ are subject to redemption prior to maturity at the option of the County, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as the County shall determine, and by lot

within a maturity, on December 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 20__*, are also subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date:

Years*	Principal Amount*
20__	\$
20__	
20__	
20__	
20__ ¹	

* Preliminary; subject to change

¹ Final maturity; not a sinking fund redemption payment.

The principal amount of Certificates to be redeemed on any date pursuant to the schedule above shall be reduced by the principal amount of any Certificates of the same maturity that (a) have, on or before the forty-fifth day next preceding the sinking fund redemption date, been delivered to the Trustee for cancellation and have not previously been applied as a credit against any sinking fund obligation and (b) have, on or before the sinking fund redemption date, been redeemed and have not previously applied as a credit against any sinking fund redemption obligation.

Redemption of Certificates in Whole Upon an Event of Nonappropriation or Event of Default.

The Certificates are to be called, for redemption in whole, on any date, in the event of the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be the lesser of (a) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (b) the sum of (i) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption; and (ii) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts will be allocated among the Certificates in proportion to the principal amount of each Certificate. Under the Indenture, the payment of the redemption price of any Certificate is deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed will have any right to any payment from the Trustee or the County in excess of such redemption price.

In addition to any other notice required to be given under the Indenture, the Trustee is to, as soon as reasonably practicable upon the occurrence of an Event of Nonappropriation or an Event of Default, notify the Owners (a) that such event has occurred; and (b) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, such redemption price will be paid as soon as reasonably practicable. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, the Trustee is to pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease and subject to the

* Preliminary; subject to change.

provisions of the Indenture, as soon as reasonably practicable, begin to exercise and will diligently pursue all remedies available to them under the Lease in connection of such Event of Nonappropriation or Event of Default. The remainder of the redemption price, if any, will be paid to the Owners if and when funds become available to the Trustee following the exercise of such remedies.

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, will be given by the Trustee by mailing a copy of the redemption notice by United States first-class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any Certificates as to which no such failure has occurred.

Any notice mailed as described under this caption will be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of redemption there has not been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of such Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee will apply funds to the payment of the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the Indenture, interest on the Certificates or portions thereof thus called for redemption will no longer accrue after the date fixed for redemption.

The Trustee will pay to the Owners of Certificates so redeemed, the amounts due on their respective Certificates, at the Principal corporate trust office of the Trustee upon presentation and surrender of the Certificates.

Application of Certificate Proceeds

The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping of the County's new detention facilities and paying the costs of issuance of the Certificates.

The Project. The Project is anticipated to include the complete design, engineering, construction and equipping of the County's new detention facilities located at 125 Harman Park Drive in Pagosa Springs (the "Detention Center"). According to County officials, the Detention Center will be sited on a five acre parcel purchased in January 2019 pursuant to the terms of a real estate contract between the County and the Harman Family Trust. As provided in the conveyance contract, the County received fee simple title of the donated property. Certificate proceeds are expected to be used to construct the Detention Center and related infrastructure components on the donated property (the "Project"). In accordance with the County's current architectural designs, the Detention Center is to generally include an approximately 23,668 square foot building containing the following amenities: 54-bed jail with facilities for male, female and juvenile holding; exercise yard; food service; laundry; medical; general and inmate storage; booking and inmate holding space; alternative sentencing space, visitation space; staff offices; as well as the usual areas for mechanical/electrical, information technology, janitorial and emergency generators.

The Project is to be constructed pursuant to a guaranteed maximum price contract between the County and Nunn Construction, who was selected as the Project Construction Management-General Contractor by the Board of County Commissioners on March 5, 2019. The total price of the Project is not to exceed \$14.5 million, of which the County currently anticipates \$13.0 million to be funded from Certificate proceeds. The balance of the construction costs are to be funded by County's General Fund. In the event of cost overruns, the County has utilized legally available moneys to fund a construction contingency in the amount of \$1.7 million which amount is equal to approximately [11.72]% of the total Project costs. Construction is expected to begin no later than June 2019 and to be completed no later than December 2020.

The anticipated life of the Detention Center and related improvements financed with Certificate proceeds exceeds the final maturity date of the Certificates. According to County officials, it is likely that the new Detention Center will require [] additional County employee[s].

The County anticipates reimbursing itself for all or a portion of amounts previously incurred under the authorization of a County Reimbursement Resolution No 2018-37 dated September 4, 2018, and recorded with the County September 5, 2018.

Estimated Application of Certificate Proceeds. The estimated sources and uses of the proceeds of the Certificates, together with other legally available funds of the County, are as follows:

SOURCES

Proceeds of the Certificates
 Net Original Issue Premium.....
 Total.....

USES

Deposit to Project Account.....
 Certificate issuance costs, including, without limitation,
 title insurance, Certificate insurance and [surety bond]
 premiums, and underwriting discount ¹.....
 Total

¹ See "MISCELLANEOUS—Underwriting."

Security for the Certificates

The Certificates are payable solely from (a) annually appropriated Base Rentals and any Purchase Option Prices paid by the County under the Lease; (b) moneys held by the Trustee in the Certificate Fund and the Reserve Fund created under the Indenture; (c) any earnings on moneys deposited in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease; and (e) all other moneys to which the Trustee may be entitled to for the benefit of the Owners. See "THE LEASED PROPERTY" and "APPENDIX A—THE LEASE."

No provision of the Certificates, the Indenture, the Lease, or the Site Lease is to be construed or interpreted (i) to directly or indirectly obligate the County to make any payment in any fiscal year in excess of amounts appropriated for such fiscal year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the County; (iv) as a loan or pledge of the credit or faith of the County or as creating any responsibility by the County for any debt or liability of any person, company or corporation within

the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the County to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Base Rentals and Purchase Option Price. The Trustee will hold in trust, for the benefit of the Owners, the right to receive Base Rentals payable by the County under the Lease. The amount and timing of Base Rental payments are designed to provide sufficient moneys to the Trustee to pay the principal of and interest on the Certificates when due. Pursuant to the Lease, the County is entitled to a credit against the Base Rentals payable on any payment date for amounts on deposit in the Certificate Fund representing (a) accrued interest from the sale of Certificates, (b) earnings from the investment of moneys in the Certificate Fund during the six-month period prior to the date on which Base Rentals are required to be paid to the Trustee, (c) moneys deposited into the Certificate Fund from the Reserve Fund or otherwise, as provided in the Indenture; and (d) any moneys delivered to the Trustee by the County or any other Person that are accompanied by instructions to apply the same to the payment of Base Rentals or to deposit the same in the Certificate Fund. See “—*Certificate Fund*” below under this caption.

The Purchase Option Price, which is payable only if and when the County exercises its option to purchase the Leased Property pursuant to the Lease, is designed to provide sufficient moneys to the Trustee to defease the Certificates through maturity. See “APPENDIX A—THE LEASE.”

Except for tax revenues collected for the repayment of outstanding bonds or tax anticipation notes, there is no legal limitation on the source of funds the County can use to make payments under the Lease.

Certificate Fund. The Indenture creates the Certificate Fund and requires that the Trustee deposit into the Interest Account of the Certificate Fund (i) all accrued interest, if any, received at the time of the initial delivery of the Certificates; (ii) capitalized interest, if any; (iii) that portion of each payment of Base Rentals made by the County which is designated and paid as the interest component thereof under the Lease; and (iv) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Interest Account of the Certificate Fund.

The Trustee is required by the Indenture to deposit into the Principal Account of the Certificate Fund (i) that portion of each payment of Base Rentals made by the County which is designated and paid as the principal component thereof under the Lease; and (ii) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of interest on the Certificates and moneys in the Principal Account of the Certificate Fund are to be used solely for the payment of the principal of and premium, if any, due on the Certificates. In the event the Certificates are to be redeemed in whole, any moneys remaining in the Certificate Fund are to be applied to such redemption along with other moneys held by the Trustee for such purpose. Amounts deposited into the Certificate Fund are to be depleted at least annually except for an amount not to exceed the greater of one year’s earnings on the Certificate Fund or 1/12th of the annual debt service on the Certificates

Reserve Fund. The Indenture creates the “Archuleta County, Colorado Certificates of Participation, Series 2019, Reserve Fund.” Pursuant to the Indenture, there is to be deposited into the Reserve Fund the amount of \$_____ (the “Reserve Fund Requirement”), [which amount is to be satisfied with the purchase of a surety bond. See “DEBT SERVICE RESERVE FUND SURETY BOND” hereafter].

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

(a) To the payment of the principal amount of the Certificates and interest thereon, as the same shall become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Certificate Fund for such purpose;

(b) At the option of the Trustee, after an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for the subleasing, leasing, sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Owners;

(c) In the event that the Certificates are to be redeemed subsequent to an Event of Nonappropriation or an Event of Default, to the redemption of the Certificates then Outstanding and the payment of interest thereon;

(d) In the event that the County shall exercise its option to purchase the Leased Property and terminate the Lease upon payment of the Purchase Option Price, to the County, or, at the option of the County, as a reduction of such Purchase Option Price; or

(e) At the option of the County, in reduction of the final payment of Base Rentals payable by the County under the Lease and, to the extent moneys in the Reserve Fund exceed the final payment of Base Rentals, to the next preceding payment or payments of Base Rentals.

Pursuant to the Lease, the County has agreed to pay the Trustee for deposit into the Reserve Fund, as Additional Rentals, any amounts as are required to maintain the Reserve Requirement on deposit in the Reserve Fund within 180 days, in equal monthly payments, immediately following any withdrawal of moneys from the Reserve Fund. In the event that investments held in the Reserve Fund are insufficient to meet the Reserve Requirement, the County has agreed, pursuant to the Lease, to pay to the Trustee for deposit into the Reserve Fund, as Additional Rentals, such amounts as are necessary to restore the amount on deposit to the Reserve Requirement within 90 days, in equal monthly payments, immediately upon notice thereof.

Amounts in the Reserve Fund that exceed the Reserve Requirement may, at the direction of the County so long as no Event of Nonappropriation or Event of Default has occurred and is continuing, be retained in the Reserve Fund or be transferred by the Trustee to the Interest Account of the Certificate Fund.

Additional Certificates. So long as the Lease Term is in effect and no Event of Nonappropriation or Event of Default has occurred thereunder, one or more series of Additional Certificates may be sold and delivered upon the terms and conditions provided in the Indenture. The maturity dates, Interest Payment Dates and the times and amounts of payments on such Additional Certificates shall be as provided in a Supplemental Indenture and an amendment to the Lease relating to such Additional Certificates. Additional Certificates may be sold and delivered to provide funding for the following purposes: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Project in excess of the amount available in the Construction Fund pursuant to the Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property as the County may deem necessary or desirable; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates, any deposit to the Reserve Fund necessary for the amount therein to equal the maximum amount allowed

under the Internal Revenue Code of 1986, as amended (the “Code”) and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Exercise of Remedies under Lease and Indenture. Upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the Trustee is permitted to sell or lease the Leased Property or exercise its other remedies under the Lease and the Indenture. See APPENDIX A. See “RISK FACTORS—Results of a Termination of the Lease Term” for descriptions of the limited sources of payment of the Certificates after a termination of the Lease.

Base Rental Payments and Payments of Principal and Interest on the Certificates

Set forth in the following table is a schedule of the Base Rental payments due by the County under the Lease and the payments of principal of and interest due on the Certificates. See the cover page of this Official Statement for the actual interest rates for each maturity of the Certificates.

TABLE I
Schedule of Base Rental Payments*{ XE “I Schedule of Base Rental Payments; 001” }

Fiscal Year ¹	Principal	Interest	Annual Total
2019	--		
2020	\$		
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total		\$	

¹ Applicable Base Rental Payment Dates occur each [May 15 and November 15], with one-half of the indicated interest component amount to be paid on each [May 15 and November 15], and the indicated principal component amount to be paid on each [November 15]

* Preliminary; subject to change.

Source: The Municipal Advisor

CERTIFICATE INSURANCE

[To be inserted if insured]

DEBT SERVICE RESERVE FUND SURETY BOND

[To be inserted if there is a Surety]

RISK FACTORS

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

Special and Limited Obligations

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

Right of the County to Renew the Lease Annually

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

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

The obligations of the County under the Lease may be terminated on an annual basis by the County without any penalty, and there is no assurance that the County will renew the Lease. Accordingly, the likelihood that the Lease will continue in effect until the Certificates are paid is dependent upon certain factors which are beyond the control of the registered owners of the Certificates, including, but not limited to (a) the continuing need of the County for the Leased Property and (b) the continued legal authority and ability of the County to generate sufficient funds from property taxes and other sources to pay obligations associated with the Lease and other obligations of the County. Payment of the principal of and interest on the Certificates in the event of an Event of Nonappropriation or an Event of Default with respect to the Lease will be dependent upon the ability of the Trustee to lease the Leased Property or the value of the Leased Property in a liquidation proceeding instituted by the Trustee.

Results of a Termination of the Lease Term

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

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

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

If the Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then available under the Indenture are insufficient to pay in full the principal of and interest on the Certificates when due and the Certificates are redeemed for an amount less than the aggregate principal amount thereof and accrued interest thereon, no registered owner of any Certificate shall have any further claim for payment upon the Trustee or the County. See the caption “THE CERTIFICATES—Redemption Provisions.”

Enforceability of Remedies

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

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

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

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

Trustee's Limited Obligation

The Trustee has no assets or revenues available for payment of the Certificates other than its rights to Base Rentals and Additional Rentals under the Lease, its access to moneys in the Certificate Fund (including the Reserve Fund) and its other rights and interests under the Indenture and the Lease.

Tax and Securities Law Exemptions Following Termination of the Lease

Bond Counsel has expressed no opinion as to the effect of any termination of the Lease on the treatment for federal or Colorado income tax purposes of any moneys received by the Owners subsequent to such termination or as to the effect of any such termination of the Lease on the exemption of the Certificates from registration under federal securities laws subsequent to such termination. See "TAX MATTERS." Owners of the Certificates should not, therefore, assume that the interest received by them following a termination of the Lease will be exempt from federal or Colorado income taxation or that the

Certificates will be transferable without registration under the federal securities laws following a termination of the Lease.

Casualty Risk

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

Future Changes in Laws

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

THE LEASED PROPERTY

The Leased Property consists of the County's leasehold interest pursuant to the Lease in the land constituting the site of the Detention Center. The Detention Center is to be located at 125 Harman Park Drive in Pagosa Springs. See "THE CERTIFICATES—Application of Certificate Proceeds—*The Project*" for a detailed description of the Project and the Leased Property.

THE COUNTY

The County is a body corporate and politic and a political subdivision of the State founded April 14, 1885. The County contains approximately 1,350 square miles near the southern border of the State, and includes the incorporated municipality of Pagosa Springs, Colorado. The County has an estimated 2017 population of 13,316 (the most recent population estimate available from the U.S. Census Bureau).

The County, with Pagosa Springs as the county seat, is located in the Colorado Sunbelt, just 35 miles north of the New Mexico border and along the Western Slope of the Continental Divide. The combination of high desert plateau and Rocky Mountains to the north and east of town creates an unusually mild mountain climate. As a portal to the nearly 3,000,000 acres of the San Juan National Forest and Weiminuche Wilderness Area, Pagosa Springs is a doorway to four seasons of outdoor adventure which landed the Town in Outdoor Magazine's top 10 "Best Towns in America" (2015) and Men's Journal "20 Best Mountain Towns in America" (2017).

Pagosa Springs serves as the activity hub for area schools, government offices, commercial business and parks. The community hosts visitors throughout the year who come to explore the rich geological and cultural history, or to participate in many of the year round activities.

Given its the strategic location, the County and Pagosa Springs are at the crossroads of many archeological and cultural destinations. Chimney Rock National Monument, was designated in 2012, is a short trip to Mesa Verde National Park, Chaco Canyon, the Durango Silverton Narrow Gauge Railway, and the historic Pueblos of Northern New Mexico including Taos, Zia, Jemez, San Carlos and others.

Governing Board

The County government consists of a three-person County Board which is elected by the voters of the County to four-year staggered terms. Each Commissioner represents one of the three separate districts and must reside in the district for which he or she is elected. The County Board serves as the legislative and policy-making body of the County government. Appointments to the County Board is limited to maximum service of two consecutive terms or, unless waived by the County Board. The current County Board and the years in which their respective terms expire are as follows:

Governing Board			
Name	Title	Years of Service	Term Expires
Ronnie Maez	Chairman of the Board	[2]	[2021]
Alvin Schaaf ¹	Commissioner	[<1]	[2023]
Steve Wadley	Commissioner	[8]	[2021]

¹ Mr. Schaaf was sworn in January 8, 2019.

The County Board acts by resolution, and in accordance with State law, has among its powers the following: to establish policies and procedures for the administration of County government; oversee County income and expenses, including adopting an annual budget; build and maintain County buildings; construct and repair public roads, bridges and drainage facilities; levy taxes as provided by State law and certify mill levies annually; organize the boundaries of precincts and establish voting places in each precinct; grant licenses as prescribed by State law; appoint staff and determine operating budget; and adopt ordinances as provided in the Colorado Revised Statutes. In addition, the County Board guides the operations of the County Administrator and the other departments and offices under the County Administrator; holds public hearings at which official County business is conducted; considers applications for funding from community agencies, County departments and elected officials; represents the people of Archuleta County on other boards and governing bodies; and establishes personnel policies.

Administration

While the Board exercises the legislative power of the County, other County officials oversee the daily operations of the County. Those most directly involved in the issuance of the Certificates are the County Administrator, the Financial Officer and the County Attorney.

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

County Administrator. The County Administrator serves as the chief operating officer of the County, directs the day to day operations of County government and is responsible for implementation of the policies of the County Board, and overseeing and directing the administration of County affairs and direct the action of the various departments of government within the County. These duties may be amended and supplemented by the County Board at any time during the course of the initial term or any subsequent term of the County Administrator's contract.

Current County Administrator. A new County Administrator, Scott Wall, started on March 18, 2019. The outgoing Interim County Administrator, Greg Schulte, is expected to be available to assist the new County Administrator in any way possible during the transition period. See “—*Interim County Administrator*” below.

[Insert biography of Scott Wall including work experience, education and current professional affiliations.]

Interim County Administrator. Greg Schulte served as Interim County Administrator for the County since late summer 2018 when the prior administrator left for another position. His service as Interim County Administrator ended on March 22, 2019. Scott Wall began his tenure as County Administrator on March 18, 2019. See “—*Current County Administrator*” above.

Mr. Schulte has over 30 years of governmental experience in California and Colorado in state, county and municipal government. A graduate of Cal Poly, San Luis Obispo, Mr. Schulte spent a good portion of his professional career in California including positions with the State of California, San Luis Obispo County, Placer County, and the City of Sacramento. After moving to Colorado, he served as County Administrator for the County for approximately five years and as Town Manager for Pagosa Springs for a little over three years. He was selected as Colorado County Administrator of the Year in 2009, and in 2010 was selected as a Gates Family Foundation Fellow to attend the John F. Kennedy School of Government’s program for Senior Executives in Local Government at Harvard University.

Shortly after Mr. Schulte’s initial retirement in 2017, he was selected as one of six Senior Advisors for the State chapter (Colorado City/County Management Association) of the national professional organization for city and county managers – the International City/County Management Association (ICMA). The role of the Senior Advisor is to advise, counsel, and mentor existing and aspiring city and county managers. Mr. Schulte also serves Board Chair for the Upper San Juan Health Services District (dba Pagosa Springs Medical Center).

Finance Director. The Finance Director performs a variety of complex supervisory, professional, administrative, and technical accounting and finance functions, while maintaining the fiscal records and financial management systems of the County. The Finance Director exercises direct supervision over the Finance Department, as well as Information Technology/Geographic Information System staff and operations.

Larry Walton has been employed with the County since 2009, first serving as the Contracts and Procurement Office and becoming the Director of Finance in 2014. Prior to joining the county, Mr. Walton worked for several years for an international non-profit organization, holding the titles of business manager, director of finance and director of financial systems. He holds a Bachelor of Arts in Business Administration from Seattle Pacific University and is currently a member of the Colorado Government Finance Officers Association and the Government Finance Officers Association.

County Attorney. The County Attorney serves as the legal advisor to the County Board as well as to all elected officials, County departments and to County Board appointed commissions and boards, as well as managing all legal affairs in which the County.

Todd Weaver has been a licensed attorney in the State for nearly 19 years and during this time has represented or worked for municipal, county, state and federal governmental bodies and agencies, including serving as a federal law clerk to Chief Judge William C. Lee and Magistrate Judge Roger Cosbey in the U.S. District Court for the Northern District of Indiana and as a state law clerk to Judge Paul Widick in the Seventh Judicial District of Minnesota. He is admitted to practice law in the State and

before the U.S. District Court for the District of Colorado, the Northern District of Indiana, the Southern District of Indiana and the Seventh Circuit Court of Appeals. Todd received his Bachelor of Science from Purdue University, his Master of Science from Indiana University and his Juris Doctorate from the University of Denver-Sturm College of Law.

Employees and Benefits

The County has 163 employees, which includes 143 full-time employees, 17 part-time employees and two temporary or seasonal employees. Total compensation for full-time employees includes a benefits package of: vacation pay, which accrues on a monthly basis (full-time employees begin accruing vacation leave on the first day of employment, for up to 60 months of service 6.67 hours per month, up to 120 months of service 10.0 hours per month, over 120 months of service 13.33 hours per month); sick leave, which accrues on a monthly basis (full-time employees begin accruing sick leave on the first day of employment at 8.0 hours per month); and health, dental, vision, short- and long-term disability and life insurance. The County does not recognize or collectively bargain with any employee unions or associations.

According to County officials, employee relations are characterized as “good” and there is no evidence of any problems that would cause work stoppages.

Services Available to County Residents

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

Capital Improvements Plan

The County does not have a formally adopted long range capital improvement plan. Approved and appropriated budgets, including budgets for capital improvements, are only done annually, one budget year at a time. However, the County budget process includes review of various capital improvement “sub-plans,” prepared (generally with professional, engineering assistance) for most of the capital intensive funds, such as:

- FAA approved AIP (Airport Improvement Plan), prepared for the County Airport
- Five Year Road Plan, prepared for Public Works
- Revenue Sufficiency Report, prepared for Solid Waste
- 10-Year Capital Replacement Schedule, prepared for Combined Dispatch

The capital costs identified within these (and other) sub-plans, are part of the data run through the County’s “Long Range Financial Modeling” process. That process is used to estimate the effect of current year decisions on future resources and budgets and to estimate the expected drain on County resources of possible future events, such as large capital projects. This information has been folded into the County Long Range (Comprehensive) Financial Modeling process, in order to test the reasonableness of the intended plans, in light of the best available assumptions. All of the intended plans “work” in the system. For the next five years, the following capital expenditures have been identified and quantified, as well as the resources needed to cover them, including a portion of the proceeds of the Certificates:

Five Year Estimated Capital Improvement Costs

Fund	Description	Estimated Costs	Source of Revenue
2020			
General	Capital Contingency	\$ 100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	CAD Workstation	5,722	Intergovernmental Revenue
Justice System Capital	Detention Center	840,000	Certificates; Fund Balance
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Solid Waste	Heavy Equipment Rebuilds	165,000	Fee Revenue
Solid Waste	Cell 4-B Construction	2,494,238	Fund Balance and Fee Revenue
Fleet	Target Investment in Fleet Replacements	<u>500,000</u>	Fee Revenue; some Fund Balance
	Total 2020	<u>5,937,549</u>	
2021			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Justice System Capital	Detention Center	840,000	Certificates; Fund Balance
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Fleet	Target Investment Fleet Replacements	<u>500,000</u>	Fee Revenue; some Fund Balance
	Total 2021	<u>3,272,589</u>	
2022			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	CAD Server, Hardware, Software	42,507	Intergovernmental Revenue
Justice System Capital	Detention Center	840,000	Certificates; Fund Balance; Property & Sales Tax
Solid Waste	Compactor-Lease/Purchase Financing	32,589	Fee Revenue
Airport	Pavement Maintenance	500,000	Intergovernmental Revenue; Fund Balance
Fleet	Target Investment Fleet Replacements	<u>500,000</u>	Fee Revenue; some Fund Balance
	Total 2022	<u>3,815,096</u>	
2023			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	Radio Consoles; Hardware	28,154	Intergovernmental Revenue
Justice System Capital	Detention Center	840,000	Certificates; Fund Balance; Property & Sales Tax
Solid Waste	Vehicle Replacement	50,000	Fee Revenue
Fleet	Target Investment Fleet Replacements	<u>500,000</u>	Fee Revenue; some Fund Balance
	Total 2023	<u>3,318,154</u>	
2024			
General	Capital Contingency	100,000	Property & Sales Tax
Road & Bridge	Target Investment Road Capital Imp.	1,800,000	Property & Sales Tax; Fund Balance
Combined Dispatch	PBX Switch	12,601	Intergovernmental Revenue
Combined Dispatch	Radio Consoles, Hardware	28,717	Intergovernmental Revenue
Justice System Capital	Detention Center	840,000	Certificates; Fund Balance
Solid Waste	Caterpillar D6R	450,000	Fee Revenue; Fund Balance
Solid Waste	Compactor	450,000	Fee Revenue; Fund Balance
Solid Waste	Chevrolet 2500 HD	45,000	Fee Revenue
Fleet	Target Investment Fleet Replacements	<u>200,000</u>	Fee Revenue; some Fund Balance
	Total 2024	<u>3,926,318</u>	
Five Year Total Estimated Costs		<u><u>\$20,269,706</u></u>	

Source: Archuleta County

Other projects are under consideration, but have not been quantified or scheduled, including: (i) the renovation of an existing facility for the Courts; (ii) temporary housing for Sheriff's Offices; and (iii) a new location for the Department of Human Services. Significant grant funding is available for the most expensive of these projects (the Court facility renovation). No new debt is contemplated at this time.

COUNTY FINANCIAL INFORMATION

Accounting Policies

The accounts of the County are organized on the basis of funds and account groups. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. For a description of the various funds and account groups, see the County's 2017 audited financial statements appended hereto. Financial operations are accounted for by the County's finance department. In accordance with Title 29, Article 1, Part 6, Colorado Revised Statutes, an annual audit is required to be made of the County's financial statements at the end of the fiscal year. The audited financial statements must be filed with the County Board within six months after the end of the fiscal year and with the State auditor 30 days thereafter. Failure to file an audit report may result in the withholding of the County's property tax revenues by the County Treasurer pending compliance.

The County's audit for the year ended December 31, 2017 was performed by Anton Collins Mitchell LLP, [Denver, Colorado], [Confirm office location] and is appended hereto. Such financial statements represent the most current audited financial information available from the County.

Failure to Record Contributions. Between 2013 and 2017, the Archuleta County Sheriff's Office obtained significant contributions of equipment and supplies, with an estimated value in excess of \$2.6 million dollars, which was not reported to the County. An investigation is currently underway. The County did not budget for, and was in no way anticipating, the receipt of the items and therefore this issue did not affect the County's financial health and it does not affect the future financial operations of the County. However, it has caused the delay of the issuance of the 2017 audited statements.

Major Sources of County Revenue

The County receives revenues from a variety of sources. The majority of revenues in the General Fund in 2018 were derived from ad valorem property taxes, sales taxes, charges for services and intergovernmental. These sources of revenue are applied to County operations and maintenance, capital expenditures and debt service repayment. Additional property tax revenue, sales tax revenue, intergovernmental and other revenue is deposited into special revenue funds of the County. The expenditure of certain of this revenue, or portions thereof, may be subject to restricted uses.

Ad Valorem Property Taxes. The largest source of revenue to the County's General Fund is property taxes levied pursuant to State law. In 2017, the County received \$3,822,842 or approximately 31.54% of total General Fund revenue, has received in 2018 \$3,925,036 (unaudited) or approximately 33.24% of total General Fund revenues from ad valorem property taxes, and has budgeted in 2019 to receive \$4,070,103 or approximately 34.76% of total General Fund revenues from ad valorem property taxes. See "—Ad Valorem Property Taxes" below.

Sales Taxes. Another of the largest sources of revenue to the County's General Fund is sales tax. In 2017, the County received \$2,469,911 or approximately 20.38% of total General Fund revenue, and has received in 2018 \$[2,125,247] (unaudited) or approximately 18.00% of total General Fund revenues

from sales taxes, and has budgeted in 2019 to receive \$2,525,672 or approximately 21.57% of total General Fund revenues from sales taxes. See “—Sales Taxes” below.

Charges for Services. In 2017 the County received \$1,643,052 (unaudited) or approximately 13.56% of total General Fund revenue from charges for services. The County has received approximately \$1,707,137 (unaudited) or approximately 14.46% of total General Fund revenue from charges for services in 2018. The County has budgeted to receive \$2,028,346 or approximately 17.33% of total General Fund revenues from such source in 2019. See “—Charges for Services” below.

Intergovernmental. In 2017 the County received \$1,986,655 (unaudited) or approximately 16.39% of total General Fund revenue from intergovernmental revenues. The County has received approximately \$1,656,373 (unaudited) or approximately 14.03% of total General Fund revenue from intergovernmental revenues in 2018. The County has budgeted to receive \$1,054,035 or approximately 9.00% of total General Fund revenues from such source in 2019.

Ad Valorem Property Taxes

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

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

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

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the County Assessor. The “actual” value, with certain exceptions, is determined by the County Assessor annually based on a biennially recalculated “level of value” set on January 1 of each odd-numbered year. The “level of value” is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, “actual” values for the 2017 levy/2018 collection year as well as the 2018 levy/2019 collection year are based on market data obtained from the period January 1, 2015–June 30, 2016. The “level of value” calculation does not change for even-numbered years. The classes of

property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment rate. The assessment rate for commercial property (including vacant and undeveloped lots) is fixed at 29%. The assessment rate of residential property is subject to change in odd-numbered years for the ensuing two-year assessment period based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the “Gallagher Amendment”). The Gallagher Amendment requires that the total assessed value of residential property in the State must be approximately 45% of the total amended value of all taxable property in the State, with commercial and other assessed values making up the other 55% of the assessed value in the State. In order to maintain this 45% to 55% ratio, the assessment rate on commercial property (including vacant and undeveloped lots) is fixed at 29% and the residential assessment rate fluctuates. The residential rate was 7.96% from the 2003 levy year through the 2016 levy year. In 2017 the State Legislature approved a change of the residential rate to 7.20% for levy year 2017 (collection year 2018) and levy year 2018 (collection year 2019).

The Colorado Legislative Council Staff’s December 2018 forecast (as contained in its “December 2018: Economic & Revenue Forecast”), projects that the residential assessment ratio will be reduced to 6.78% for the 2019 levy year (for tax collection in 2020).

Section 39-1-104.2(5), C.R.S., states that, commencing January 1, 1989, for each year in which there is a change in the level of value used in determining actual value, the Colorado General Assembly shall by law adjust the assessment rate of residential property so that the percentage of aggregate statewide valuation for assessment which is attributable to residential real property equals the target percentage (which is described in the preceding paragraph). Such statute further provides that the residential assessment rate shall be based on a documented estimate of the total valuation for assessment of all taxable property in the State and that a documented estimate study is to be completed by the Division of Property Taxation of the Colorado Department of Local Affairs (the “Division of Property Taxation”).

Assessment Appeals. Beginning in May of each year each county assessor hears taxpayers’ objections to property valuations, and the County Board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the County’s assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the County Board; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory “actual” valuation of taxable property within the County is required to be certified by the County Assessor to the County Board no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10. The County Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the County for its General Fund and Certificate Redemption Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the County Board must take into

consideration the limitations on certain increases in property tax revenues as described in “COUNTY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending” and “—Budgetary Process and Information.” The Board must certify the County’s levy to no later than December 15.

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

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2018, for example, will be collected in 2019. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16 of the collection year. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the County to the County on a monthly basis.

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

Ad Valorem Property Tax Data. The County’s historical mill levies and assessed valuation from levy year 2013 to date are set forth in the following tables. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years. See also “—Constitutional Amendment Limiting Taxes and Spending” below.

The following table sets forth the County’s history of property tax mill levies, assessed valuation and property tax collections.

TABLE II
County's Historical Mill Levies { XE "II County's Historical Mill Levies; 002" }

<u>Levy Year</u> <u>Collection Year</u>	<u>2013</u> <u>2014</u>	<u>2014</u> <u>2015</u>	<u>2015</u> <u>2016</u>	<u>2016</u> <u>2017</u>	<u>2017</u> <u>2018</u>	<u>2018</u> <u>2019</u>
General Fund:						
General	14.586	12.763	12.763	12.763	12.763	12.763
Road and Bridge	2.735	4.558	4.558	4.558	4.558	4.558
Public Welfare	0.912	0.912	0.912	0.912	0.912	0.912
Abatement:						
General	<u>0.131</u>	<u>0.083</u>	<u>0.096</u>	<u>0.046</u>	<u>0.025</u>	<u>0.065</u>
Total	<u>18.364</u>	<u>18.316</u>	<u>18.329</u>	<u>18.279</u>	<u>18.258</u>	<u>18.298</u>

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2013-2017 State of Colorado Property Tax Annual Reports; and the County

TABLE III
History of County's Assessed Valuation{ XE "III History of County's Assessed Valuation; 003" }

Levy/Collection Year	Assessed Valuation	Increase (Decrease)	Percent Change
2013/2014	\$289,044,330	--	--
2014/2015	299,622,220	\$10,577,890	3.66%
2015/2016	308,505,520	8,883,300	2.96
2016/2017	296,786,260	(11,719,260)	(3.80)
2017/2018	309,077,370	12,291,110	4.14
2018/2019	311,147,760	2,070,390	0.67

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2013-2017 State of Colorado Property Tax Annual Reports; and the County

TABLE IV
History of County's Property Collections{ XE "IV History of County's Property Tax Collections; 004" }

Levy/Collection Year	Total Taxes Levied ¹	Tax Collections	Percent of Collections To Levy
2013/2014	\$5,291,140	\$5,204,844	98.37%
2014/2015	5,479,222	5,387,458	98.33
2015/2016	5,653,681	5,545,960	98.09
2016/2017	5,421,261	5,311,465	97.97
2017/2018	5,621,525	5,518,674	98.17
2018/2019 ²	5,693,382	--	--

¹ Net of adjustments.

² According to County officials, as of February 28, 2019, property tax revenue is sequestered, therefore year-to-date property tax collections for 2019 is \$0

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2013-2017 State of Colorado Property Tax Annual Reports; and the County Treasurer

The following table sets forth the 2018 assessed and “actual” valuations of specific classes of property within the County. As shown below, state assessed properties account for the largest percentage of the assessed valuation and will accordingly account for the largest percentage of ad valorem property taxes levied by the County.

TABLE V
2018 Assessed and “Actual” Valuation of Classes of Property in the County{ XE “V 2018 Assessed and “Actual” Valuation of Classes of Property in the County; 005” }

Class	Assessed Valuation	Percent of Assessed Valuation	“Actual” Valuation	Percent of “Actual” Valuation
Residential	\$219,571,830	70.57%	\$3,049,608,750	90.62%
Commercial	52,147,500	16.76	179,818,966	5.34
Natural Resources	19,989,510	6.42	68,929,345	2.05
State Assessed	9,664,600	3.11	33,326,207	0.99
Agricultural	8,259,440	2.65	28,480,828	0.85
Industrial	<u>1,514,880</u>	<u>0.49</u>	<u>5,223,724</u>	<u>0.15</u>
Total	<u>\$311,147,760</u>	<u>100.00%</u>	<u>\$3,365,387,820</u>	<u>100.00%</u>

Source: County Assessor’s Office

2018 Largest Taxpayers. Set forth in the following table are the ten largest for the 2018 levy year (2019 collection year) as provided by the County assessor’s Office. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the following table. Furthermore, the taxpayers shown in the table may own additional parcels within the County. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

TABLE VI
2018 Largest Property Taxpayers Within the County{ XE “VI 2018 Largest Property Taxpayers Within the County; 006” }

Name	2018 Total Assessed Valuation	Percent of Total Assessed Valuation ¹
BP America, Inc.	\$6,632,010	2.13%
Southland Royalty Company LLC	5,871,650	1.89
La Plata Electric Association, Inc.	5,037,120	1.62
EPR Springs Holdings LLC	3,687,670	1.19
Red Cedar Gathering Company	3,371,060	1.08
Wyndham Vacation Resorts, Inc.	3,182,570	1.02
Walmart	2,656,490	0.85
CenturyTel of Colorado	1,786,600	0.57
Red Willow Production Company	1,703,900	0.55
City Market, Inc. ²	<u>1,506,430</u>	<u>0.48</u>
Total	<u>\$35,435,500</u>	<u>11.39%</u>

¹ The 2018 total assessed value figure of the County used in computing the above is \$311,147,760.

² Includes Dillon Real Estate which is the real property portion of City Market.

Source: County Assessor’s Office

Overlapping Mill Levies. Numerous entities located wholly or partially within the County are authorized to levy taxes on property located within the County. According to the Archuleta County assessor’s Office, there are currently 20 entities overlapping all or a portion of the County. As a result, property owners within the County are currently subject to various levies depending upon the location of their property. The following table sets forth a sample 2018 mill levy (for payment in 2019) attributable to taxpayers within the County. Additional taxing entities may overlap the County in the future. See also “COUNTY DEBT STRUCTURE.”

TABLE VII
Sample Total 2018 Mill Levy{ XE “VII Sample Total 2018 Mill Levy; 007” }

Taxing Entity	2018 Mill Levy ¹
Alpha-Rock Ridge Metropolitan District	10.000
Archuleta School District 50 JT	29.700
Pagosa Area Water & Sanitation District 2	5.699
Pagosa Fire Protection District	7.865
San Juan Water Conservancy District	0.316
Southwest Water Conservancy District	0.407
Upper San Juan Health Services District	3.897
Upper San Juan Library District	<u>1.505</u>
Sample Overlapping Mill Levy	59.389
The County	<u>18.298</u>
Sample Total Mill Levy	<u>77.687</u>

¹ One mill equals 1/10 of one cent. Mill levies certified in 2018 are for the collection of ad valorem property taxes in 2019.

Source: County Assessor’s Office

Sales and Use Taxes

[Please provide copies of the County Sales Tax Code and of all authorizing documents setting the sales tax rates in the County]

The sales tax is imposed pursuant to Part 1 of Article 2 of Title 29, Colorado Revised Statutes, as amended (the "Sales Tax Act"). The Sales Tax Act provides that a County-wide sales tax can be adopted only if it has been approved by a majority of the registered electors of the County. According to the Colorado Department of Revenue, History of Local Sales/Use Taxes, the County's initial County-wide sales tax was approved at a rate of 1.0% by the voters of the County at a special election held on November 5, 1969. At the November 6, 1983 election, County electors approved an increase in the County's sales tax rate by 1.0%, with such sales tax becoming effective on January 1, 1984. At the November 8, 1988 election, County electors approved an increase in the County's sales tax by 2.0% with 1.0% of such increase for the County Jail and 1.0% for Pagosa Springs Capital Improvements. Such sales tax became effective on January 1, 1989, with a seven year sunset provision. At the November 8, 1994 election, County electors approved an extension of the 1988 sales tax increase for an additional seven years with the County's portion directed to the Road Capital Improvement Fund. At the November 6, 2001 election, County electors approved another seven year extension. At the November 4, 2008 election, County electors extended indefinitely the 4.0% sales tax approved in 1988.

The County currently collects a 4% sales tax, with 2% which has historically been allocated 50% to the General Fund and 50% to the Road & Bridge Fund for capital expenditures, and the other 2% going to the Town. On December 8, 2014, the Federal government made effective a revised rule titled "Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel." Under the new rule, sales tax generated by the sale of aviation fuel must be used to support aviation related activities. The rule was required to be implemented no later than Dec. 8, 2017, but early adoption was strongly encouraged. The County complied with the rule in 2016, ahead of the requirement. As a result of this compliance, the airport related part of collected sales tax is allocated directly to the Airport Fund. The balance of the collected sales tax is allocated 50% to the General Fund and 50% to the Road & Bridge fund, as in prior years.

Pursuant to the Sales Tax Act, the County's sales tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the State sales tax, and, is subject to most of the same exemptions applicable to the State sales tax. In accordance with the sales tax resolutions authorizing the sales tax (the "Sales Tax Resolutions") and Section 39-26-104, Colorado Revised Statutes, as amended, the sales tax is collected and paid on the purchase price paid or charged upon all sales and purchases of tangible property at retail; in the case of retail sales involving the exchange of property, on the purchase price paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, excluding, however, from the consideration or purchase price the fair market value of the exchanged property if such exchanged property is to be sold thereafter in the usual course of the retailer's business, or such exchanged property is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration or certification under the laws of the State, including, but not limited to, vehicles operating upon public highways, off highway recreation vehicles, watercraft and aircraft; on telephone and telegraph services, whether furnished by public or private corporations or enterprises, for all intrastate telephone and telegraph service; for gas and electric service, whether furnished by municipal, public or private corporations or enterprises for gas and electricity furnished and sold for commercial consumption and not for resale, and upon steam when consumed or used by the purchaser and not resold in original form whether furnished or sold by municipal, public or private corporations or enterprises; on the purchase price paid for food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops and other like places of business at

which prepared food or drink is regularly sold, including sales from pushcarts, motor vehicles and other mobile facilities. Cover charges shall be included as part of the amount paid for such food or drink; and on the entire amount charged to any person for rooms or accommodations, as defined by statute.

Part 7 of Article 26 of Title 39, Colorado Revised Statutes, as amended, provides that certain transactions are exempt from state taxation. These include, but are not limited to, sales to the United States government and to the State of Colorado, its departments and institutions, and the political subdivisions of the state in their governmental capacities; sales to charitable organizations in the conduct of their charitable functions and activities; sales which the County is prohibited from taxing under the Constitution or laws of the United States or the State of Colorado; sales of cigarettes; sales of prescription drugs, prosthetic devices, wheelchairs, hospital beds, corrective eyewear, hearing aids and certain physician recommended therapeutic devices and appliances; sales of commodities and services to the occupants of certain accommodations; sales to nonprofit schools; sales of trailers and trucks manufactured in the State but sold for use outside the State; sales of construction and building materials to a common carrier by rail for use in construction and maintenance of its railroad tracks; sales of special fuel for farm vehicles; sales of certain articles to retailers or vendors of food, meals or beverages, including bags and other containers, if a separate charge is not made to the consumer therefore, the article becomes the property of the consumer together with the food, meals or beverages, and if a tax is paid on the retail sale of such food, meals or beverages, which articles; sales of construction and building materials sold to contractors for the construction of certain public works; sales of aircraft used or purchased for use in interstate commerce by a commercial airline; sales of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft; sales of certain poultry and livestock, feed therefore, and straw and other bedding for use in the care thereof, feeds and orchard trees; 48% of the purchase price of factory built housing; sales of food purchased with food stamps or with specified federal funds; and sales of precious metal bullion and coins which are substantially equivalent to transactions in securities or commodities through a national securities or commodities exchange. Reference is made to Part 7 of Article 26 of Title 39, Colorado Revised Statutes, as amended, for a complete listing of exemptions from the sales tax. In addition, gross receipts from sales subject to the sales tax will include delivery charges when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. The Sales Tax Resolutions exempt most, but not all of the transactions listed in this paragraph from taxation by the County.

As permitted by the Sales Tax Act, the Sales Tax Resolutions provide that the exemptions from the State sales tax for sales of food; sales and purchases of farm equipment or farm equipment under lease or contract; pesticides that are registered by the State Commissioner of Agriculture as set forth therein; sales of electricity, coal, gas, fuel oil or coke sold to occupants of residences; and sales of machinery or machine tools are also exempt from the County's sales tax.

The collection, administration, and enforcement of the County's sales tax is performed by the Executive Director of the Colorado Department of Revenue (the "Executive Director"), at no charge, in the same manner as the collection, administration and enforcement of the State sales tax. Except as provided by the Sales Tax Act, the provisions of Article 26 of Title 39, Colorado Revised Statutes, as amended, govern the collection, administration and enforcement of the County sales tax.

Each individual vendor in the County is liable for the amount of tax due on all taxable sales made by him. The County receives sales taxes so collected in the form of monthly distributions made to the County by the Executive Director. Sales taxes generally are distributed by the Executive Director two months after being collected by the retailer.

Sales Tax Data. Historical sales tax receipts by the County, for all funds, are set forth in the following table.

TABLE VIII
County Sales Tax Revenue Collection History{ XE “VIII County Sales Tax Revenue Collection History; 008” }

Year	Total 2% County Sales Tax Revenue	Allocation to Airport Fund	Allocation to General Fund	Allocation to Road and Bridge Fund
2013	\$3,344,378	--	\$1,672,189	\$1,672,189
2014	3,583,520	--	1,791,760	1,791,760
2015	4,228,046	--	2,114,023	2,114,023
2016	4,628,314	\$ 9,377	2,309,469	2,309,468
2017	4,951,477	11,655	2,469,911	2,469,911
2018 ¹	5,132,788	30,868	2,550,960	2,550,960

¹ As of February 28, 2019, showing collections through December 31, 2018.
Source: Archuleta County

The County’s 10 largest generators of the County’s sales tax revenue in 2018, are set forth in the following table. The total number of vendors currently remitting Sale Tax to the County is 1,052.

TABLE IX
Ten Largest Generators of the County’s Sales Tax Revenue in 2018 ¹{ XE “IX Ten Largest Generators of the County’s Sales Tax Revenue in 2018; 009” }

Business Type	Sales Tax Collected	Percent of Total Collections ²
Retail Trade	\$ 673,524	13.12%
Retail Trade	618,661	12.05
Utilities	276,158	5.38
Wholesale Trade	203,868	3.97
Retail Trade	105,472	2.06
Retail Trade	95,350	1.86
Retail Trade	74,834	1.46
Retail Trade	74,764	1.46
Accommodation and Food Services	73,518	1.43
Retail Trade	<u>66,227</u>	<u>1.29</u>
	<u>\$2,262,376</u>	<u>44.08%</u>

¹ Because of the confidential nature of the gross sales of the individual entities the identity of the vendors cannot be divulged.

² Based on total County sales tax collections of \$5,132,788 as of December 31, 2018.
Source: Archuleta County

The County’s monthly breakdown of sales tax collections for the two most recent 12-month periods is set forth in the following table.

TABLE X
Monthly Comparison of Collections of the County’s Sales Tax Receipts
¹{ XE “X Monthly Comparison of Collections of the County’s Sales Tax Receipts; 010” }

Month	12–month Period Ended December 31, 2017		12–month Period Ended December, 2018	
	Current Month	Year to Date ¹	Current Month	Year to Date ¹
January	\$301,309	\$ 301,309	\$360,688	\$ 360,688
February	307,248	608,557	327,339	688,027
March	374,506	983,063	409,456	1,097,483
April	327,480	1,310,543	343,489	1,440,972
May	383,195	1,693,738	389,788	1,830,760
June	502,800	2,196,538	513,971	2,344,731
July	525,468	2,722,008	530,217	2,874,948
August	517,269	3,239,275	489,861	3,364,809
September	464,795	3,704,070	464,991	3,829,800
October	401,096	4,105,166	448,733	4,278,533
November	368,287	4,473,453	381,272	4,659,805
December	478,022	4,951,475	472,985	5,132,790

¹ The year-end balance may not match such figures presented throughout this Official Statement due to rounding.
Source: Archuleta County

Factors Potentially Affecting Sales Tax Base. There are no known factors that are likely to affect the County’s tax base in the foreseeable future. The County and Pagosa Springs (the only incorporated municipality in the County) have an excellent working relationship. Because the Town and County equally share sales tax, there is no incentive for either of the jurisdictions to try and “lure” a major sales tax generator to one side of a boundary. The Town and County jointly adopt key strategic priorities for the “community” as a whole and both entities have allocated funding towards the joint priorities. One development factor that separates the two jurisdictions is the fact that the Town has development impact fees and the County does not. It could be argued, however, that would only steer development to the County instead of the Town, but due to other development factors, that has not really been the case.

The County has identified the following as having a “potential” effect on the sales tax base:

Retail Marijuana. According to County officials, there are some restrictions on retail marijuana expansion, which would constrain growth in that segment of the economy within the unincorporated areas of the County. However, that segment of sales tax is less than 1% total sales tax, and the market may be nearly saturated already.

Internet Transactions. The United States Supreme Court’s *South Dakota V. Wayfair, Inc., et al* decision allows for the collection of local sales tax on internet transactions, based on the destination of the purchased item. Retailers may voluntarily begin withholding (and paying) the sales tax as of December of 2018. Mandatory compliance goes into full effect by June 1, 2019. There is no history to guide the County in estimating the amount of new sales tax revenue this might generate.

Charges for Services Revenue

The County receives charges for services revenues as a large source of revenue to the County's General Fund. Charges for services include revenues based on exchange or exchange like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided. Revenues in this category in the General Fund include fees charged for specific services; licenses and permits, such as liquor licenses and building permits; and any other amounts charged to service recipients.

Intergovernmental Revenue

The County receives intergovernmental revenues as another large source of revenue to the County's General Fund. Intergovernmental revenues include Federal Payments in Lieu of Taxes, Federal and State grants, and grants from other political subdivisions.

Historical and Budgeted General Fund Financial Information

Set forth hereafter is a five-year comparative statement of revenues, expenditures and changes in fund balances for the County's General Fund. The following information should be read together with the County's financial statements and accompanying notes set forth in APPENDIX C to this Official Statement.

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TABLE XI
History of General Fund Revenues, Expenditures and Changes in Fund Balances{ XE “XI History of General Fund Revenues, Expenditures and Changes in Fund Balances; 011” }

	2013	2014	2015	2016	2017 (unaudited) ¹
Revenues					
Property and Specific Ownership Tax	\$ 5,051,192	\$ 4,687,700	\$ 4,307,679	\$ 4,371,465	\$ 4,276,965
Intergovernmental	1,401,618	1,944,387	1,808,790	1,933,975	1,986,655
Sales and Use Taxes	1,758,034	1,896,168	2,236,776	2,450,066	2,629,159
Licenses and Permits	397,172	481,315	492,518	501,858	546,565
Charges for Services	1,542,629	1,398,598	1,462,435	1,557,175	1,643,052
Other	282,606	490,112	404,691	950,807	757,968
Grants and Contributions	--	--	--	--	47,057
Net Investment Earnings (Loss)	<u>(18,144)</u>	<u>116,312</u>	<u>77,658</u>	<u>139,346</u>	<u>233,484</u>
Total Revenues	<u>10,415,107</u>	<u>11,014,592</u>	<u>10,790,547</u>	<u>11,904,692</u>	<u>12,120,905</u>
Expenditures					
General Government	3,895,175	4,465,988	4,739,315	5,070,956	5,521,468
Public Safety	3,395,809	3,198,682	3,200,285	3,370,224	3,790,831
Health and Welfare	359,719	113,400	85,628	95,687	102,369
Highway and Streets	102,571	92,484	97,847	113,978	123,993
Economic Development	81,890	26,024	115,451	136,128	5,000
Culture and Recreation	200,656	246,466	320,467	388,753	731,507
Capital Outlay	371,243	314,030	120,769	--	57,601
Debt Service					
Principal Retirement	--	--	--	60,097	61,619
Interest	--	--	--	12,695	11,108
Total Expenditures	<u>8,407,063</u>	<u>8,457,074</u>	<u>8,679,762</u>	<u>9,248,518</u>	<u>10,405,496</u>
Excess of Revenues Over (Under) Expenditures	2,008,044	2,557,518	2,110,785	2,656,174	1,715,409
Other Financing Sources (Uses)					
Proceeds from Capital Assets	--	--	--	738,000	--
Transfers Out	<u>(316,200)</u>	<u>(661,200)</u>	<u>(2,521,171)</u>	<u>(1,601,214)</u>	<u>(1,438,945)</u>
Total	<u>(316,200)</u>	<u>(661,200)</u>	<u>(2,521,171)</u>	<u>(863,214)</u>	<u>(1,438,945)</u>
Net Change in Fund Balance	1,691,844	1,896,318	(410,386)	1,792,960	276,464
Beginning Fund Balance	<u>7,188,345</u>	<u>8,880,189</u>	<u>10,776,507</u>	<u>10,366,121</u>	<u>12,159,081</u>
Ending Fund Balance	<u>\$ 8,880,189</u>	<u>\$10,776,507</u>	<u>\$10,366,121</u>	<u>\$12,159,081</u>	<u>\$12,435,545</u>

¹ Unaudited figures through December 31, 2017.

Sources: County audited financial statements for years ended December 31, 2013-2016

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

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

Before the beginning of the fiscal year, the County Board must enact an appropriation resolution which corresponds with the budget. The income of the County must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by

the appropriation resolution. County expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. However, in the case of an emergency or a contingency which was not reasonably foreseeable, the County Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote. If the County receives revenues which were unanticipated or unassured at the time of adoption of the budget, the County Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The County Board adopted the County's 2019 budget and appropriation resolution pursuant to the above described procedure and filed such budget with the State division of local government on January 31 2019.

The following table compares the County's adopted 2018 and 2019 General Fund budgets and actual year-end unaudited results for 2018 and year-to-date unaudited results for 2019.

TABLE XII
General Fund Budget Summary and Comparison{ XE "XII General Fund Budget Summary and Comparison; 012" }

	2018 Budget	2018 Year-End Actual (unaudited)	2019 Budget	2019 Year-to-Date Actual (unaudited) ¹
Revenues:				
Property Tax	\$ 4,019,286	\$ 3,925,036	\$ 4,070,103	
Sales and Use Tax	2,475,607	[2,125,247]	2,525,672	
Other Taxes	608,064	592,385	722,497	
Licenses and Permits	596,955	518,957	569,689	
Charges for Services	1,754,054	1,707,137	2,028,346	
Intergovernmental	1,187,235	1,656,373	1,054,035	
Interest	100,068	464,920	350,405	
Grants and Contributions	--	213,853	--	
Miscellaneous/Other	<u>398,950</u>	<u>603,964</u>	<u>386,750</u>	
Total Revenues	<u>11,140,219</u>	<u>11,807,872</u>	<u>11,707,497</u>	
Operating Expenditures:				
General Government	5,537,884	4,876,602	5,786,407	
Judicial & Legal	414,616	--	429,213	
Public Safety	3,222,730	3,888,675	3,886,608	
Recreation & Culture	388,040	304,698	358,609	
Health & Welfare	373,634	87,831	470,972	
Capital Outlay	183,463	89,302	203,958	
Highway and Streets	--	146,903	--	
Economic Development	--	200,000	--	
Other Uses:				
Transfers Out	3,445,110	3,445,110	2,153,952	
Debt Service	<u>72,728</u>	<u>72,728</u>	<u>72,728</u>	
Total Expenditures	<u>13,638,205</u>	<u>13,111,849</u>	<u>13,362,447</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,497,986)	(1,303,977)	(1,656,950)	
Beginning Fund Balance	<u>12,070,475</u>	<u>12,435,545</u>	<u>11,241,758</u>	
Ending Fund Balance	<u>\$ 9,572,489</u>	<u>\$11,131,568</u>	<u>\$ 9,584,808</u>	

¹ Unaudited figures through _____, 2019
Source: County budgets and the County

Administration's Discussion of Material Trends

For a discussion of financial material trends, see the County's December 31, 2017 audited financial statements attached as APPENDIX C hereto.

Retirement Pension Plan

The County participates in a contribution pension plan offered by Colorado County Officials and Employees Retirement Association ("CCOERA"). The County contributes 4% of the compensation of each employee and each participant contributes an amount equal to the County's contribution. Participants must contribute 4% and may contribute more at their election. Plan provisions and contribution requirements are established and may be amended by the County Board. For the year ended December 31, 2017, the County contributions were \$[264,332.56]. **[Confirm on receipt of 2017 audit]**

In addition, the County offers a voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f). The plan permits employees to defer a portion of their salaries until future years. The deferred amount is not available to employees until termination, retirement, death or unforeseeable emergencies. For this plan, the County makes the required monthly contribution and has no other liability.

See Note [] to the County's 2017 audited financial statements attached hereto.

Deposit and Investment of County Funds

State statutes set forth requirements for the deposit of County funds in eligible depositories and for the collateralization of such deposited funds. See also Note [] to the County's 2017 audited financial statements appended hereto. The County also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of this issue also is subject to the provisions of the Federal Tax Code. See "TAX MATTERS."

Constitutional Amendment Limiting Taxes and Spending

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

election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

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

De-Brucing. The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the County to collect, retain, spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year thereafter, from any source, other than that generated by the County mill levy, notwithstanding any TABOR restrictions.

Risk Management

The County is exposed to various risks of loss related to property and casualties. The County joined with other counties in Colorado to form the Colorado Counties Casualty and Property Pool ("CAPP"), a public entity risk pool operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for property and casualty insurance coverage. The pool purchases additional insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year.

The County is exposed to various risks of loss related to injuries of employees while on the job. With other counties in Colorado, the County formed the Colorado Workers' Compensation Pool ("CWCP"), a public entity risk pool operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The pool purchases additional insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year.

See Note [] to the County's 2017 audited financial statements attached hereto.

COUNTY DEBT STRUCTURE

According to County officials, other than the Certificates, it is not anticipated that the County will incur additional debt in the near future.

Pursuant to Section 31-15-302(1), C.R.S., the total amount of indebtedness may not at any time exceed 3.0% of the actual value, as determined by the assessor, of the taxable property in the County, except such debt as may be incurred in supplying water.

General Obligation Debt

Authorized but Unissued General Obligation Debt. The County does not have any authorized or outstanding general obligation debt as of the date of this Official Statement, nor does the County anticipate any in the near future.

Estimated Overlapping General Obligation Debt. Certain public entities wholly or partially overlapping the County are authorized to incur general obligation debt, and to the extent that properties within the County are also within such overlapping public entities, such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity's outstanding debt chargeable to County property owners is calculated by comparing the assessed valuation of the portion overlapping the County to the total assessed valuation of the overlapping entity. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the County as of the date of this Official Statement.

The County is not responsible for payment of any of the indebtedness shown in the following table. Although the County has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the County, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

TABLE XIII
Estimated Overlapping General Obligation Debt { XE "XIII Estimated Overlapping General Obligation Debt; 013" }

Overlapping Entity	General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties Within the County	
		Percent	Amount
Archuleta School District No. 50 JT	\$ 2,245,000	99.23%	\$ 2,227,714
Bayfield School District No. 10 JT-R	41,378,000	0.29	119,996
Ignacio School District 11 JT	32,446,686	9.48	3,075,946
Pagosa Area Water and Sanitation District	2,770,000	100.00	2,770,000
Pagosa Area Water and Sanitation District Sewer Subdistrict	1,390,000	100.00	1,390,000
Upper Pine River Fire Protection District	2,137,576	0.18	3,848
Upper San Juan Health Service District	9,330,000	97.97	<u>9,140,601</u>
Total			<u>\$18,728,105</u>

Sources: County Assessor 2018 Abstract and individual entities

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

Revenue Obligations

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

Leases and Other Financial Obligations

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

Certificates of Participation. Upon issuance, the Certificates will represent the County's only outstanding certificate of participation obligations.

Capital Leases. As of the date of this Official Statement, the County had the following capital lease outstanding:

2012 Capital Lease Payable. During 2012, the County entered into a \$5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling \$5,132,543 (after payment of \$74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly, the trust assets and liabilities for the defeased debt is not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank, is payable in quarterly installments of \$125,093, at 2.5% interest. Final payment is due in 2023. Collateral includes the County courthouse, road and bridge equipment and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at \$1,071,814, less accumulated depreciation of \$753,476 at December 31, 2018. The lease payments will be made from the Road and Bridge and General Funds, with a December 31, 2018, the balance outstanding was \$2,344,339.

2017 Capital Lease Payable. On August 24, 2017, the County entered into a \$148,700 government equipment lease purchase agreement for the acquisition of a Caterpillar 816K Landfill Compactor. The capital lease is payable in annual installments of \$32,589 at 3.129% interest, with the final payment being due in 2022. At December 31, 2018, the principal balance outstanding was \$120,764.

Note Payable. In 2014, the County, along with the Town, the Pagosa Fire Protection District and Upper San Juan Health Service District, jointly and severally refunded its 2011 note payable and entered into a \$357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of \$4,805 at 3.5% interest. The final payment is due in 2021. At December 31, 2018, the principal balance outstanding was \$124,588.

LEGAL MATTERS

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the County, for injuries which lie in tort or could lie in tort. The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; 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; 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. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$350,000 for claims accruing before January 1, 2018, or the sum of \$387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022; (b) for an injury to two or more

persons in any single occurrence, the sum of \$990,000 for claims accruing before January 1, 2018, except in such instance, no person may recover in excess of \$350,000; or the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of \$387,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase to occur on or before January 1, 2018. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

The County has not acted to increase the damages liability limitations in the Immunity Act. Suits against both the County and a public employee do not increase such maximum amounts which may be recovered. The County may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the County is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten (10) mills per annum for all outstanding settlements or judgments.

The County may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the County may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the 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.

Pending and Threatened Litigation

The County Attorney states that, as of the date hereof, to the best of his knowledge, belief, and information, no litigation of any nature is now pending or threatened against the County which, if determined adversely to the County, would be expected to have a material adverse effect upon the County's ability to comply with its obligations under the Lease.

Legal Representation

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

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

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is

rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals allocable to the Certificates paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Portion") (including any original issue discount properly allocable to the owner of a Certificate), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the County and the Trustee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Certificates. Failure to comply with such covenants could cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. The County and the Trustee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Certificates.

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

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion is excludable from Colorado taxable income and Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State or any other state or jurisdiction.

Original Issue Discount

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

The amount of original issue discount which is treated as having accrued with respect to such Discount Certificate is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Certificate (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Certificate that are

attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

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

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

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule

generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Certificates under the Code.

Backup Withholding

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

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, and 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 CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE CERTIFICATES AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE CERTIFICATES.

MISCELLANEOUS

Ratings

"_____ ("___") is assigned the Certificates the rating set forth on the cover page based upon the Policy to be issued concurrently with the delivery of the Certificates by the Certificate Insurer.] In addition, ___ has assigned an underlying rating of "___" to the Certificates based upon its rating of the Certificates without regard to the delivery of the Policy. ___ has assigned a _____ outlook to the underlying rating."

Such ratings reflect only the view of such rating agency. Any explanations of the significance of such ratings should be obtained from ___ at _____. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

Registration of Certificates

Registration or qualification of the offer and sale of the Certificates (as distinguished from registration of the ownership of the Certificates) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended. THE COUNTY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE CERTIFICATES FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE CERTIFICATES MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the County has covenanted, for the benefit of the holders of the Certificates, to provide certain financial information and other operating data and notices of material events after the Certificates are issued. The form of the County’s Continuing Disclosure Undertaking is attached as APPENDIX B to this Official Statement (the “Undertaking”). This is the County’s first issuance under the Rule.

Any failure to comply with the Rule, by the County will not constitute an event of default under the Indenture. Nevertheless, any failures must be reported in accordance with the Rule, and any failures must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Kutak Rock LLP are contingent upon the sale and delivery of the Certificates.

Independent Auditors

The basic financial statements of the County for the fiscal year ended December 31, 2017, which are appended hereto, have been audited by independent auditors, by Anton Collins Mitchell LLP, [Denver, Colorado], as stated in their report appearing therein. **[Is an audit consent letter required? – Kutak to follow-up upon distribution of audit]**

Underwriting

The Certificates are being delivered by the County at an underwriting discount of \$ _____ to the Underwriter pursuant to a purchase contract. See “THE CERTIFICATES—Application of Certificate Proceeds—*Estimated Application of Certificate Proceeds*.” Expenses associated with the issuance of the Certificates are being paid from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Certificates. The Underwriter has initially offered the Certificates to the public at the prices or yields set forth on the cover page of this Official Statement, plus accrued interest from the dated date of the

Certificates. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Certificates to the public.

Additional Information

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the “INTRODUCTION.”

Official Statement Certification

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

ARCHULETA COUNTY, COLORADO

By: _____
Chairman, Board of County Commissioners

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APPENDIX A

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

This Appendix includes definitions of some of the terms used in this Official Statement, the Lease and the Indenture and summaries of certain provisions of the Lease and the Indenture. Reference is hereby made to the actual provisions of the Lease and the Indenture for a complete recital of the definitions used in and terms of the Lease and the Indenture. Copies of the Lease and the Indenture may be obtained from the Trustee, or the County as described in “INTRODUCTION” in the body of the Official Statement.

[To be inserted]

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APPENDIX B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (this “Undertaking”) is executed and delivered, as of May __, 2019, by Archuleta County, Colorado (the “County”), in connection with the issuance of \$_____* aggregate principal amount of Certificates of Participation, Series 2019 (the “Certificates”). The Certificates are authorized pursuant to the Indenture of Trust, dated as of [May 1], 2019 (the “Indenture”), by UMB Bank, n.a., as trustee thereunder (the “Trustee”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Certificates by the County and the purchase of such Certificates by the Owners, the County hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the County as of the date set forth below, for the benefit of the holders and owners (the “Certificateholders”) of the Certificates and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Agreement*” means the obligations of the County pursuant to Sections 4, 5 and 6.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

“*Audited Financial Statements*” means the audited consolidated financial statements of the County, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means initially the County and any successor agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

* Preliminary; subject to change.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

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

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Certificates.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The final CUSIP ^{1, ©} of the Certificates is _____. The final Official Statement relating to the Certificates is dated May __, 2019 (the “Final Official Statement”).

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the County’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 240 days immediately following the completion date of the County’s fiscal year.

The County is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Material Events Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Certificates or defeasance of any Certificates need not be given under this Agreement any earlier than the notice (if any) of such

¹ The County takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Certificates.

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redemption or defeasance is given to the owners of the Certificates pursuant to the Ordinance. From and after the Effective Date, the County is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The County shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Agreement, the Certificateholder of any Certificate may seek specific performance by court order to cause the County to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the County to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the County may amend this Agreement, and any provision of this Agreement may be waived, if:

- (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or type of business conducted;
- (ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) The amendment or waiver does not materially impair the interests of the Certificateholders of the Certificates, as determined either by parties unaffiliated with the County or the County (such as the Trustee) or by an approving vote of the Certificateholder Representative or of the Certificateholders of the Certificates holding a majority of the aggregate principal amount of the Certificates (excluding Certificates held by or on behalf of the County or its affiliates) at the time of the amendment; or
- (iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. The Agreement of the County shall be terminated hereunder when the County shall no longer have any legal liability under the terms of the Indenture pursuant to the terms of the Indenture for any obligation on or relating to the repayment of the Certificates. The County shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The County shall transmit all information to the MSRB as provided in this Agreement. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the County chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the County shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, the County, the Certificateholder Representative and the Certificateholders of the Certificates, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The County shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The County shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the County under this Agreement or to execute a continuing disclosure agreement under the Rule.

Section 15. Governing Law. This Agreement shall be governed by the laws of the State.

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EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference in Tables [UPDATE] in the Final Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The County shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days immediately following the last day of the County’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the County.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of the County, the County will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE CERTIFICATES FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Certificate calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the County*
13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material
15. [Incurrence of a financial obligation of the County or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County or obligated person, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County or obligated person, any of which reflect financial difficulties.]

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

APPENDIX C

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE
COUNTY AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the Archuleta County (the “County”) is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Other economic and demographic information not presented herein may be available concerning the area in which the County is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the County or its officers, employees, or advisors.*

Population

The following table sets forth population statistics for the Town of Pagosa Springs, Colorado (the “Town”), the County and the State of Colorado (the “State”).

Year	Population					
	Town of Pagosa Springs		Archuleta County		Colorado	
	Total Population	Percent Change	Total Population	Percent Change	Total Population	Percent Change
1970	1,360	--	2,733	--	2,207,259	--
1980	1,331	(2.13)%	3,664	34.07%	2,889,964	30.93%
1990	1,207	(9.32)%	5,345	45.88	3,294,394	13.99
2000	1,591	31.81	9,898	85.18	4,301,261	30.56
2010	1,727	8.55	12,084	22.09	5,029,196	16.92
2017 ¹	1,937	12.16	13,316	10.20	5,609,445	11.54

¹ Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census and Colorado Division of Local Government, Demography Section, and the County

Housing Stock

The following table sets forth a comparison of households within the Town and the County.

	Housing Units		Percent Change	2017 ¹
	2000	2010		
Pagosa Springs (Town of)	746	945	26.68%	1,028
Archuleta County	6,212	8,762	41.05	9,327

¹ Estimate.

Source: U.S. Department of Commerce, Bureau of the Census

Income

The following tables set forth historical median household effective buying income, the percentage of households by classification of effective buying income (“EBI”) levels, and per capita personal income in the County, the State and the United States.

	Median Household Effective Buying Income ¹				
	2015	2016	2017	2018	2019
Archuleta County	\$46,327	\$44,926	\$45,165	\$59,872	\$41,796
Colorado	49,949	52,345	54,718	57,732	59,227
United States	45,448	46,738	48,043	50,620	52,468

¹ As of January 1.

Source: The Nielsen Company, *Site Reports*, 2014-2017, Environics Analytics, *Spotlight Claritas Reports* 2018-2019

	Percent of Households by Effective Buying Income Groups – 2019 ¹				
	Less Than \$25,000	\$25,000-\$49,999	\$50,000-\$99,999	\$100,000-\$149,999	\$150,000 and more
Archuleta County	24.08%	34.97%	31.18%	6.12%	3.63%
Colorado	16.96	24.82	37.20	12.22	8.81
United States	21.39	26.37	34.54	10.10	7.60

¹ May not total 100% due to rounding. Calculated as of January 1, 2019.

Source: Environics Analytics, *Spotlight Claritas Reports* 2019

Per Capita Personal Income

	2013	2014	2015	2016	2017
Archuleta County	\$34,224	\$37,854	\$39,457	\$40,153	\$39,944
Colorado	47,308	50,746	52,228	52,372	54,646
United States	44,826	47,025	48,940	49,831	51,640

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

School Enrollment

The following table presents a five-year history of school enrollment for Archuleta School District 50JT, the school district serving the County.

Archuleta School District 50JT

Year	School Enrollment	Percent Change
2014/2015	1,326	--
2015/2016	1,372	3.47%
2016/2017	1,568	14.29
2017/2018	1,660	5.87
2018/2019	1,706	2.77

Source: Colorado Department of Education

Building Activity

Set forth in the following table is historical building permit activity in the County.

History of Building Permit Activity—Archuleta County

Year	Single Family		Multi-Family		Commercial/Industrial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2014	64	\$18,771,000	1	\$265,000	6	\$1,658,000
2015	92	23,194,000	0	0	7	581,000
2016	113	25,492,000	1	216,000	6	1,393,000
2017	149	34,170,000	2	455,000	2	31000
2018	133	30,907,000	1	374,000	3	1,017,000
2019 ¹	3	486,000	0	0	0	0

¹ Building permits issued through January 31, 2019.
Source: Archuleta County Building Department

Foreclosure Activity

The following table sets forth historical foreclosure activity in the County.

History of Foreclosures

Year	Archuleta County	Percent Change
2014	32	--
2015	24	(25.00)%
2016	24	0.00
2017	24	0.00
2018	14	(41.67)
2019 ¹	4	--

¹ Foreclosures filed through February 11, 2019.
Source: Archuleta County Public Trustee

Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. The following table sets forth recent retail sales figures for the County and the State.

Year	Retail Sales					
	Town of Pagosa Springs	Percent Change	Archuleta County	Percent Change	Colorado	Percent Change
2011	\$197,782,518	--	\$246,601,117	--	\$154,697,942,972	--
2012	199,326,643	0.78%	258,752,596	4.93%	164,387,648,458	6.26%
2013	201,269,328	0.97	249,265,477	(3.67)	172,784,033,081	5.11
2014	210,180,092	4.43	267,682,978	7.39	182,709,977,954	5.74
2015	238,849,454	13.64	304,776,946	13.86	182,845,695,387	0.07

¹ According to the Department of Revenue, the department is currently experiencing a system problem that prevents the Retail Sales Reports from being produced and are working to resolve the issue as soon as possible. Currently, the most recent available is 2015.
Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2011-2015

Employment

The following tables set forth employment statistics by industry and the most recent historical labor force estimates for the County and State.

Total Business Establishments and Employment—Archuleta County

Industry ¹	Second Quarter 2017		Second Quarter 2018		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	12	24	12	42	0	18
Mining	5	26	4	17	(1)	(9)
Utilities	3	28	3	27	0	(1)
Construction	92	285	99	356	7	71
Manufacturing	15	123	15	114	0	(9)
Wholesale Trade	11	23	13	27	2	4
Retail Trade	83	788	77	738	(6)	(50)
Transportation and Warehousing	8	30	8	28	0	(2)
Information	7	44	6	39	(1)	(5)
Finance and Insurance	24	105	25	104	1	(1)
Real Estate, Rental and Leasing	44	198	43	165	(1)	(33)
Professional and Technical Services	65	123	66	150	1	27
Management of Companies and Enterprises ²	5	7	7	4	2	(3)
Administrative and Waste Services	33	145	33	160	0	15
Educational Services	3	19	4	14	1	(5)
Health Care and Social Assistance	30	339	42	406	12	67
Arts, Entertainment and Recreation	18	68	13	56	(5)	(12)
Accommodation and Food Services	54	803	56	809	2	6
Other Services	49	152	43	139	(6)	(13)
Non-classifiable	0	0	0	0	0	0
Government	22	858	23	914	1	56
Total	583	4,188	592	4,307	9	119

¹ Information provided herein reflects only those employers who are subject to State unemployment insurance law.

² Information suppressed due to confidentiality as set forth in State law. Totals may not add because they include figures for all employment including suppressed information.

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

Labor Force Estimates

Year	Archuleta County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2013	5,699	8.8%	2,767,153	6.9%
2014	5,721	6.0	2,799,491	5.0
2015	6,010	4.0	2,824,759	3.9
2016	6,363	3.3	2,893,268	3.3
2017	6,593	3.0	2,992,307	2.8
2018 ¹	6,823	3.3	3,091,401	3.1

¹ Labor force averages through December 31, 2018.

Source: State of Colorado, Division of Employment and Training

Selected major employers in the County are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial

condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

2018 Selected Major Employers in Archuleta County

Firm	Product or Service	Estimated Number of Employees
Upper San Juan Hospital District	Health Care Provider	280
Archuleta County School Dist. 50 JT	Public Education	275
Walmart	Retail	190
Visiting Angels of the Southwest	Home Living Assistance	151
Archuleta County	County Government	150
City Market	Grocery/Retail	132
Springs Resort LTD	Hot Springs Resort	100
Wyndam Pagosa	Resort	75
Pine Ridge Extended Care Center LLC	Skilled Nursing Facility	50
Pagosa Springs (Town of)	City Government	42

Source: Economic Development District of Southwest Colorado-Region 9

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APPENDIX E

FORM OF BOND COUNSEL OPINION

May __, 2019

Archuleta County, Colorado

[UNDERWRITER]
[CITY, STATE]

§ _____
CERTIFICATES OF PARTICIPATION, SERIES 2019
(Detention Center Project)
evidencing assignment of interests in the right to
receive certain revenues payable by
ARCHULETA COUNTY, COLORADO
pursuant to a Lease Purchase Agreement
between the County and UMB Bank, n.a., as Trustee

Ladies and Gentlemen:

We have been engaged by Archuleta County, Colorado (the “County”) to act as bond counsel in connection with the delivery of the captioned certificates (the “Certificates”). The Certificates are being delivered pursuant to an Indenture of Trust, dated as of [May 1], 2019 (the “Indenture”), by UMB Bank, n.a., as trustee thereunder (the “Trustee”), and evidence the assignment of interests in the right to receive certain revenues payable by the County under a Lease Purchase Agreement, dated as of [May 1], 2019 (the “Lease”), by and between the Trustee, as lessor, and the County, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture and the Lease.

We have examined the constitution and the laws of the State of Colorado; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery of the Lease, the Indenture and the Certificates by the Trustee.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The County has the power to enter into and perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered and is a legal, valid and binding obligation of the County enforceable against the County in accordance with its terms.
3. The Certificates evidence legal, valid and binding interests in the right to receive payments, as provided in the Certificates and the Indenture, from Base Rentals payable by the County

under the Lease, which payments include portions designated and paid as interest and principal, as provided in the Lease.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates (the "Interest Component"), is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentences assume the accuracy of certain representations and compliance by the County and the Trustee with certain covenants designated to satisfy the requirements of the Code that must be met subsequent to the delivery of the Certificates. Failure to comply with such requirements could cause the Interest Component to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Certificates, and we express no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

5. Under existing State of Colorado statutes, to the extent the Interest Component is excludable from gross income for federal income tax purposes, such Interest Component is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction, and we express no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State of Colorado income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

The rights of the Owners of the Certificates and the enforceability of the Certificates and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice herein as to: the enforceability of the Lease, the Indenture or the Certificates against the Trustee; legal title to the Leased Property; the creditworthiness or financial condition of the County or the Trustee; the accuracy or completeness of the statements made in connection with the offer and sale of the Certificates; or the ability of the County to apply amounts on deposit in any particular fund or account of the County for the purpose of making payments under the Lease.

This opinion is based solely on the Constitution and laws of the State of Colorado, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 above, the other items described in the second paragraph hereof and the assumptions set forth herein; and we have no obligation to update or supplement this opinion based on or with respect to changes in any of such items or based on or with respect to other events or circumstances that occur after the date hereof.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

Respectfully submitted,

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