

**NEW ISSUE  
BOOK-ENTRY-ONLY**

**RATING: S&P “AA”  
(See “MISCELLANEOUS—Rating”)**

*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 with certain covenants, interest on the Bonds 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 interest on the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer tax. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.*

**\$25,475,000\***  
**ROARING FORK TRANSPORTATION AUTHORITY**  
**(in the State of Colorado)**  
**SALES AND USE TAX**  
**REVENUE REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2019**

**Dated: Date of Delivery**

**Due: December 1, as shown on the inside cover**

The Bonds are being issued as fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2019. UMB Bank, n.a., Denver, Colorado, will act as Paying Agent for the Bonds and DTC will act as securities depository for the Bonds. The Bonds will be issued in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds. The Bonds mature, bear per annum interest and are priced as shown on the inside cover. Capitalized terms used on the cover page of this Official Statement are defined in the Introduction herein.

The Bonds are revenue obligations of RFTA payable solely from, and constitute a pledge of and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. The Pledged Revenues consist of all of the net proceeds of the Sales and Use Tax imposed at rates ranging from 0.4% to 1.0%, as described herein, after deduction of the reasonable and necessary costs and expenses of collection and enforcement, net of any required refunds. *The Bonds do not constitute a general obligation debt or indebtedness within the meaning of any constitutional or statutory debt limitation or provision, and are not payable in whole or in part from the proceeds of ad valorem property taxes.*

The Bonds are comprised of the Refunding Bonds and the Improvement Bonds. The proceeds from the sale of the Bonds, together with other legally available funds, will be used for: (i) the refunding of RFTA’s Series 2009B Bonds; (ii) the refunding of RFTA’s Series 2013A Loan; (iii) financing the acquisition, construction, installation, and equipping of various public improvements including (a) recommissioning the Aspen Maintenance Facility, (b) expanding the Glenwood Springs Maintenance Facility, (c) improvements to bus stations, bus stops and parking areas and facilities, (d) acquiring additional buses, and (e) and any other projects which proceeds of the Improvement Bonds may be expended under the Ballot Issue; and (iv) paying the costs of issuance of the Bonds, including without limitation the cost of a Reserve Policy to be deposited in the Reserve Fund.

The Bonds are subject to optional and mandatory sinking fund redemption as described herein.

**This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision and should consider carefully the information contained in the section titled “INVESTMENT CONSIDERATIONS.”**

The Bonds are offered when, as and if issued and accepted by the Underwriter named below, subject to prior sale, withdrawal or modification of the offer without any notice, approval of legality and certain other matters by Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Kutak Rock LLP has acted as Special Counsel to RFTA for purposes of assisting RFTA with the preparation of this Official Statement. Certain legal matters will be passed upon for RFTA by Paul J. Taddune, P.C., Aspen, Colorado, as General Counsel to RFTA. PFM Financial Advisors, LLC, Chandler, Arizona, is acting as financial advisor to RFTA in connection with the offering and issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about September \_\_, 2019.



This Official Statement is dated \_\_\_\_\_, 2019.

\* Preliminary; subject to change.

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.

**\$25,475,000\***  
**ROARING FORK TRANSPORTATION AUTHORITY**  
**(in the State of Colorado)**  
**SALES AND USE TAX**  
**REVENUE REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2019**

**MATURITY SCHEDULE\***  
**CUSIP 770161 <sup>1</sup>©**

<b>Maturity Date (December 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup>©</b>	<b>Maturity Date (December 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup>©</b>
2019	\$ 120,000				2030	\$1,085,000			
2020	215,000				2031	1,140,000			
2021	965,000				2032	1,200,000			
2022	1,015,000				2033	1,265,000			
2023	1,070,000				2034	1,025,000			
2024	1,120,000				2035	1,065,000			
2025	1,180,000				2036	1,100,000			
2026	1,240,000				2037	1,145,000			
2027	1,295,000				2038	1,190,000			
2028	1,170,000				2039	1,240,000			
2029	1,225,000								
					<b>\$1,535,000*</b> _____ % <b>Term Bond due December 1, 2044*</b> Price _____ % <b>CUSIP<sup>1</sup>©</b> _____				
					<b>\$1,870,000*</b> _____ % <b>Term Bond due December 1, 2049*</b> Price _____ % <b>CUSIP<sup>1</sup>©</b> _____				

<sup>1</sup> RFTA takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

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\* Preliminary; subject to change.

# **ROARING FORK TRANSPORTATION AUTHORITY**

## **Authority Board**

Art Riddile, Chairperson  
Markey Butler, Vice-Chair  
George Newman, Member  
Jacque R. Whitsitt, Member  
Jeanne McQueeney, Member  
Dan Richardson, Member  
Ann Mullins, Member  
Jonathan Godes, Member

## **Authority Officials**

Dan Blankenship, Chief Executive Officer  
Kurt Ravenschlag, Chief Operating Officer  
Michael Yang, Chief Financial and Administrative Officer

## **General Counsel**

Paul J. Taddune, P.C.  
Aspen, Colorado

## **Underwriter**

RBC Capital Markets, LLC  
Denver, Colorado

## **Financial Advisor**

PFM Financial Advisors, LLC  
Chandler, Arizona

## **Paying Agent and Escrow Agent**

UMB Bank, n.a.  
Denver, Colorado

## **Bond Counsel**

Kutak Rock LLP  
Denver, Colorado

## **Verification Agent**

Causey Demgen & Moore P.C.  
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 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority or the Underwriter. The information 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 Authority 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 Authority 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, their 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.

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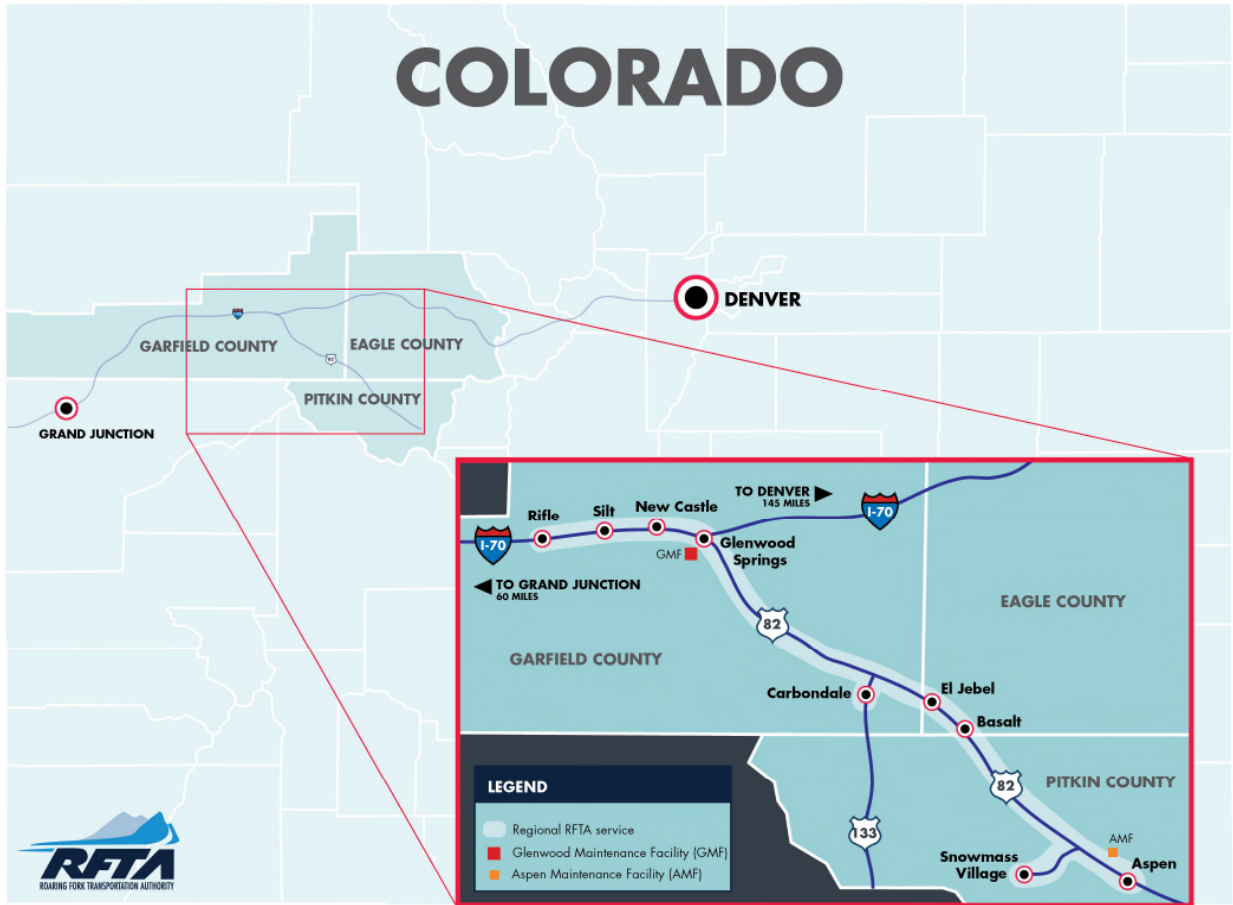
Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

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# SERVICE AREA MAP



## INTRODUCTION

This Official Statement is furnished in connection with the issuance by the Roaring Fork Transportation Authority, Colorado (“RFTA” or the “Authority”), its Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019, in the aggregate principal amount of \$25,475,000\* (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Certain capitalized terms used and not otherwise defined herein are defined in “APPENDIX A—SUMMARY OF BOND RESOLUTION.”

*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.*

**Issuer** ..... The Roaring Fork Transit Agency (the “Agency”), a predecessor to RFTA, was formed at the end of 1983 to provide bus services within the Roaring Fork River Valley. RFTA, the successor to the Agency, was created in 2000 pursuant to an intergovernmental agreement (as more particularly defined herein, the “Organizing IGA”) by and among the City of Aspen (“Aspen”), the Town of Basalt (“Basalt”), the Town of Carbondale (“Carbondale”), Eagle County, the City of Glenwood Springs (“Glenwood Springs”), the Town of Snowmass Village (“Snowmass Village”) and Pitkin County (the initial members of RFTA). In 2002, the assets, obligations and liabilities of the Agency were transferred to the RFTA by Pitkin County and the City of Aspen pursuant to an intergovernmental agreement, and the Agency was dissolved. In addition, such agreement combined the Agency and the Roaring Fork Railroad Holding Authority (“RFRHA”) into RFTA. RFTA was formed in November 2000 to take over and expand regional transit service in the Roaring Fork River Valley. RFTA began non transit operations on January 1, 2001 and assumed transit operations from the Agency in 2002. RFTA is a public body politic and corporate and a political subdivision of the State of Colorado (the “State”), organized and existing with all the powers, duties and privileges permitted by Part 6 of Article 4 of Title 43, Colorado Revised Statutes, as amended (the “Regional Transportation Authority Law”), and as provided in the Organizing IGA. See “THE AUTHORITY (RFTA).” RFTA’s service area is located in the Colorado Rocky Mountains and includes the communities of Aspen, Snowmass Village, Pitkin County, Basalt, Carbondale, Glenwood Springs, a portion of Eagle County and New Castle (all of which governmental entities are presently members of RFTA). RFTA provides bus service to a combination of urban and rural areas that cover approximately 140 square miles, stretching approximately 25 miles between Glenwood Springs and the City of Rifle (“Rifle”) east-west along the I-70 corridor and approximately 40 miles along State Highway 82 from Glenwood Springs southeasterly to Aspen. See the preceding “SERVICE AREA MAP.”

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\* Preliminary; subject to change.

**Security** ..... RFTA presently imposes a total sales and use tax (the “Sales and Use Tax”) ranging from 0.4% to 1.0% dependent upon the community, as follows:

- (A) Aspen – 0.4%
- (B) Snowmass Village – 0.4%
- (C) Unincorporated Pitkin County – 0.4%
- (D) Basalt – 0.8%
- (E) Unincorporated Eagle County (only voting precincts 7, 8, 24, 25 in the southwestern corner of the county) – 0.6%
- (F) Carbondale – 1.0%
- (G) Glenwood Springs – 1.0%
- (H) New Castle – 0.8%

The revenue pledged to payment of the Bonds (the “Pledged Revenues”) consists of all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds (sometimes referred to herein as the “Pledged Sales and Use Taxes”).

There was established pursuant to the 2009 Bond Resolution (described below) a Reserve Fund initially funded upon issuance of the Series 2009A Bonds (described below). The Reserve Fund originally established pursuant to the 2009 Bond Resolution was reaffirmed pursuant to the 2012A Bond Resolution (described below) and funded upon issuance of the Series 2012A Bonds (described below). Such Reserve Fund secures the Bonds, the Series 2013B Loan, the Series 2012A Bonds, the Series 2009A Bonds and any additional Parity Lien Bonds (each loan or bond defined below). The Reserve Fund is to be maintained in the amount of the Reserve Fund Requirement, as defined in “APPENDIX A—SUMMARY OF BOND RESOLUTION.” The Reserve Fund Requirement will be met by the deposit in the Reserve Fund of a municipal bond debt service reserve fund insurance policy (the “Reserve Policy”) issued by Build America Mutual Assurance Company (“BAM” or the “Reserve Policy Provider”). See “MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.” *Notwithstanding the foregoing, each purchaser of any of the Bonds shall, by its purchase of such Bond or Bonds, be deemed to have agreed that at such time as: (i) each Parity Lien Bond (as defined below under “—Outstanding and Additional Parity Lien Bonds) issued by RFTA prior to the issuance of the Bonds shall either (A) no longer be Outstanding (through maturity, defeasance or otherwise) or (B) for any such Parity Lien Bond still Outstanding, the registered owner thereof (or, if so provided by any of the resolutions authorizing the issuance of any Parity Lien Bonds, such other person as may be entitled to consent to amendments to any such resolution with respect to such Parity Lien Bond) shall have consented to the provisions of clauses (Y) and (Z) below; and (ii) there shall be no amounts then due and owing to the Reserve Policy Provider or any Parity Lien Reserve Policy Provider; then: (Y) at the election of RFTA, in its sole discretion, the requirement to maintain the Reserve Fund shall thereupon terminate;*

*and (Z) upon any such termination, all cash and investments then on deposit in the Reserve Fund shall be released to RFTA free from the lien of the Bond Resolution and all references in the Bond Resolution to the Reserve Fund and any requirements with respect thereto shall, automatically and without the need for further amendment, be deemed deleted and of no further effect.*

**Municipal Bond Debt**

**Service Reserve Insurance ...** Concurrently with the issuance of the Bonds, BAM will issue its Reserve Policy relating to the Bonds and Parity Lien Bonds. A specimen of the form of Reserve Policy is attached as APPENDIX G to this Official Statement. See also “MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

**Outstanding and Additional Parity Lien Bonds .....**

The Bonds are secured by a first lien (but not an exclusive first lien) on the Pledged Revenues. Pursuant to a resolution of the RFTA Board of Directors (the “Board”) adopted on June 11, 2009 (the “2009 Bond Resolution”), RFTA has previously issued its Sales and Use Revenue Bonds, Series 2009A in the aggregate principal amount of \$6,190,000 (the “Series 2009A Bonds”), presently outstanding in the aggregate principal amount of \$1,305,000 and its Taxable Sales and Use Tax Revenue Bonds (Build America Bond–Direct Payment to Issuer), Series 2009B in the aggregate principal amount of \$21,310,000 (the “Series 2009B Bonds,” and collectively with the Series 2009A Bonds, the “2009 Bonds”), presently outstanding in the aggregate principal amount of \$21,310,000. Pursuant to a resolution of the Board adopted on August 9, 2012 (the “2012 Bond Resolution”), RFTA has previously issued its Taxable Sales And Use Tax Revenue Bonds (Qualified Energy Conservation Bonds—Direct Payment to Issuer), Series 2012A in the aggregate principal amount of \$6,650,000 (the “Series 2012A Bonds”), presently outstanding in the aggregate principal amount of \$4,950,000. Pursuant to a sales tax loan agreement and promissory note dated as of November 21, 2013 (the “2013A Loan Agreement”), RFTA issued its sales tax loan in the aggregate principal amount of \$2,000,000 (the “Series 2013A Loan”), presently outstanding in the aggregate principal amount of \$1,550,000, and, pursuant to a “taxable” sales tax revenue loan agreement and promissory note (Qualified Energy Conservation Bonds–Direct Payment to Issuer), dated as of November 21, 2013 (the “2013B Loan Agreement”), RFTA issued its taxable sales tax loan in the aggregate principal amount of \$1,300,000 (the “Series 2013B Loan”), and presently outstanding in the aggregate principal amount of \$1,055,000. The Series 2013A Loan and the Series 2013B Loan were authorized pursuant to a resolution of the Board adopted on November 14, 2013 (the “2013 Loan Resolution”).

The Series 2009B Bonds and the Series 2013A Loan are collectively referred to herein as the “Refunded Bonds,” and are expected to be refunded with a portion of the proceeds from the sale of the Refunding Bonds and other legally available funds.

The Series 2009A Bonds, the Series 2012A Bonds and the Series 2013B Loan are secured by and payable from revenues derived from the Pledged Revenues on a parity with the lien thereon on of the Bonds. Subject to expressed conditions, bonds and other obligations in addition to the Bonds, the Series 2009A Bonds, the Series 2012A Bonds and the Series 2013B Loan, may be issued and made payable from the Pledged Revenues having a lien on the Pledged Revenues (other than the 2012A Federal Direct Payments and 2013B Federal Direct Payments) on a parity with the lien thereon of the Bonds (“Parity Lien Bonds”).

**Purpose .....** Proceeds from the sale of the Bonds, together with other legally available funds, will be used for: (a) the refunding of the Series 2009B Bonds; (b) the refunding of the Series 2013A Loan, the refundings described in clause (a) and this clause (b) are referred to collectively herein as the “Refunding Project;” (c) financing the acquisition, construction, installation, and equipping of various public improvements referred to collectively herein as the “Project,” as further described herein under “APPLICATION OF BOND PROCEEDS—The Project;” and (d) paying certain costs of issuance of the Bonds, including without limitation the premium for the Reserve Policy. The Bonds, the proceeds of which are to be used to accomplish the Refunding Project, are referred to herein as the “Refunding Bonds” and the Bonds, the proceeds of which are to be used to accomplish the Project, are referred to herein as the “Improvement Bonds.”

See “THE BONDS—Application of Bond Proceeds.”

**Payment**

**Provisions.....** The Bonds mature and bear interest at the rates (computed on the basis of a 360-day year of twelve 30 day months) as set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 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 15<sup>th</sup> day of the month (whether or not such day is a Business Day) prior to the payment in which such Interest Payment Date occurs.

**Book-Entry-**

**Only Registration.....** The Bonds 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”), as securities depository. Beneficial ownership interests in the Bonds may be acquired in denominations of \$5,000 in principal amount or integral multiples in excess 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 whom Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities

depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal and interest on the Bonds, as well as notices and other communications made by or on behalf of RFTA pursuant to the Bond Resolution (defined herein) will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. 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.

**Prior**

**Redemption.....** The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The Bonds are also subject to optional redemption and mandatory redemption from excess proceeds prior to maturity as described in “THE BONDS—Prior Redemption.”

**Registration**

**and Denominations .....** The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

**Tax Matters .....** 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 with certain covenants, interest on the Bonds 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 interest on the Series 2019 Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer tax. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS.”

**Investment**

**Considerations .....** The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision and should consider carefully the information contained under “INVESTMENT CONSIDERATIONS.”

**Authority for**

**Issuance**..... The Bonds are issued in conformity with the constitution and laws of the State, including the Regional Transportation Authority Law; Title 11, Article 56, C.R.S. (the “Public Securities Refunding Act”); Title 11, Article 57, Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”); the Colorado Recovery and Reinvestment Finance Act of 2009 codified in Article 59.7 of Title 11, Colorado Revised Statutes, as amended (the “Colorado Recovery Act”); and pursuant to the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the RFTA Board of Directors (the “Board”).

**Delivery**

**Information**..... The Bonds are offered when, as, and if issued by RFTA and accepted by RBC Capital Markets LLC (the “Underwriter”), subject to prior sale, the approving legal opinion of Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September \_\_, 2019, against payment therefor.

**Exchange and**

**Transfer** ..... While the Bonds remain in book-entry-only form, transfer and ownership by Beneficial Owners may be made as described in “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

**Financial**

**Statements**..... Appended hereto are the audited basic financial statements of RFTA as of and for the year ended December 31, 2018, being the most recent audited financial statements available for RFTA.

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, ORDINANCES, 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: Roaring Fork Transportation Authority, Attention: Dan Blankenship, 2307 Wulfsohn Road, Glenwood Springs, Colorado 81611, Telephone: (970) 384-4981; or RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Telephone: (303) 595-1100.

**FORWARD—LOOKING STATEMENTS**

This Official Statement, and particularly the information contained under the heading entitled “THE BONDS—Debt Service Coverage” contain statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “projected” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any projection is subject to such uncertainties. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between projections and actual results, and those differences may be material.

## **INVESTMENT CONSIDERATIONS**

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds.

### **Limited Obligations**

The Bonds do not constitute a lien upon any real or personal property of RFTA. Rather, the Bonds constitute an irrevocable but nonexclusive first lien upon the Pledged Revenues and the moneys on deposit from time to time in the Bond Fund established under the Bond Resolution. Therefore, the payment of the principal of, premium if any, and interest on the Bonds is dependent on RFTA's receipt of the Pledged Revenues. Bondholders may not look to any general or other revenues of RFTA for the payment of the principal of and interest on the Bonds, and the Bonds do not constitute a general obligation of RFTA.

### **Outstanding and Additional Bonds Secured by the Pledged Revenues**

RFTA has previously issued the Series 2009A Bonds in the aggregate principal amount of \$6,190,000, presently outstanding in the aggregate principal amount of \$1,305,000, the Series 2012A Bonds in the aggregate principal amount of \$6,650,000, presently outstanding in the aggregate principal amount of \$4,950,000 and the Series 2013B Loan in the aggregate principal amount of \$1,300,000, presently outstanding in the aggregate principal amount of \$1,055,000. The Series 2009A Bonds, the Series 2012A Bonds and the Series 2013B Loan are secured by and payable from revenues derived from the Sales and Use Tax on a parity with the lien of the Bonds. RFTA has the right to issue other additional bonds and other obligations (as previously defined "Parity Lien Bonds") payable from the Pledged Revenues and secured by a lien on the Pledged Revenues (other than the 2012A Federal Direct Payments and 2013B Federal Direct Payments) on a parity with the lien of the Bonds; however, specific conditions and requirements which are set forth in an additional bonds test must be met by RFTA prior to the issuance of the issuance of such Parity Lien Bonds. See "THE BONDS—Security for the Bonds" and "APPENDIX A—SUMMARY OF BOND RESOLUTION" appended hereto for the language of the additional bonds test. The Parity Lien Bonds could include variable rate demand obligations, other short-term debt or lease instruments, reimbursement obligations with respect to credit and liquidity facilities, and interest rate exchange agreements and other risk hedging arrangements. The issuance of Parity Lien Bonds would dilute the coverage for the Bonds and, in the event of a significant, material decline in the Pledged Revenues, could ultimately affect the ability of RFTA to meet the debt service requirements on the Bonds. Except to the extent described under "DEBT STRUCTURE—Revenue Obligations—*Property Tax Revenue Bonds*," the issuance of additional bonds secured by the Pledged Revenues would require prior voter approval.

### **Potential Future Termination of Reserve Fund**

The Bond Resolution provides that, notwithstanding any contrary provision thereof, each purchaser of any of the Bonds shall, by its purchase of such Bond or Bonds, be deemed to have agreed that at such time as: (i) each Parity Lien Bond issued by RFTA prior to the issuance of the Bonds shall either (A) no longer be Outstanding (through maturity, defeasance or otherwise) or (B) for any such Parity Lien Bond still Outstanding, the registered owner thereof (or, if so provided by any of the resolutions authorizing the issuance of any Parity Lien Bonds, such other person as may be entitled to consent to amendments to any such resolution with respect to such Parity Lien Bond) shall have

consented to the provisions of clauses (Y) and (Z) below; and (ii) there shall be no amounts then due and owing to the Reserve Policy Provider or any Parity Lien Reserve Policy Provider; then: (Y) at the election of RFTA, in its sole discretion, the requirement to maintain the Reserve Fund shall thereupon terminate; and (Z) upon any such termination, all cash and investments then on deposit in the Reserve Fund shall be released to RFTA free from the lien of the Bond Resolution and all references in the Bond Resolution to the Reserve Fund and any requirements with respect thereto shall, automatically and without the need for further amendment, be deemed deleted and of no further effect. Consequently, potential purchasers of the Bonds should expect that the Reserve Fund could be terminated at any time and that it will thereafter not be available to secure the payment of the Bonds as described herein. See “THE BONDS—Security for the Bonds—Funds and Accounts—*Reserve Fund; Potential Future Termination Thereof.*”

### **Economic Factors Generally**

Due to the character of the taxes which comprise the Pledged Revenues, the amount of Pledged Revenues collected by RFTA will be subject to various economic factors. The amount of Sales and Use Tax revenues is primarily dependent upon the level of sales of tangible personal property in the RFTA service area. See “THE SALES AND USE TAX” for a complete description of said tax. Therefore, changes in national and local economic conditions, the rates of employment and economic growth, the availability of consumer credit and the level of consumer spending, and the level of residential and commercial development, among other things, will directly affect the amount of Pledged Revenues. Further, the cyclical nature of such factors generally causes sales tax revenues to increase along with higher prices brought about by inflation, but also causes receipts to be vulnerable to adverse economic conditions and reduced consumer confidence which may result in reduced consumer spending. Future sales and use tax receipts may fluctuate from historical levels and affect the level of debt service coverage provided by the Pledged Revenues for the Bonds.

Prospective purchasers of the Bonds should be aware that the financial information and statistical data presented in this Official Statement have been obtained from the referenced sources and represent the most current information available from such sources; however, such information may not be indicative of economic and demographic conditions which may be experienced in the near future. See “THE SALES AND USE TAX—Sales and Use Tax Data.”

### **Service Area Factors Affecting Sales and Use Tax Revenues**

Revenues derived from sales and use tax revenues (including the Pledged Revenues and certain sales and use taxes imposed by Pitkin County and Eagle County and payable to RFTA) accounted for approximately 51% of RFTA’s total revenues in 2018, based on RFTA’s 2018 financial statements. Without limiting the generality of the foregoing, RFTA’s revenues from sales and use taxes could be affected by the following factors specific to RFTA’s service area.

**Tourism.** A significant level of retail, construction and other economic activities in RFTA’s service area is attributable to tourism. See “Tourism” in “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION” attached hereto. Major tourist attractions in RFTA’s service area include five ski resorts, including world-renowned Aspen Mountain, Aspen Highlands, Snowmass and Buttermilk Mountain operated by Aspen Skiing Company and Sunlight Mountain Resort; the Hot Springs Lodge and Pool in Glenwood Springs; the Aspen Music Festival and School in Aspen; an abundance of mountains, rivers and forests for outdoor sporting, camping and other activities; and an array of arts and other cultural festivals, events and institutions. Founded in 1880 and once a major mining center, Aspen and Snowmass Village are major international winter and summer tourist destinations, acclaimed for their beautiful settings surrounded by the White River National Forest, their “world-class” offering of skiing, hiking and other sports, arts and culture, and fine dining and entertainment. Tourist visits to the

communities in RFTA's service area, and the economic activities consequently generated, may be affected by international, national, State and local economic conditions, climatic conditions, competition from other ski resorts and tourist destinations, and other factors beyond RFTA's control.

***Other Significant Industries in the Service Area.*** While a significant portion of economic activity in RFTA's service area is tied, directly or indirectly, to tourism, other industries and businesses are significant economic drivers in certain RFTA member communities. Significant economic growth and activity in Garfield County (which includes New Castle, Glenwood Springs, and Carbondale) can be attributed to the energy exploration and extraction industry, but that industry recently has been affected by various factors, such as fluctuating natural gas and other energy prices and regulations. Additionally, automotive sales are a significant contributor to sales tax revenues generated in Glenwood Springs.

***Highway Access.*** RFTA's service area contains one major east-west corridor and one primary north-southeasterly highway. The east-west corridor stretches along the Interstate 70 highway between Glenwood Springs and the Town of Rifle in Garfield County. The primary north-southeasterly highway, State Highway 82, is located between Glenwood Springs to the northwest and Aspen to the southeast. Motor vehicular travel to and from the east of Glenwood Springs is limited to I-70 through Glenwood Canyon. Motor vehicular traffic south of Aspen on State Highway 82, over Independence Pass, is suspended from October to May, due and subject to snow conditions. Inclement weather, highway closures due to weather or other conditions, and other adverse conditions along these portions of I-70 and State Highway 82, and the duration and intensity thereof, as the case may be, could impact tourist and other economic activities in RFTA's service area. The Colorado Department of Transportation ("CDOT"), not RFTA, maintains I-70 and State Highway 82.

***Airport Access and Airline Travel.*** Located on the northerly side of Aspen, the Aspen/Pitkin County Airport is the only major airport located in RFTA's service area. Each year, thousands of visitors arrive in the State via the airport. These visitors come primarily on scheduled commercial airline flights, but they also may arrive on general aviation aircraft. Commercial airlines serving the airport include United Airlines, Delta Air Lines and American Airlines, and according to the Pitkin County 2018 audited financials, there were approximately 284,172 enplaned passengers in 2018. Other commercial airports servicing RFTA communities include Denver International Airport, located approximately 175 miles east of Glenwood Springs (which is approximately 40 miles northwest of Aspen), Eagle County Regional Airport, located approximately 25 miles east of Glenwood Springs, and Walker Field Airport in the City of Grand Junction, Colorado, located approximately 85 miles west of Glenwood Springs.

The economic activities related to the airport and visitors using the airport generate significant local and State tax revenues. Visitors pay taxes on lodging, rental cars, restaurant meals, and other purchases. Workers whose jobs are supported by airports and visitor spending also pay sales tax and State income taxes. Events or conditions that adversely affect air transportation serving RFTA's communities generally, or the Aspen/Pitkin Airport or the other airports proximate to those communities, could impact economic activity within RFTA's service area.

***Natural Disasters.*** With significant economic activity within RFTA's service area tied, directly or indirectly, to outdoor recreation and the natural surroundings, the occurrence of forest fires, floods and other natural disasters and conditions could impact such activity. Natural disasters also could disrupt energy extraction and related business activity, as well as general commerce within and through the service area. Additionally, natural disasters could impact RFTA's physical assets. However, RFTA maintains insurance to mitigate the financial impact of such disasters, but there is no assurance that the occurrence of such disasters would not have a material impact on RFTA's operations.

## **Sales Tax Collected on Certain Sales Over the Internet**

The future level of taxable retail sales which occurs within the RFTA service area may be affected by the level of internet sales. Remote commerce vendors may compete with local retail businesses and may reduce the taxable retail sales which otherwise would occur within the RFTA service area. On June 21, 2018, the Supreme Court of the United States (the “Supreme Court”) decided a case (*South Dakota v. Wayfair Inc., et al*) concerning collection of out-of-jurisdiction sales taxes (the “*Wayfair Decision*”). Overruling past precedent, the Supreme Court ruled that state and local governments have the authority to require out-of-state vendors with no local physical presence in a state to collect and remit sales taxes.

In response to the *Wayfair Decision*, the Colorado Department of Revenue (the “Department of Revenue”) adopted new rules in December 2018 to implement the collection of sales taxes from such out-of-state vendors, but delayed the new rules’ effectiveness pending action by the State General Assembly during its 2019 General Session. On May 23, 2019, the State signed House Bill 19-1240 into law, with the pertinent sections taking effect beginning October 1, 2019. The new law largely retains much of the substance of the Department of Revenue rules, which it supersedes, and requires that internet vendors and internet marketplaces facilitating sales by vendors (such as Amazon, eBay and Etsy) collect and remit sales taxes on sales made to State buyers. The law contains an exception, however, for direct sellers (i.e. those not selling through such a marketplace facilitator) with less than \$100,000 in annual sales to State buyers. Consequently, under the new law, some internet transactions currently untaxed may in the future continue to avoid taxation, potentially impacting the amount of Pledged Revenues collected.

## **Operating Expenses**

No assurances can be given as to the future levels of RFTA’s revenues or expenditures, or any components thereof. RFTA has identified its most volatile expenses as labor, fuel and health insurance, and generally controls unanticipated cost increases by deferring capital projects, reducing service, raising fares and freezing wages. In addition, in the past RFTA has entered into annual fixed price contracts with respect to the purchase of fuel, which approach RFTA expects to continue in the future. While currently RFTA believes it has sufficient fund balances for its operations, no assurances can be given as to the availability, if any, of RFTA’s fund balances to cover deficits in the future. RFTA can increase fares to cover increased costs, but cannot increase the Sales and Use Tax or its property tax without an approving vote of RFTA’s electors.

## **Costs of Collection and Refunds**

The Pledged Revenues which secure payment of the Bonds consist of all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds. The Department of Revenue charges fees for the collection and administration of the Sales and Use Tax on behalf of RFTA. The fees vary year to year based on the Department of Revenue’s annual cost recovery calculation. For the years 2016, 2017 and 2018, the Department of Revenue’s monthly charges to RFTA for the collection of Sales Tax were \$5,733, \$7,349 and \$7,807, respectively. For the years 2016, 2017 and 2018, the Department of Revenue’s monthly charges to RFTA for the collection of Use Tax were \$462, \$786 and \$825, respectively. RFTA Sales and Use Tax is required to be refunded under the circumstances described in “THE SALES AND USE TAX—Provisions Applicable to Both the Sales and Use Tax.” According to RFTA, a total of \$70,264 in Sales and Use Taxes were refunded by the State on behalf of RFTA in 2018. No assurances can be given as to the levels of such costs or expenses, or future refunds that may be required, in future years.

## **Federal Subsidy Payments and other Federal Subsidy Obligations**

RFTA designated the Series 2012A Bonds and the Series 2013B Loan as “Qualified Energy Conservation Bonds” under Section 54D of the Code and as “Specified Tax Credit Bonds” under Section 6431 of the Code, and thereby receives a cash subsidy payment (referred to herein as the 2012A Federal Direct Payments and 2013B Federal Direct Payments, respectively) from the United States (“U.S.”) Treasury equal to a percentage of the interest payable on the Series 2012A Bonds and the Series 2013B Loan. The interest subsidy payments from the U.S. Treasury will be made directly to RFTA and, in accordance with the 2012 Bond Resolution and the 2013B Loan Agreement, RFTA is required to deposit the same directly into the Interest Accounts created in the Bond Fund with respect to the Series 2012A Bonds and the Series 2013B Loan. The 2012A Federal Direct Payments and the 2013B Federal Direct Payments, if any, constitute Pledged Revenues, but are pledged only to the payment of the Series 2012A Bonds and the Series 2013B Loan, respectively. The amount of the 2012A Federal Direct Payments and 2013B Federal Direct Payments are set in Section 6431 of the Code as the lesser of (i) 100% of the corresponding interest payable on the applicable Qualified Energy Conservation Bonds on the applicable interest payment date and (ii) 70% of the amount of interest which would have been payable on the applicable Qualified Energy Conservation Bonds on such interest payment date if such rate were determined at the applicable credit rate set by the U.S. Treasury and in effect on the first day on which there is a binding written contract for the sale of such bonds. The cash payment does not constitute a full faith and credit guarantee of the U.S. government, but is required to be paid by the U.S. Treasury under the Code.

The Code imposes various requirements that RFTA must continue to comply with to receive the 2012A Federal Direct Payments on the Series 2012A Bonds and continue to comply with to receive the 2013B Federal Direct Payments on the Series 2013B Loan. These requirements generally involve the way that the proceeds of such bonds must be invested and ultimately used, and the periodic submission of certain requests for payment. If RFTA does not meet these requirements, it is possible that RFTA may not receive the related Federal Direct Payments.

The Internal Revenue Service (“IRS”) has implemented an examination program for certain types of bonds that qualify for direct federal subsidies, and no assurance can be given that the Series 2012A Bonds, or the Series 2013B Loan (or other Federal Subsidy Obligations issued by RFTA) will not be selected by the IRS for examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment to RFTA of the related Federal Direct Payments pending a final determination of the qualification of the related Federal Subsidy Obligations. Furthermore, in certain circumstances, the Federal Direct Payments may be reduced (offset) by amounts determined to be applicable under the Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of RFTA to any Federal agency. The amount of any such offsets is not predictable but RFTA does not currently expect that any such offsets will apply to the credits RFTA expects to receive.

Pursuant to State law and the 2012 Bond Resolution and 2013B Loan Agreement, so long as an Adverse Tax Event (as defined therein) has not occurred, RFTA is permitted to reduce the debt service payable on Federal Subsidy Obligations (including the Series 2012A Bonds and the Series 2013B Loan) by the amount of the related Federal Direct Payments for the purposes of, among other matters, calculating the Combined Maximum Annual Principal and Interest Requirements relating to the issuance of additional Parity Lien Bonds and the Reserve Fund Requirement. No assurance is given that an Adverse Tax Event will not occur which could result in a loss of Federal Direct Payments. A loss of Federal Direct Payments could require that an additional amount of revenues derived from the Sales and Use Tax be applied to the payment of the Series 2012A Bonds and the Series 2013B Loan and, consequently, could dilute the security for the Bonds.

See “APPENDIX A—SUMMARY OF BOND RESOLUTION” for the definitions of Combined Maximum Annual Principal and Interest Requirements (affecting RFTA’s ability to issue additional Parity Lien Bonds) and Reserve Requirement, both of which are adjusted to reflect the foregoing treatments of Federal Direct Payments so long as an Adverse Tax Event with respect to the related Federal Subsidy Obligations has not occurred.

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

In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, remedies available to registered owners and Beneficial Owners of the Bonds may have to be enforced from year to year. Moreover, there is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Resolution on behalf of the registered owners and Beneficial Owners of the Bonds, and therefore such registered owners and Beneficial Owners of the Bonds should be prepared to enforce such provisions themselves if the need to do so ever arises.

The remedies available to the owners of the Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law and judicial decisions, including specifically the federal bankruptcy code. The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; as to usual principles of equity which may limit the specific enforcement under State law of certain remedies; as to the exercise by the United States of America of the powers delegated to it by the federal Constitution; and as to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving an important public purpose.

### **Future Changes in Laws**

Various State laws and constitutional provisions, apply to the imposition and collection of the Pledged Revenues and the financing of the Authority’s operations in general. The State General Assembly has in the past and may in the future change the incidents to which the Sales and Use Tax applies and the exceptions to the tax. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the Authority or the Pledged Revenues.

Additionally, other state and federal laws, constitutional provisions and regulations may affect the Pledged Revenues and the Authority’s operations. For example, under federal law, local taxes on aviation fuel (except taxes in effect on December 30, 1987) must be used for airport-related purposes, as a condition for receiving federal funding for airports. On November 7, 2014, the Federal Aviation Administration (the “FAA”) adopted an amendment to its “Policy and Procedures Concerning the Use of Airport Revenue” (the “FAA Policy”), which clarifies that local sales taxes derived from aviation fuel are subject to the airport use restriction and must be used for airport-related purposes. The FAA definition of local sales tax appears to include the Sales and Use Tax, as well as the Pitkin County transportation sales tax from which the Authority receives a portion of the revenues. See “FINANCIAL INFORMATION CONCERNING RFTA—Major Revenue Sources.” A relatively small amount of the Pledged Revenues and the revenues from the Pitkin County transportation sales tax (approximately \$81,744 and \$84,056, respectively, in 2017), are generated from aviation fuel sales at Aspen/Pitkin County Airport. While certain projects funded in the past with the proceeds of the Sales and Use Tax and the Pitkin County transportation sales tax are located at the airport and may qualify as airport uses to which such revenues may be allocated, the Authority cannot give any assurance that it will not be required to pay to the airport revenues generated in the past from such aviation fuel sales.

## **MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY**

Concurrently with the issuance of the Bonds, BAM will issue its Reserve Policy relating to the Bonds and Parity Lien Bonds in the form attached hereto as APPENDIX G.

The Reserve Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law. The following information is not complete and reference is made to APPENDIX G for a specimen of the Municipal Bond Debt Service Reserve Insurance Policy.

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the Authority of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### ***Capitalization of BAM***

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$513.9 million, \$105 million and \$408.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

## **THE BONDS**

### **Description**

The total principal amount, dated date, maturity dates and interest rates of the Bonds are set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail in "INTRODUCTION" and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds, exchange and transfer of the Bonds and payment of the principal of and interest on the Bonds; a description of the authority for issuance of the Bonds; and information regarding delivery of the Bonds. See "INTRODUCTION" for a description of the matters referred to in the previous sentence, as well as other information relating to the Bonds.

### **Prior Redemption**

*Optional Redemption of the Bonds.* The Bonds are subject to redemption prior to maturity at the option of RFTA, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as RFTA shall determine and by lot within a maturity, on December 1, 2029 and on any date thereafter, at a redemption price equal to the principal amount of the redeemed Series 2019 Bonds, plus accrued interest to the redemption date, and without redemption premium.

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***Mandatory Sinking Fund Redemption.***

(a) The Series 2019 Bonds maturing on December 1 2044\* are 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 (with no redemption premium), plus accrued interest to the redemption date:

<b>Years (December 1)*</b>	<b>Principal Amount*</b>
2040	\$285,000
2041	295,000
2042	305,000
2043	320,000
2044 <sup>1</sup>	330,000

<sup>1</sup> Final maturity; not a sinking fund redemption payment.

(b) The Series 2019 Bonds maturing on December 1 2049\* are 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 (with no redemption premium), plus accrued interest to the redemption date:

<b>Years (December 1)*</b>	<b>Principal Amount*</b>
2045	\$345,000
2046	360,000
2047	375,000
2048	385,000
2049 <sup>1</sup>	405,000

<sup>1</sup> Final maturity; not a sinking fund redemption payment.

At its option, to be exercised on or before the forty-fifth day next preceding each sinking fund redemption date, RFTA may (i) purchase and cancel any Bonds with the same maturity date and of the same Series as the Bonds subject to such sinking fund redemption and (ii) receive a credit in respect of its sinking fund redemption obligation for any Bonds with the same maturity date and of the same Series as the Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against any sinking fund redemption obligation.

***General Redemption Provisions.*** If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Bond Registrar shall determine. The Bonds shall be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, or a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 multiples thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results

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\* Preliminary; subject to change.

from dividing the principal amount of such Bond by \$5,000. In the event a portion of any Bond is redeemed, the Bond Registrar shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

***Notice and Effect of Redemption.*** In the event any of the Bonds or portions thereof are called for redemption, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than 30 days prior to the date fixed for redemption, to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the Authority by the Bond Registrar. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by UMB Bank, n.a., Denver, Colorado (the "Paying Agent") of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

### **Application of Bond Proceeds**

***The Refunding Project.*** The net proceeds of the Refunding Bonds, together with certain amounts released from the Reserve Fund in connection with the refunding of the Refunded Bonds, are to be applied to the refunding and redemption of the Series 2009B Bonds, issued and currently outstanding in the principal amount of \$21,310,000; the refunding and redemption of the Series 2013A Loan, issued in the aggregate principal amount of \$2,000,000 and currently outstanding in the aggregate principal amount of \$1,550,000; and to pay a portion of the costs of issuance of the Bonds, including without limitation the premium for the Reserve Policy. The Series 2009B Bonds and the Series 2013A Loan are collectively referred to herein as the "Refunded Bonds."

The Series 2009B Bonds bear interest at rates ranging from 6.614% to 6.810% per annum. The Series 2009B Bonds are subject to redemption prior to maturity at the option of RFTA, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as RFTA shall determine and by lot within a maturity, on December 1, 2019 and on any date thereafter, at a redemption price equal to the principal amount of the redeemed Series 2009B Bonds, plus accrued interest to the redemption date, and without redemption premium (the "Redemption Price").

The Series 2013A Loan bears a fixed interest rate of 3.48% per annum. The Series 2013A Loan is subject to prepayment, in whole, but not in part, prior to maturity at the option of RFTA upon payment of the principal amount of the 2013A Loan, plus a prepayment premium of 2.00%, plus accrued interest thereon to the date of prepayment.

As provided in the Bond Resolution, the Board is refinancing the Refunded Bonds at a lower interest rate and therefore advance voter approval is not required pursuant TABOR.

Upon issuance of the Refunding Bonds, the net proceeds of the Refunding Bonds along with certain other amounts released from the Reserve Fund in connection with the refunding of the Refunded Bonds will be deposited into an escrow account (the "Escrow Account") created pursuant to an escrow agreement (the "Escrow Agreement") by and between the Board and UMB Bank, n.a., Denver, Colorado,

as escrow agent (the “Escrow Agent”). The moneys in the Escrow Account will be used by the Escrow Agent to acquire direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America (“Federal Securities”), the maturing principal of and interest on which when due, together with any cash held in the Escrow Account, will be sufficient to redeem, on the Redemption Date, the outstanding Refunded Bonds and to pay the interest on the Refunded Bonds as the same become due prior to such dates.

A certified public accountant will deliver a report verifying (a) the adequacy of the amount of the sum of the maturing principal of and interest on the Federal Securities when due and the cash on deposit in the Escrow Account to redeem on the Redemption Date the outstanding Refunded Bonds and to pay the interest on the Refunded Bonds as the same become due prior to such date and (b) certain computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Tax Code and the regulations promulgated thereunder.

**The Project.** The net proceeds of the Improvement Bonds are to be applied to the financing of the acquisition, construction, installation, and equipping of various public improvements, including (a) recommissioning the Aspen Maintenance Facility (“AMF”), (b) expanding the Glenwood Springs Maintenance Facility (“GMF”), (c) improvements to bus stations, bus stops and parking areas and facilities, (d) acquiring additional buses, and (e) and any other projects which proceeds of the Improvement Bonds may be expended under the Ballot Issue (the “Project”), and to the payment of a portion of the costs of issuance of the Bonds, including without limitation the premium for the Reserve Policy.

The following table sets forth RFTA’s current expectation for the use of Bond Proceeds available for Project Funds:

RFTA Project Description	Total Project Estimated Cost	Federal Transit Administration Capital Grant Revenue	CDOT Capital Grant Revenue	Local Contributions	RFTA Estimated Cost	Series 2019 Bond Proceeds*
AMF - Recommissioning Phase 9	\$ 3,115,000	--	\$1,000,000	--	\$2,115,000	\$2,115,000
GMF - Expansion of Vehicle Maintenance	4,260,000	--	1,581,460	--	2,678,540	2,679,000
Bus Stop Improvements - Mid-Valley along SH82	1,603,000	--	--	--	1,603,000	1,603,000
Battery Electric Bus Pilot Project	<u>9,195,511</u>	<u>715,531</u>	<u>3,558,000</u>	<u>\$2,701,000</u>	<u>2,220,980</u>	<u>1,881,000</u>
<b>Total</b>	<b><u>\$18,173,511</u></b>	<b><u>\$715,531</u></b>	<b><u>\$6,139,460</u></b>	<b><u>\$2,701,000</u></b>	<b><u>\$8,617,520</u></b>	<b><u>\$8,278,000</u></b>

\* Preliminary; subject to change.  
Source: RFTA

AMF was originally completed in 1983 and was designed to accommodate 34 buses and the administrative and operational staff to support this bus fleet. Between 2013 and 2016, RFTA invested approximately \$14 million completing the first four phases of renovating a portion of the facilities systems and expanding its capacity to accommodate more buses. There are five additional potential phases to the renovation and the expansion of the facility. The AMF Phase 9 Project will remove and replace underground diesel, gasoline, new motor oil and used oil tanks and also the exterior gasoline and diesel dispensing equipment, interior diesel dispensing equipment and all necessary leak detection systems, pumps, valves and connections. Construction on the AMF Phase 9 Project is anticipated to begin in April 2020 with an estimated completion date of December 2020. RFTA has secured State funding to offset approximately 32% of the total estimated project cost.

GMF was originally designed to operate as a satellite facility for a maximum of 34 buses and house a minimal number of administrative and operational staff. RFTA is currently exceeding the capacity that the facility was designed to support. In order for RFTA to maintain and expand future bus service to meet increased demand, the facility needs to be renovated and expanded. The GMF Expansion Project has been phased and the initial phase focuses on the expansion of the vehicle maintenance area from four to nine working bays, improvements to the parts and tool storage areas and includes two new bays that focus on the unique requirements of compressed natural gas and battery electric buses. Construction on the GMF Expansion of Vehicle Maintenance Project is anticipated to begin in April 2020 with an estimated completion date of November 2021. RFTA has secured State funding to offset approximately 37% of the total estimated project cost.

Five primary regional commuter local bus stops with the highest ridership along State Highway 82 corridor have been identified as priority bus stops in need of improvements. The five bus stops identified include Aspen Village, Lazy Glen, Holland Hills, Sagewood and Catherine's Store. Improvements include the relocation of bus stops, new bus shelters, enhanced amenities (such as security cameras and real-time passenger information signs) and safety improvements for pedestrian crossings and access to the bus stops. Construction on the bus stop improvements is anticipated to begin in April 2020 with an estimated completion date of November 2020.

RFTA is undertaking a Battery Electric Bus ("BEB") Pilot Project that will involve an initial fleet of eight battery powered electric buses and depot charging at the AMF. With the BEB pilot fleet, RFTA will collect data about the range of batteries, the cost of operations, maintenance issues, passenger-loading and hill-climbing capabilities. The pilot fleet is anticipated to be used primarily in the upper Roaring Fork Valley (i.e. within Aspen and between Aspen and Snowmass) until it can be demonstrated the range of the buses is sufficient for RFTA's long-haul commuter regional services. Future investments in electric bus technology will be contingent upon demonstrated improvements in the range and operating characteristics as well as a reduction in the capital cost. In May 2017, RFTA conducted a BEB workshop, which was attended by four electric bus manufacturers who were provided with RFTA's route operating characteristics and asked to provide responses to questions which were intended to enable RFTA to determine the feasibility of operating electric buses in its service area. Based upon information received from the manufacturers and demonstrations of the electric buses, RFTA determined that it would be feasible for it to conduct a pilot project. Subsequently, RFTA undertook a request for proposals process to identify the most responsive potential partner in its BEB Pilot Project and selected New Flyer Industries. RFTA anticipates taking delivery of its eight electric buses in the fall of 2019. RFTA has secured federal, State and local funding to offset approximately 75% of the total estimated project cost.

**Sources and Uses of Funds.** The application of the proceeds of the Bonds is anticipated to be as follows:

**SOURCES**

Bond Proceeds .....  
Amounts released from the Reserve Fund in connection with the  
refunding of the Refunded Bonds.....  
Total.....

**USES**

Deposit to Escrow Fund .....  
Deposit to Project Fund .....  
Prepayment of the Series 2013A Loan .....  
Costs of issuance, including underwriting  
discount <sup>1</sup>, professional fees and printing costs.....  
Total.....

<sup>1</sup> See “MISCELLANEOUS—Underwriting.”  
Source: The Underwriter

**Security for the Bonds**

**Special Revenue Obligations; Pledged Revenues.** The Bonds are special and limited revenue obligations of RFTA. RFTA pledges for the payment of the principal of and interest on the Bonds, and grants a first lien (but not necessarily an exclusive first lien) for such purpose on the Pledged Revenues.

The Pledged Revenues which secure payment of the Bonds consist of all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds. See “THE SALES AND USE TAX.”

**Application of Pledged Revenues.** Pursuant to the Bond Resolution, so long as any of the Bonds remain outstanding all revenues derived from the Sales and Use Tax, including the Pledged Revenues, are to be deposited in RFTA’s General Fund. RFTA is to transfer from such Pledged Revenues on deposit therein: (a) to the credit of the Interest Account of the Bond Fund created for the Bonds and any other similar account created for the purpose of paying interest on the Parity Lien Bonds (collectively, the “Bond Funds”), on a pro rata basis, the amounts required as described below in “Bond Funds;” and (b) to the credit of the Principal Account of each such Bond Fund, on a pro rata basis, the amounts required as described below in “—Funds and Accounts—Bond Funds.” Pursuant to the Bond Resolution, RFTA is also required to use such Pledged Revenues on deposit in the General Fund to replenish the Reserve Fund and to pay Policy Costs, if any, with respect to the Bonds and any Parity Lien Bonds.

**Funds and Accounts.** Pursuant to the Bond Resolution, RFTA established a separate Bond Fund with respect to the Bonds (and within such Bond Fund, a Principal Account and an Interest Account), the Reserve Fund, the Project Fund and the Escrow Fund. A general description of the Bond Funds, the Reserve Fund and the Project Fund is provided below. For a complete description of the funds and accounts created pursuant to the Bond Resolution, see “APPENDIX A—SUMMARY OF BOND RESOLUTION” appended hereto.

*Bond Funds.* Moneys deposited in a Bond Fund must be used solely for the purpose of paying the principal of and interest on the related Bonds or Parity Lien Bonds, as applicable. There is established by the Bond Resolution within each Bond Fund a Principal Account and an Interest Account (which are to be used for payment of the principal of and interest, respectively, on the related series of Bonds). Pursuant to the Bond Resolution, on or before the last day of each month, commencing in the month next succeeding the date of issuance of the Bonds, RFTA is to credit to the Interest Account for each series of Bonds and Parity Lien Bonds, from the Pledged Revenues and any interest income to be deposited in the Interest Account pursuant to the terms hereof, an amount equal to the pro rata portion of the interest to come due on the Bonds on the next succeeding Interest Payment Date, net of the amount of any interest earnings transferred in such month from the Reserve Fund to such Bond Fund as described in “—*Reserve Fund; Potential Future Termination Thereof*” below. RFTA is to have credited to each Interest Account from the Pledged Revenues an amount sufficient to pay the interest on the related series of Bonds due on the next succeeding Interest Payment Date not less than three Business Days before such Interest Payment Date. In addition, on or before the last day of each month, commencing in the month next succeeding the date of issuance of the Bonds, RFTA is to credit to each Principal Account, from the Pledged Revenues and any interest income to be deposited in such Principal Account pursuant to the terms hereof, an amount equal to the pro rata portion of the principal coming due on the related series of Bonds on the next succeeding Principal Payment Date (but, with respect to a calendar year in which such series of Bonds are maturing, net of the amount in the Reserve Fund anticipated to be applied to such payment as described in “—*Reserve Fund; Potential Future Termination Thereof*” below). Notwithstanding, RFTA is to have credited to each Principal Account from the Pledged Revenues an amount sufficient to pay the principal coming due on the related series of Bonds on the next succeeding Principal Payment Date not less than three Business Days before such Principal Payment Date.

*Reserve Fund; Potential Future Termination Thereof.* Moneys in the Reserve Fund must be used only to prevent a default in the payment of the principal of and interest on the Bonds, the Series 2009A Bonds, the Series 2012A Bonds, the Series 2013B Loan and any additional Parity Lien Bonds. Immediately prior to the issuance of the Bonds, the Reserve Fund will contain a balance in the amount of \$2,499,347.98. Upon the issuance of the Bonds, a portion of the amounts on deposit in the Reserve Fund will be released in connection with the defeasance and redemption of the Refunded Bonds and new amounts required with respect to the Bonds will be met by the deposit of the Reserve Policy in the Reserve Fund. The new Reserve Fund Requirement will be \$\_\_\_\_\_, with the amount payable by the Reserve Policy Provider under the Reserve Policy being \$\_\_\_\_\_. The Reserve Policy will provide that amounts payable thereunder will be available for a deficiency in the amount required for debt service on the Bonds and the Parity Lien Bonds, but the Reserve Policy will terminate by its terms upon the final maturity or redemption of the Bonds, and the amount payable thereunder may reduce to zero prior to such maturity or redemption as the Reserve Fund Requirement reduces. See “MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY” and Specimen Municipal Bond Debt Service Reserve Insurance Policy attached hereto as APPENDIX G. See “APPENDIX A—SUMMARY OF BOND RESOLUTION” for the definition of the Reserve Fund Requirement. The Reserve Fund Requirement is to be calculated as of (i) the date of issuance of the Bonds and any Parity Lien Bonds, and (ii) on any Interest Payment Date, and (iii) not less than annually. At any time, RFTA may elect to replace all or any portion of the moneys and investments on deposit in the Reserve Fund with another Reserve Fund Contract (as defined in the Bond Resolution). If at any time the calculated amount of the Reserve Fund is less than the Reserve Fund Requirement or transfers are made from the Reserve Fund as described above, then RFTA is to deposit to the Reserve Fund from the Pledged Revenues amounts sufficient to bring the amount deposited in the Reserve Fund to the Reserve Fund Requirement. If at any time a draw is made against the Reserve Policy or any other Reserve Fund Contract, then RFTA is to pay any amounts due and owing under any such Reserve Fund Contract from the Pledged Revenues. Such payments are to be made in accordance with the application of Pledged Revenues described above and more fully in “APPENDIX A—SUMMARY OF BOND RESOLUTION—Reserve Fund.” If at any time the calculated

amount of the Reserve Fund is more than the Reserve Fund Requirement, then RFTA is to transfer to the Bond Funds for the Bonds, and to any similar account created with respect to Parity Lien Bonds, if any, on a pro rata basis, such amount which is in excess of the Reserve Fund Requirement (provided that the amount payable pursuant to the Reserve Fund Policy reduces automatically upon any reduction in the Reserve Fund Requirement, with the result that no such transfers will be made so long as the Reserve Policy is in effect; see “Reserve Fund—Reserve Policy Provisions” in APPENDIX A hereto). With respect to any Principal Payment Date and Redemption Date on which all or any portion of the Bonds or any Parity Lien Bonds will mature or be optionally redeemed, there is to be transferred from the Reserve Fund to the Principal Accounts of the Bond Funds or other account created for the payment of Parity Lien Bonds (or, if so directed by RFTA, to such other escrow account as may be necessary in connection with a redemption), as applicable, on the third Business Day prior to such Principal Payment Date or on such Redemption Date, all moneys on deposit in the Reserve Fund in excess of the Reserve Fund Requirement as calculated assuming payment of such Bonds or Parity Lien Bonds maturing or called for optional redemption, provided that the foregoing shall not operate to limit the moneys that would otherwise be transferred to such Bond Fund or other account as a result of any deficiency therein.

***Notwithstanding the provisions of the Bond Resolution regarding the Reserve Fund described above or any other contrary provision of the Bond Resolution, the Bond Resolution provides that each purchaser of any of the Bonds shall, by its purchase of such Bond or Bonds, be deemed to have agreed that at such time as: (i) each Parity Lien Bond issued by RFTA prior to the issuance of the Bonds shall either (A) no longer be Outstanding (through maturity, defeasance or otherwise) or (B) for any such Parity Lien Bond still Outstanding, the registered owner thereof (or, if so provided by any of the resolutions authorizing the issuance of any Parity Lien Bonds, such other person as may be entitled to consent to amendments to any such resolution with respect to such Parity Lien Bond) shall have consented to the provisions of clauses (Y) and (Z) below; and (ii) there shall be no amounts then due and owing to the Reserve Policy Provider or any Parity Lien Reserve Policy Provider; then: (Y) at the election of RFTA, in its sole discretion, the requirement to maintain the Reserve Fund shall thereupon terminate; and (Z) upon any such termination, all cash and investments then on deposit in the Reserve Fund shall be released to RFTA free from the lien of the Bond Resolution and all references in the Bond Resolution to the Reserve Fund and any requirements with respect thereto shall, automatically and without the need for further amendment, be deemed deleted and of no further effect.***

***Project Fund.*** All moneys deposited in the Project Fund are required by the Bond Resolution to be applied solely to the payment of the costs of the Project. Upon the determination of the Board that all such costs have been paid or are determinable, any balance remaining in the Project Fund (less any amounts necessary to pay such costs not then due and owing) is to be transferred to the Bond Fund. Moneys deposited in the Project Fund may be invested or deposited in securities or obligations that are Permitted Investments.

***Additional Bonds.*** RFTA has covenanted in the Bond Resolution that it will not pledge or create any other lien on the Pledged Revenues that is superior to the lien thereon of the Bonds. The issuance of the Bonds will use the remaining debt authorized pursuant to the Ballot Issue, and therefore no additional debt will be issued that is first secured by the Pledged Revenues without further voter authorization. See “DEBT STRUCTURE—Revenue Obligations—*Property Tax Revenue Bonds*. Pursuant to the Bond Resolution, RFTA has covenanted not to issue Parity Lien Bonds, which would be secured by the Pledged Revenues on a parity with the lien thereon of the Bonds, unless certain conditions are satisfied, including satisfaction of the coverage requirement or refunding savings requirement set forth below. See “APPENDIX A—SUMMARY OF BOND RESOLUTION” for the additional requirements regarding the issuance of Parity Lien Bonds. RFTA is not prohibited from issuing as Parity Lien Bonds variable rate demand obligations, other short-term debt or lease instruments, reimbursement obligations with respect to credit and liquidity facilities, and interest rate exchange agreements and other risk hedging arrangements.

Any resolution, indenture or other document providing for the issuance of Parity Lien Bonds must provide for: (i) a deposit to the Reserve Fund to the extent necessary to cause amounts on deposit therein to equal the then applicable Reserve Fund Requirement, (ii) the establishment of a bond account for the Parity Lien Bonds, which bond account must be established and maintained on substantially the same terms and contain substantially the same provisions as set forth in the Bond Resolution for the Bond Fund, (iii) interest and principal on the Parity Lien Bonds to be payable on the same Interest Payment Date and Principal Payment Dates for the Bonds, and (iv) remedies in the event of default substantially similar to those set forth in the Bond Resolution, including that there shall be no acceleration in an event of default. RFTA is not prohibited from issuing subordinate lien obligations and pledging or creating a subordinate lien on the Pledged Revenues provided that no Event of Default shall have occurred and be continuing.

Although RFTA anticipates issuing additional debt and, potentially, certificates of participation to fund its capital investment plan described under “THE SYSTEM—Capital Improvement Plans—*Regional Transportation Improvement Plan*,” it currently intends that the same will be payable primarily from revenues from the property tax authorized by voter approval of the ballot issue submitted by RFTA at the November 2018 election. Pursuant to such ballot issue, if property tax revenues are insufficient to pay debt service on the bonds authorized by such ballot issue, the Authority may pledge other revenues to their payment. This would include the Pledged Revenues, but only subject to the conditions described under “DEBT STRUCTURE—Revenue Obligations—*Property Tax Revenue Bonds*.”

*Test for Parity Lien Bonds.* Prior to the issuance of Parity Lien Bonds, RFTA has covenanted to provide a written certification of a Certified Public Accountant stating that either:

(i) the Pledged Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this paragraph as the “test period”) have been equal to at least 150% (1.5 times) of the sum of the Combined Maximum Principal and Interest Requirements due or to become due on the Bonds, any Outstanding Parity Lien Bonds, and the proposed Parity Lien Bonds during each calendar year following the date of issuance of the proposed Parity Lien Bonds until final maturity of the Bonds; or

(ii) the proceeds of the proposed Parity Lien Bonds will be used to refund the Bonds and the aggregate principal of and interest due on the proposed Parity Lien Bonds is not greater than the aggregate principal of and interest due on the Bonds that will be refunded.

*Additional Protective Covenants.* RFTA has made various protective covenants such as those relating to the maintenance of the rate of the Sales and Use Tax, and the requirement for an annual audit to be made of the books relating to the Sales and Use Tax each year by a Certified Public Accountant. See “APPENDIX A—SUMMARY OF BOND RESOLUTION” for a description of the various protective covenants set forth in the Bond Resolution.

*Bond Resolution Irrepealable.* The Bond Resolution provides that after any of the Bonds are issued, such ordinance shall remain irrepealable, but amendable, until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged.

## Debt Service Coverage

The Bond Resolution does not require that RFTA maintain any particular minimum debt service coverage; provided, however, that the issuance of Parity Lien Bonds requires satisfaction of a historical debt service coverage test or the refunding savings test as described in “—Security for the Bonds—*Additional Bonds*” above.

The following table sets forth the historical debt service coverage for calendar years 2015 through 2018, by Pledged Sales and Use Taxes received by RFTA in such years (as more particularly described below), based on the annual debt service on the Series 2009A Bonds, the Series 2009B Bonds, the Series 2012A Bonds, the Series 2013A Loan and the Series 2013B Loan. Coverage is based on the annual debt service after netting the Federal Direct Payments. The Internal Revenue Code of 1986 imposes requirements on the Series 2012A Bonds and the Series 2013B Loan that RFTA must continue to meet after the Series 2012A Bonds and the Series 2013B Loan were issued in order to receive the Federal Direct Payments. Although RFTA will covenant in a certificate delivered on the date of issuance of the Bonds to take the actions necessary to ensure receipt of the 2012A Federal Direct Payments and the 2013B Federal Direct Payment, failure to comply with such covenant does not constitute an Event of Default under the 2012 Bond Resolution or the 2013B Loan Agreement. As a result, in the event that RFTA fails to comply with such covenant, no assurance is given that the Federal Direct Payments will be received. See “INVESTMENT CONSIDERATIONS—Federal Subsidy Payments and other Federal Subsidy Obligations.”

For information concerning the actual Pledged Sales and Use Taxes set forth in the table below, meaning all of the proceeds of the Sales and Use Taxes after deduction of reasonable and necessary cost and expenses of enforcing said Sales and Use Tax, net of any required refunds, see Table IV under the caption “THE SALES AND USE TAX—Sales and Use Tax Data—*History of RFTA Sales and Use Tax Collections*.” The debt service requirements for the Bonds are set forth in “—Debt Service Requirements” below. See also “—Security for the Bonds” above.

**TABLE I**  
**Debt Service Coverage**

	2015	2016	2017	2018
Pledged Sales and Use Taxes <sup>1</sup>	\$10,998,944	\$11,355,739	\$11,886,671	\$12,296,446
Actual Historical Debt Service (Series 2009A Bonds, Series 2009B Bonds, Series 2012A Bonds, Series 2013A Loan and Series 2013B Loan)	\$2,278,178	\$2,280,914	\$2,295,597	\$2,295,842
Actual Historical Debt Service Coverage	4.83x	4.98x	5.18x	5.36x

<sup>1</sup> See TABLE IV herein. Pledged Sales and Use Taxes include all of the proceeds of the Sales and Use Taxes after deduction of reasonable and necessary cost and expenses of enforcing said Sales and Use Tax, net of any required refunds. (Note that Pledged Sales and Use Taxes shown above are less than the Sales and Use Taxes indicated in Table X herein for the reasons discussed in footnote 1 to Table X.)

Source: RFTA and the Underwriter

After the issuance of the Bonds, projected Maximum Annual Debt Service coverage on the Bonds and all Parity Lien Bonds based on 2018 revenues is expected to be 4.45x on a gross basis. Net of expected Federal Direct Payments on the Series 2012A and 2013B Bonds, projected Maximum Annual Debt Service coverage on all Parity Lien Debt based on 2018 revenues is expected to be 4.65x.

The receipt of Pledged Revenues is subject to the elastic nature of consumer spending. This causes sales tax revenue to increase along with the higher prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced consumer confidence which could result in reduced spending. Such changes in economic conditions may cause actual sales tax collections to fluctuate. Accordingly, there can be no assurance that collections of RFTA's Sales and Use Tax revenue will continue at the levels stated above, or that coverage factors in future years will remain at such levels. See "INVESTMENT CONSIDERATIONS—Economic Factors Generally" and "—Service Area Factors Affecting Sales and Use Tax Revenues."

RFTA has no definitive plans to issue additional Parity Lien Bonds at this time. Except to the extent described under "DEBT STRUCTURE—Property Tax Revenue Bonds," the issuance of additional bonds secured by the Pledged Revenues would require prior voter approval. See the captions "THE SALES AND USE TAX," "APPENDIX A—SUMMARY OF BOND RESOLUTION" and "DEBT STRUCTURE—Revenue Obligations—*Property Tax Revenue Bonds*."

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## Debt Service Requirements

Set forth in the following table are the combined debt service requirements for the Bonds, as well as the outstanding Series 2009A Bonds, the Series 2012A Bonds and the Series 2013B Loan. See the cover of this Official Statement for the actual interest rates for each maturity of such Bonds.

**TABLE II**  
**Debt Service Requirements <sup>1</sup>**

Year	<u>The Series 2019 Bonds*</u>		Other Parity Lien Bonds <sup>2,3</sup>	Annual Total
	Principal	Interest		
2019	\$ 120,000		\$1,337,192	
2020	215,000		1,335,218	
2021	965,000		630,184	
2022	1,015,000		621,240	
2023	1,070,000		606,538	
2024	1,120,000		599,218	
2025	1,180,000		591,450	
2026	1,240,000		578,234	
2027	1,295,000		579,770	
2028	1,170,000		570,362	
2029	1,225,000		558,706	
2030	1,085,000		546,577	
2031	1,140,000		408,975	
2032	1,200,000		397,100	
2033	1,265,000		--	
2034	1,025,000		--	
2035	1,065,000		--	
2036	1,100,000		--	
2037	1,145,000		--	
2038	1,190,000		--	
2039	1,240,000		--	
2040	285,000		--	
2041	295,000		--	
2042	305,000		--	
2043	320,000		--	
2044	330,000		--	
2045	345,000		--	
2046	360,000		--	
2047	375,000		--	
2048	385,000		--	
2049	405,000		--	
Total	<u>\$25,475,000</u>		<u>\$9,360,764</u>	

<sup>1</sup> Assumes no redemptions, other than mandatory sinking fund redemption payments. Figures have been rounded.

<sup>2</sup> Consists of RFTA's outstanding Series 2009A Bonds, the Series 2012A Bonds and the Series 2013B Loan.

<sup>3</sup> Debt service prior to receipt of 2012A Federal Direct Payments and 2013B Federal Direct Payments.

\* Preliminary; subject to change.

Source: The Underwriter

## THE SALES AND USE TAX

### Generally

The revenue pledged to payment of the Bonds (the Pledged Revenues) consist of all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds. See “THE BONDS—Security for the Bonds.”

### Authority for the Imposition of the Sales and Use Tax

RFTA’s Sales and Use Tax is imposed pursuant to the Regional Transportation Authority Law, the Organizing IGA, and Resolution Nos. 2004-10, 2004-11 and 2008-17 (the “Sales and Use Tax Resolutions”). RFTA presently imposes a total Sales and Use Tax ranging from 0.4% to 1.0%, as set forth below under “—Sales and Use Tax Data—*Sales Tax Rates*.” Such taxes were approved by eligible electors of RFTA, or portions thereof as applicable, as follows: (i) at an election held on November 7, 2000 (the “2000 Election”), imposition of a 0.2% sales and use tax in Basalt, and a 0.5% sales and use tax in Carbondale and Glenwood Springs, (ii) at an election held on November 2, 2004 (the “2004 Election”), imposition of an additional 0.2% sales and use tax in Basalt, Unincorporated Eagle County (voting precincts 7, 8, 24 and 25 in the southwestern corner of the county only), Carbondale and Glenwood Springs, and a 0.4% sales and use tax in New Castle, and (iii) at an election held November 4, 2008 (the “2008 Election”), imposition of an additional 0.4% sales and use tax voters in Aspen, Snowmass Village, Unincorporated Pitkin County, Unincorporated Eagle County (voting precincts 7, 8, 24 and 25 only), Glenwood Springs and New Castle, and a 0.3% sales and use tax in Carbondale.

### Description of the Sales Tax

Pursuant to the Regional Transportation Authority Law, RFTA’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 (imposed pursuant to Article 26 of Title 39 (the “Sales and Use Tax Act”)), and is subject to the same exemptions applicable to the State sales tax. 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 are 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.

The Sales and Use Tax Act also provides that certain transactions are exempt from taxation as specified in Section 39-26-701, Colorado Revised Statutes. These include, but are not limited to, sales to the U.S. government and to the State, 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 RFTA is prohibited from taxing under the Constitution or laws of the U.S. or the State; 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 therefor, 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 therefor, 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 Section 39-26-701, Colorado Revised Statutes, 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.

### **Description of the Use Tax**

The use tax is imposed for the privilege of storing, using or consuming within the State any articles of tangible personal property purchased at retail, any construction and building materials and on motor and other vehicles on which registration is required which are purchased at retail. The exemptions from the use tax include the exemptions set forth above for the sales tax in addition to the following: (a) the storage, use or consumption of printers ink and newsprint; and (b) the storage, use or consumption of manufactured goods, including, but not limited to, high technology goods, donated by the manufacturer of such goods to the U.S. government; the State or any department, institution or political subdivision thereof; or any organization exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to the extent that the aggregate value of all such goods included in a single donation exceeds one thousand dollars.

### **Manner of Collection of Sales Tax**

The collection, administration, distribution and enforcement of RFTA's sales tax is performed by the Executive Director of the Department of Revenue (the "Executive Director"), in the same manner as the collection, administration and enforcement of the State sales tax. The Department of Revenue charges a fee for the collection and administration of the sales taxes on behalf of RFTA. The fee varies year by year based on the Department of Revenue's annual cost recovery calculation. Except as provided by the Sales and Use Tax Act, the provisions of article 26 of title 39, Colorado Revised Statutes, govern the collection, administration and enforcement of the RFTA sales tax.

Any person engaged in the business of selling at retail must obtain a two year license therefor from the Executive Director. The license shall be in force and effect until December 31 of the year following that in which it is issued, unless sooner revoked.

Each individual vendor in the county is liable for the amount of tax due on all taxable sales made by him. Before the twentieth day of each month, the vendor, if reporting monthly, must make a return and remit the amount due for the preceding calendar month to the Executive Director. Some small businesses are permitted to remit sales tax collections quarterly. The Executive Director may extend the time for making a return and paying the taxes due. The vendor is entitled to withhold an amount equal to 3 1/3% of the total amount to be remitted to the Executive Director each month in order to cover his expenses. If any vendor is delinquent in remitting the tax, other than in unusual circumstances shown to the satisfaction of the Executive Director, the vendor will not be allowed to retain any amounts to cover his expenses.

The Executive Director is required to furnish RFTA a monthly listing of all returns filed by retailers in the areas subject to the RFTA Sales and Use Tax. RFTA must notify the Executive Director within 180 days of any retailers omitted from the listing or thereafter will be precluded from making any further claims based upon such omission. RFTA receives sales taxes so collected in the form of monthly distributions made to RFTA by the Executive Director. Sales taxes generally are distributed by the Executive Director two months after being collected by the retailer.

### **Manner of Collection of Use Tax**

The use tax on motor or other vehicles on which registration is required which are purchased at retail are collected by the authorized agent of the Department of Revenue in the county in which such transaction occurs. No registration is made of any motor or other vehicle for which registration is required and no certificate of title issued for such vehicle by the Department of Revenue until any sales tax or use tax due has been paid. The use tax on construction and building materials will be collected by the Executive Director of the Department of Revenue. Tax on the retail purchase of the price of said materials used or consumed within the boundaries of RFTA must be paid upon the use or consumption of the materials within the boundaries of RFTA. The Department of Revenue charges a fee for the collection and administration of the use taxes on behalf of RFTA. The fee varies year by year based on the Department of Revenue's annual cost recovery calculation.

### **Remedies for Delinquent Sales Taxes**

Failure by a retailer to pay the appropriate sales taxes collected is punishable pursuant to State law. A statutorily prescribed rate of interest is due on deficiencies from the first date prescribed for payment. Further, if any part of the deficiency is due to negligence or intentional disregard of the regulations with knowledge thereof, but without intent to defraud, 10% of the total amount of the deficiency, plus interest, will be added to the amount due. If the deficiency is due to fraud with intent to evade the tax, 100% of the total amount of the deficiency will be added to the amount due, with an additional 3% per month added from the date the return was due until paid. In both instances, the additional amount and interest become due and payable 10 days after written notice and demand by the Executive Director.

Pursuant to Section 39-26-117, Colorado Revised Statutes, the sales tax imposed constitutes a first and prior lien upon the goods and business fixtures of or used by any retailer under lease, title retaining contract or other contract arrangement, except for the stock of goods sold or for sale in the ordinary course of business. Such lien takes precedence over other liens or claims of whatsoever kind or nature. Exempted from the lien are identifiable real or personal property leased to a retailer if the lessee has no right to become the owner thereof, and properly registered motor vehicles to the extent an interest is not credited to the lessee.

If any tax, penalty or interest imposed and shown due by returns filed by the taxpayer, or shown as assessments duly made, are not paid within five days after the same are due, the Executive Director issues a notice of the amount due, including a statement as to the lien claimed by RFTA on the property. If such amount remains unpaid, the Executive Director then issues a warrant to any authorized revenue collector or to the county sheriff commanding him to levy upon, seize and sell sufficient property of the tax debtor to satisfy the amount due, subject to valid preexisting claims or liens. A statutory limitation provides that except in the case of the filing of a false or fraudulent return with the intent to evade tax, no action to collect sales taxes due may be commenced more than three years after the date on which the tax is payable.

A statutory limitation provides that no action to collect use taxes due may be commenced more than three years after the date on which the tax was payable. However, in the case of a false or fraudulent return with intent to evade the tax, collection proceedings may begin at any time.

### **Provisions Applicable to Both the Sales and Use Tax**

Any vendor receiving a deficiency notice regarding the payment of sales taxes or use taxes to RFTA has the right to request the Executive Director to conduct a hearing on the deficiency, and may thereafter appeal the decision to the district court. Violations also are subject to prosecution and punishment by the State for the violation of State law.

Customers may submit a claim to the Department of Revenue for a refund of any sales or use taxes collected on a transaction that is exempt from taxation, provided that such claim is made within 60 days of the sale or transaction. Refunds generally are the result of the collection by the vendor of sales and use tax on sales to or transactions with charitable organizations that did not present the requisite documentation at the time of the sale or transaction. Refunds of RFTA Sales and Use Taxes are netted by the State against the next month's sales and use tax distribution to RFTA.

### **Sales and Use Tax Data**

**Generally.** A significant portion of the total RFTA Sales and Use Tax pledged to the payment of the Bonds and, with respect to some jurisdictions, the entire amount of RFTA Sales and Use Tax presently imposed in such areas, was imposed after approval thereof by eligible electors of RFTA at an election held on November 4, 2008. See “—*Sales Tax Rates*” below. RFTA also receives a portion of revenues from Pitkin County's transportation sales tax, net of debt service due on certain outstanding revenue bonds issued by Pitkin County, and a portion of revenues from Eagle County's transportation sales tax (but only to the extent collected in the Town of Basalt and unincorporated Eagle County election precincts 7, 8, 24 and 25 in the southwestern corner of the county), as more particularly described in “FINANCIAL INFORMATION CONCERNING RFTA—Major Revenue Sources” and “DEBT STRUCTURE—Revenue Obligations.” Such revenues do not constitute Pledged Revenues and, as a result, are not shown in the tables under this caption, unless specifically noted.

**Sales Tax Rates.** The following table sets forth the total sales and use tax rates imposed by RFTA in its various jurisdictions.

**TABLE III  
Sales Tax Rates**

<b>Jurisdiction</b>	<b>Approved at November 7, 2000 Election</b>	<b>Approved at November 7, 2004 Election</b>	<b>Approved at November 4, 2008 Election</b>	<b>Total</b>
Unincorporated				
Pitkin County <sup>1</sup>	0.0%	0.0%	0.4%	0.4%
Aspen <sup>2</sup>	0.0	0.0	0.4	0.4
Snowmass Village <sup>2</sup>	0.0	0.0	0.4	0.4
Basalt <sup>2</sup>	0.2	0.2	0.4	0.8
Unincorporated				
Eagle County <sup>2,3</sup>	0.0	0.2	0.4	0.6
Carbondale	0.5	0.2	0.3	1.0
Glenwood Springs	0.4	0.2	0.4	1.0
New Castle	0.0	0.4	0.4	0.8

<sup>1</sup> Does not include Pitkin County Transportation Sales Taxes, a portion of which representing 0.88865%, net of certain debt service, is payable to RFTA but does not constitute Pledged Revenues pledged to the payment of the Bonds.

<sup>2</sup> Does not include a 0.5% Eagle County Transportation Sales Tax also imposed on transactions in such jurisdictions and payable to RFTA but not constituting Pledged Revenues pledged to the payment of the Bonds.

<sup>3</sup> Imposed only in unincorporated Eagle County within election precincts 7, 8, 24 and 25 in the southwestern corner of the county.  
Source: RFTA

**History of RFTA Sales and Use Tax Collections.** The following table sets forth RFTA's Sales and Use Tax collections for the past five years. A significant portion of the total RFTA Sales and Use Tax pledged to the payment of the Bonds and, with respect to some jurisdictions, the entire amount of RFTA Sales and Use Tax presently imposed in such areas, was imposed after approval thereof by eligible electors of RFTA at an election held on November 4, 2008.

**TABLE IV  
Historical Sales and Use Tax Revenue**

<b>Year</b>	<b>RFTA Sales Tax</b>	<b>RFTA Use Tax</b>	<b>Net Sales and Use Tax Collections</b>
2014	\$ 9,194,179	\$ 896,242	\$10,090,421
2015	10,046,967	951,977	10,998,944
2016	10,381,547	974,193	11,355,740
2017	10,684,154	1,202,517	11,886,671
2018	11,232,231	1,064,215	12,296,446
2019 <sup>1</sup>	3,361,303	307,585	3,668,888

<sup>1</sup> Sales and use tax collections through May 31, 2019, which includes collections through March 31, 2019.

Source: RFTA

*Monthly Comparison of Collections of Sales and Use Tax.* The following table presents a monthly comparison of the sales and use tax receipts for the twelve-month periods ended May 31, 2019 and May 31, 2018.

**TABLE V**  
**Monthly Comparison of Collections of the Sales and Use Tax <sup>1</sup>**

Month	12-Month Period Ended May 31, 2018		12-Month Period Ended May 31, 2019	
	Current Month	Year To Date	Current Month	Year to Date
June	\$1,035,539	\$ 1,035,539	\$1,084,831	\$ 1,084,831
July	1,081,033	2,116,572	1,182,346	2,267,176
August	1,027,591	3,144,163	1,056,072	3,323,248
September	957,764	4,101,927	1,023,492	4,346,740
October	772,520	4,874,447	847,722	5,194,462
November	734,473	5,608,920	789,318	5,983,780
December	1,259,309	6,868,229	1,297,938	7,281,718
January	1,099,425	7,967,654	1,150,725	8,432,443
February	1,062,270	9,029,924	1,062,280	9,494,723
March	1,157,471	10,187,395	1,455,882	10,950,605
April	904,517	11,091,912	871,820	11,822,425
May	788,818	11,880,730	852,794	12,675,219

Source: RFTA

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**Top 10 Generators of Sales and Use Tax.** The following tables of RFTA’s principal Sales and Use Tax generators by category are based on Sales and Use Tax revenue remittances to RFTA for 2018. Because of the confidential nature of the gross sales of the individual entities, the identity of vendors cannot be divulged by State law. The discontinuation or substantial reduction in retail sales in a top sales tax generating category, for whatever reason, could have a material adverse effect on the Sales and Use Tax revenues.

**TABLE VI  
Ten Largest Categories of Generators of Sales Tax 2018**

Category	Sales Tax Receipts	Percent of Total Sales Tax Collections <sup>1</sup>
Retail Trade	\$ 4,794,791	42.69%
Accommodations and Food Services	3,509,624	31.24
Real Estate and Rental & Leasing	489,261	4.36
Manufacturing	332,975	2.96
Other Services (Except Public Administration)	303,997	2.71
Wholesale Trade	242,069	2.15
Information	241,795	2.15
Construction	209,463	1.86
Utilities	205,254	1.83
Professional, Scientific and Technical Services	<u>102,861</u>	<u>0.92</u>
Total	<u>\$10,432,090</u>	<u>92.87%</u>

<sup>1</sup> Based on total 2018 sales tax collections received from the Department of Revenue of \$11,232,738.  
Source: RFTA

**TABLE VII  
Ten Largest Categories of Generators of Use Tax 2018**

Category	Use Tax Receipts	Percent of Total Use Tax Collections <sup>1</sup>
Retail Trade	\$593,103	55.73%
Manufacturing	82,942	7.79
Wholesale Trade	68,524	6.44
Arts, Entertainment, and Recreation	55,581	5.22
Professional, Scientific and Technical Services	48,096	4.52
Construction	41,039	3.86
Accommodation and Food Service	37,565	3.53
Other Services (Except Public Administration)	28,779	2.70
Information	21,417	2.01
Individual Consumer Use Tax	<u>21,054</u>	<u>1.98</u>
Total	<u>\$998,100</u>	<u>93.79%</u>

<sup>1</sup> Based on total 2018 use tax collections received from the Department of Revenue of \$1,064,215.  
Source: RFTA

As of February 28, 2019, there were approximately 4,100 businesses remitting sales and use taxes to RFTA. Such figure is based on State reports provided with respect to February 2019 collections.

The following table sets forth taxable retail sales figures with respect to the Cities of Aspen and Glenwood Springs (historically, the two RFTA member jurisdictions with the highest taxable retail sales) for the last five calendar years for which such amounts are available, as reported by Aspen and Glenwood Springs in their most recent respective Comprehensive Annual Financial Reports. In 2015 and prior years, the Department of Revenue provided information on historical taxable retail sales for all of RFTA’s member jurisdictions, but such information is, after 2015, no longer available. The numbers presented by Aspen and Glenwood Springs reproduced below are computed on different bases from the information previously provided by the Department of Revenue and therefore, the following table is not directly comparable with the tables providing the Department of Revenue-sourced information contained in past RFTA Official Statements. Such data is provided below solely for the purpose of demonstrating retail sales trends in Aspen and Glenwood Springs.

**TABLE VIII**  
**Historical Taxable Retail Sales for Aspen and Glenwood Springs**

Year	Aspen	Glenwood Springs
2014	\$623,967,439	\$422,670,785
2015	666,049,387	455,193,872
2016	713,876,168	474,487,618
2017	730,414,353	466,081,550
2018	759,597,077	493,661,099

Source: Comprehensive Annual Financial Reports of the Cities of Aspen and Glenwood Springs for the year ended December 31, 2018

### THE AUTHORITY (RFTA)

#### General

RFTA is a public body politic and corporate and a political subdivision of the State, organized and existing with all the powers, duties and privileges permitted by the Regional Transportation Authority Law. RFTA is responsible for developing, maintaining and operating a mass transportation system (the “System”) for the benefit of the inhabitants in its service area. RFTA is under the direction of the Chief Executive Officer (the “Chief Executive Officer”). RFTA now includes the communities of the Cities of Aspen and Glenwood Springs, the Towns of Basalt, Carbondale, Snowmass Village, and New Castle (which joined RFTA in November 2004), Pitkin County and a portion of Eagle County. RFTA provides a variety of intra-city and inter-city transit services in the State Highway 82 corridor within and between its constituent communities. Additionally, RFTA provides inter-city transit services in the Interstate 70 corridor serving Rifle, the Town of Silt (“Silt”), New Castle and Glenwood Springs. Neither Rifle nor Silt is a member of RFTA and RFTA does not impose the Sales and Use Tax in such communities. Garfield County is not a member of RFTA either; however, it does contribute approximately \$760,000 annually to RFTA to help support inter-city transit services in the Interstate 70 corridor.

RFTA was formed in November 2000 to take over and expand regional transit service in the Roaring Fork Valley between Glenwood Springs and Aspen, and a portion of Colorado River Valley along Interstate 70 in and west of Glenwood Springs to Rifle. RFTA was created in November 2000 by the voters in seven jurisdictions (the Cities of Aspen and Glenwood Springs, the Towns of Basalt, Carbondale and Snowmass Village, and Pitkin and Eagle Counties), and pursuant to the Organizing IGA among such seven jurisdictions dated as of September 12, 2000. RFTA began non-transit operations on January 1, 2001 and assumed transit operations from the Agency, its predecessor, in 2002. The Agency was formed by Aspen and Pitkin County by means of an intergovernmental agreement at the end of 1983 to provide bus services within the Roaring Fork River Valley. In 2002, the assets, excluding real property, and liabilities of the Agency were transferred to RFTA by Pitkin County and Aspen, and the Agency was dissolved.

In 1996, the approximately 34-mile portion of the Aspen branch of the Denver and Rio Grande Western Railroad between Glenwood Springs and Woody Creek Junction (outside of Aspen) known as the “Rio Grande Rail Corridor,” became available for purchase as the result of the merger of the Southern Pacific and Union Pacific Railroads. RFRHA, formed in 1993 for the purpose of pursuing the acquisition of this rail line, acquired the line in June 1997. In November 2001, RFRHA transferred to RFTA its rights in and to the corridor. See “THE SYSTEM—Facilities and Transportation Vehicles—*Rio Grande Rail Corridor*.”

The municipalities that RFTA serves have a combined estimated population of approximately 56,000 in 2017 (most recent statistics available). Additionally, several thousand residents of the unincorporated areas of Pitkin, Eagle and Garfield Counties, and many thousands of visitors, have convenient access to RFTA transit services.

## **Powers**

As described under “THE SALES AND USE TAX,” RFTA has the power to impose the Sales and Use Tax and has the power to impose a uniform mill levy. See “THE SYSTEM—Capital Improvements Plan—*Regional Transportation Improvement Plan*.” RFTA also has the power to increase or decrease the fares for services and facilities provided by RFTA; sue and be sued; purchase, trade, maintain and dispose of its real property and personal property; accept grants and loans from the federal government; and establish, maintain and operate a mass transportation system and all the necessary facilities relating to such system.

Because RFTA is an entity created by statute, its powers are susceptible to changes in statute. In accordance with the Regional Transportation Authority Law, RFTA is also subject to the provisions of the Organizing IGA, which is subject to amendment by a resolution of the Board (provided that certain amendments thereto also require consent of the affected member jurisdiction). The Organizing IGA generally provides for the governance of RFTA by a Board (described below) and the appointment of officers of RFTA. The Organizing IGA sets forth transportation services to be provided by RFTA and the various funding sources to be established to provide such services (including, but not limited to, the establishment of the Sales and Use Tax and the payment of certain Pitkin County and Eagle County sales and use taxes to RFTA as described elsewhere herein). The Organizing IGA also provides for the reorganization of the Agency and RFTA as described above under “—General.” Pursuant to the Organizing IGA, members are not permitted to withdraw from RFTA. Additional members may join RFTA upon adoption of a resolution of the Board to such effect, approval of the eligible electors of the proposed new member, execution of an addendum to the Organizing IGA, and satisfaction of any other conditions established by the Board with respect thereto. The Organizing IGA may be terminated upon agreement of all members of RFTA, provided that the Organizing IGA may not be terminated while any bonds of RFTA are outstanding. Upon termination of the Organizing IGA, and after payment of all bonds and other obligations of RFTA, the net assets of RFTA are to be distributed to the parties who are members at such time in proportion to, generally, the cash and value of property and services contributed to RFTA and the amount of RFTA taxes or other charges (other than fares) paid by residents of each member.

**Board of Directors**

The Board is composed of one elected official (and one alternate) from the local governments of Aspen, Snowmass Village, Basalt, Carbondale, Glenwood Springs, New Castle, Eagle County and Pitkin County. A quorum of the Board requires representatives from six of the eight member jurisdictions to be present for the meeting.

The Board has the authority to exercise all the powers, privileges and duties vested in or imposed upon RFTA, including the power to delegate any of the powers of the Board to any of the officers or agents of the Board, with certain specified exceptions set forth in the Act. In accordance with the Organizing IGA, passage of resolutions of the Board requires the affirmative vote of two-thirds of the directors eligible to vote thereon, and further requires the affirmative vote of at least two less than the total number of members. As a result, most actions of the Board presently require the affirmative vote of six members of the Board. The present directors and their positions on the Board are as follows.

**TABLE IX  
Board of Directors**

<b>Member</b>	<b>Office</b>	<b>Office</b>	<b>Principal Occupation</b>	<b>Years of Service</b>
Art Riddle	Chair	Town of New Castle	Sales Representative	3
Markey Butler	Vice-Chair	Town of Snowmass Village	Executive Director	7
George Newman	Member	Pitkin County	Sales Representative	11
Jacque R. Whitsitt	Member	Town of Basalt	Mayor	12
Jeanne McQueeney	Member	Eagle County	County Commissioner	5
Dan Richardson	Member	Town of Carbondale	Senior Consultant	3
Ann Mullins	Member	City of Aspen	Landscape Architect	5
Jonathan Godes	Member	City of Glenwood Springs	Real Estate Investor	1/2

**Administration and Management**

While the Board exercises the legislative power of RFTA, other officials oversee the daily operation of RFTA. The following is a list of the current administrative and management personnel most involved in the management of RFTA, and their background and experience.

**Chief Executive Officer.** Dan Blankenship has approximately 37 years of transit management experience. He has served as the Chief Executive Officer of RFTA since its inception in January 2001. Prior to that, Mr. Blankenship was the General Manager of the Agency, RFTA’s predecessor, from September 1989 through December 2000. Mr. Blankenship also served as the General Manager of Waukesha Metro Transit in Waukesha, Wisconsin from April 1987 through July 1989. His previous transit experience includes managing the City of Durango’s public transit system from July 1981 through April 1985. He served as the President of the Board of Directors of the Colorado Association of Transit Agencies (“CASTA”) in 2009, and received CASTA’s Administrator of the Year Award in 2011.

Mr. Blankenship serves under a three year employment contract commencing January 1, 2019 and terminating December 31, 2021. The contract provides for two additional one-year renewal options.

**Chief Operating Officer.** Kurt Ravenschlag has served as the Chief Operating Officer of RFTA since January 2018. Prior to his role at RFTA, Mr. Ravenschlag served as the General Manager of Transfort, the public transportation provider for the City of Fort Collins, Colorado (“Fort Collins”) and its surrounding areas. During that time Mr. Ravenschlag played an integral role in the planning, development and implementation of the MAX Bus Rapid Transit (“BRT”) system in Fort Collins

including the development of the community's overall strategic transit plan. He has worked both publicly and privately in the transit industry for over 17 years planning, implementing and managing transit systems. Prior to Mr. Ravenschlag's work in transportation he was a Sergeant in the United States Marine Corps and he holds his Master's Degree in Urban and Regional Planning from the University of Colorado.

***Chief Financial and Administrative Officer.*** Michael Yang has served as Chief Financial and Administrative Officer of RFTA since November 2016. Mr. Yang previously served as the Director of Finance from August 2011 through November 2016, Interim Director of Finance from May 2011 through August 2011, for RFTA from May through August 2011, and as the Assistant Director of Finance for RFTA from January 2009 through May 2011. Mr. Yang is responsible for overseeing RFTA's financial planning, financial reporting, annual budget, procurement and internal services. Prior to his transit experience, Mr. Yang worked in the public accounting industry in both taxation and audit services from September 1999 through February 2006 with three years as a Senior Associate at PricewaterhouseCoopers, LLP and nearly four years as a Senior Accountant with a boutique CPA firm in Chicago, Illinois. From February 2006 through December 2008, Mr. Yang served as Controller for his family's enterprise. Mr. Yang has maintained his certified public accountant license since 2002 and is currently active in the State. He graduated from the University of Illinois at Urbana-Champaign with a Bachelor of Science in Accountancy in 1999. Mr. Yang is a member of the National and Colorado Government Finance Officers Association and Leadership American Public Transportation Association.

***Director of Properties & Trails and BRT Project Manager.*** Michael Hermes has served as the Director of Properties & Trails for RFTA since May 2001. In his capacity as Director, Mr. Hermes has been responsible for overseeing the management of an annual \$2.5 million dollar budget for the operating and capital expenses involved in maintaining all RFTA facilities and employee housing complexes. He also has administered a \$7 million dollar budget used to construct, maintain and manage the Rio Grande Trail; a 33-mile long rail banked transportation corridor. Additionally, Mr. Hermes oversees several facility and trail managers, employees and professional consultants, and works closely with the staffs of the eight jurisdictions that make up the members of RFTA. Mr. Hermes served as the Project Manager for the \$46.2 million VelociRFTA BRT project, which was the nation's first rural BRT system implemented in September 2013, and was responsible for planning, organizing, and scheduling of all project elements and for managing consultants, engineers, contractors working on the project. In his capacity as BRT Project Manager, he reported to the Chief Executive Officer and Board, and he coordinates closely with CDOT and the Federal Transit Administration ("FTA").

Mr. Hermes graduated from Colorado State University in 1988 with a degree in Finance and Real Estate. Since coming to RFTA, Mr. Hermes has also earned the Real Property Administrator designation from the Building Owners & Managers Institute International.

***Director of Maintenance.*** Kenny Osier was hired by the Aspen Transportation Department as a bus mechanic in April 1981. In 1985, after the formation of the Agency, he was promoted to a mechanic supervisor. In November 1986, Mr. Osier was promoted to his current position as the Director of Maintenance. In addition to overseeing the maintenance and repair of RFTA's fleet, he is responsible for the procurement of all transit vehicles for RFTA. He also assists individual communities with their transit vehicle procurements when requested.

Mr. Osier has worked on special projects including the purchase of a small natural gas shuttle bus, lightweight carbon fiber transit vehicles and 13 diesel hybrid transit vehicles. Mr. Osier works very closely with bus manufacturers developing cost effective bus designs that not only meet the specific needs of RFTA, but take into account the concerns of the manufacturers. This flexibility allows for a higher quality transit bus to be built at a lower cost.

Other projects he has worked on include the development of a ski and snowboard rack system and high-capacity bicycle racks that are used on transit vehicles. He also has developed a parking brake alarm system to prevent buses from rolling away, a door malocclusion alarm system, wheel spray skirts to keep magnesium chloride from obscuring mirrors and windows on buses, and driver-activated retarder control systems. Mr. Osier and his staff developed the “Bike Express,” a low-floor bus that can be converted from a 39-passenger bus during cycling season into a bus that carries 12 bikes inside, four bikes outside, and 17 seated passengers.

Currently Mr. Osier is working in cooperation with the CDOT Rail and Transit Unit and the Denver Regional Transportation District to develop a pilot Enterprise Asset Management/State of Good Repair program (the “EAM/SGR Program”). The EAM/SGR Program is planned to include up to seven additional small transit and paratransit systems in the State. If successful, the EAM/SGR Program would be used to implement a State-wide program. In conjunction with the EAM/SGR Program, Mr. Osier is working with the Southern California Transit Training Consortium to develop a cost-effective on-line Rural Maintenance Training Program that will be offered to rural transit operators and private shops performing maintenance, to help them ensure compliance with the EAM/SGR Program.

### **Employee and Labor Relations**

RFTA employs approximately 344 persons, including 271 full time, 22 part time and 51 seasonal employees. In December 2015, RFTA entered into a members of Amalgamated Transit Union (ATU) Local 1774, who represent full-time bus operators, effective January 1, 2016 through December 31, 2018. In June 2018, RFTA negotiated a new three-year collective bargaining agreement, effective January 1, 2019 through December 31, 2021. RFTA generally considers its employee relations to be satisfactory.

## **THE SYSTEM**

### **Fleet Composition**

RFTA currently has 101 fixed route transit buses in its fleet. Of these, 98 are used in active service and three are included in the contingency fleet. Additionally, RFTA has 22 paratransit vehicles, of which 16 are in active service, three are included in the contingency fleet and three are pending disposal. The RFTA heavy-duty transit vehicle fleet includes 37-, 40- and 45-foot transit coaches, and 60-foot articulated transit vehicles.

### **Facilities and Transportation Vehicles**

*Vehicles.* RFTA Officials believe RFTA does an excellent job of maintaining its vehicles. The standard useful life of a transit vehicle according to FTA regulations is 12 years or 600,000 miles. RFTA has 24 vehicles in its fleet that are 14 years of age, with approximately 715,000 miles each. RFTA’s preventive maintenance program for vehicles meets or exceeds manufacturer specifications.

*Facilities.* RFTA maintains several maintenance and transit facilities as discussed below.

*Glenwood Maintenance Facility.* RFTA completed construction on GMF in December 2001. RFTA traded land that it owned on the rail corridor property to Glenwood Springs in exchange for Glenwood Springs giving RFTA a portion of the land upon which the Glenwood Maintenance Operations Center was constructed. Originally, the facility, which is situated on approximately four acres and designed to maintain approximately 35 vehicles, cost \$4.2 and was paid for with bonds issued on its behalf by Pitkin County. In 2010, RFTA undertook a \$4.8 million project to substantially improve its foundation, due to a subsidence created by the unstable hydro-compactive soils upon which it was

constructed. In 2013, RFTA invested approximately \$5.4 million of bond proceeds to construct a compressed natural gas fueling station and make safety modifications to the existing GMF to support the VelociRFTA BRT system. Currently, RFTA is staging more buses and housing more staff than the GMF was designed to support. In order to maintain and expand bus service in the future, RFTA has plans to renovate and expand the GMF with an estimated cost of \$30 million as part of the “Destination 2040 Plan.” The objective of the plans is to provide storage for 60 – 70 vehicles, increased work space for operations and vehicle maintenance personnel, and increased office space for administrative staff.

*Carbondale Maintenance Facility.* Pitkin County issued bonds on behalf of the Agency, the predecessor of RFTA, to finance the Carbondale Maintenance Facility (“CMF”). RFTA and the Agency have utilized and maintained CMF since 1995. In 2010, Pitkin County refinanced the debt on this facility. When the debt is retired in 2040, RFTA will hold approximately two thirds interest in the CMF. CMF, situated on approximately four acres, cost approximately \$990,000, including equipment, lighting and landscaping improvements. A number of improvements have been made to CMF since its purchase, however, it is still in need of upgrades. Approximately 15 transit vehicles are parked at the CMF during the spring and fall, and it also houses 15 administrative employees. As part of the Destination 2040 Plan, RFTA is evaluating whether, in the future, the CMF property could accommodate new administrative offices and/or employee housing. See “DEBT STRUCTURE—Revenue Obligations—*Pitkin Sales Tax Revenue Bonds.*”

*Rubey Park.* Originally built in 1988, Rubey Park serves as a portal into and out of Aspen for millions of people each year. In 2015, RFTA oversaw the \$8 million renovation project of the facility, which incorporates the former structure and expands its program to include enlarged waiting areas, improvements to the public amenities (restrooms, benches and bike storage), adds a new staff lounge, an office and a ticket booth, and increased bus capacity with significant landscape and civil engineering improvements. The renovation project was completed in August of 2016 and was funded with \$3 million of federal and State assistance and \$5 million of local funds from Aspen, Snowmass Village, Pitkin County and RFTA. Each year, Aspen and RFTA develop a repair and maintenance budget for the Rubey Park facility and the cost of building maintenance and repairs is shared equally by the Aspen and RFTA.

*Aspen Bus Maintenance Facility.* The Aspen Bus Maintenance Facility (“AMF”) is utilized by RFTA and is owned by Pitkin County and Aspen. The AMF was completed in 1984 and has been operated by the Agency and RFTA since it was built and is currently under lease from Pitkin County. This AMF, situated on approximately seven acres, was initially designed to maintain and store approximately 40 vehicles but has serviced 50-60 vehicles since 1994, when the Agency undertook a major service expansion at the request of Aspen, Pitkin County and Snowmass Village. Construction of the GMF has reduced the demand on the AMF. In 2013, RFTA undertook a multi-phased \$15 million re-commissioning project for significant upgrades and refurbishment of the facility. This AMF Project included rehabilitation of maintenance, covered storage and maintenance work space and remodeling/expanding current restroom facilities and common areas, and consistent re-commissioning activities such as improvements and expansion, re-configuring of traffic circulation and drainage improvements. The first two phases were funded with a \$6.3 million State of Good Repair grant awarded to RFTA by the FTA and approximately \$2.5 million in proceeds from sales tax revenue bonds issued by Pitkin County. The third phase was funded with a \$4.8 million State of Good Repair grant with a \$1.2 million local match. As part of the Destination 2040 Plan, RFTA has plans to continue to make further improvements to the AMF with an estimated cost of over \$10 million using a phased-approach. Such improvements include the replacement of the underground fuel tanks, the renovation of existing office space, restrooms and other amenities, the construction of additional office space and the expansion of storage space. Included in the Destination 2040 Plan are multi-phased improvements to the AMF, including the replacement of the underground fuel tanks, expansion of the storage space and amenities for vehicle and facilities maintenance, renovation of existing office space and construction of additional office space and amenities.

**Bus Stops.** RFTA is responsible for maintaining approximately 200 bus stops and 11 park and ride facilities throughout the region. Many of these were constructed by RFTA or CDOT and are in relatively good condition. Some are in need of shelters and other amenities. Over time, the amount of funding required to maintain these facilities will increase. Funding from the RFTA \$10 Vehicle Registration Fee is available for this purpose. As part of the VelociRFTA BRT implementation in September of 2013, RFTA constructed eight enhanced bus stations from Glenwood Springs to Aspen with customer amenities, such as ticket vending machines, real-time bus arrival signage, covered bike storage and bathrooms at certain locations. Part of the Destination 2040 Plan are improvements to highly utilized regional bus stops along State Highway 82.

**Employee Housing.** RFTA owns or leases a total of 38 apartment units in its service area. RFTA rents such units to its employees at market or below-market rates, and uses such rental payments to defray a portion of RFTA's costs related to such facilities. RFTA offers affordable employee housing to support its efforts to recruit employees from outside the region, and to manage labor costs. Part of the Destination 2040 Plan includes replacing the existing housing owned in Carbondale with new construction.

**Rio Grande Rail Corridor.** In November 2001, RFTA assumed all rights, privileges, assets, liabilities and obligations of RFRHA, an entity formed for the purpose of pursuing the acquisition of the 34-mile long Rio Grande Rail Corridor situated between Glenwood Springs and Aspen near Woody Creek. In 2003, the RFTA Board established a goal of completing, in cooperation with Pitkin County, the construction of a pedestrian and cycling trail in the Rio Grande Rail Corridor, between Glenwood Springs and Woody Creek, located in Pitkin County. In 2004, Pitkin County completed approximately half of the trail between Woody Creek and Glenwood Springs, and, using proceeds from sales and use tax bonds, grants and contributions, RFTA completed the remainder of the trail in July 2008, two years ahead of schedule. The trail is a popular amenity for residents of the region and visitors from around the State, nation and world.

**Park and Ride Lots.** RFTA currently maintains 11 park and ride lots owned by CDOT for its passengers throughout the region. In 2005 and 2007, RFTA constructed two additional park and ride lots, which it owns, one in West Glenwood Springs and one in Carbondale. In 2013, the Carbondale lot was upgraded during the BRT implementation project and three additional park and ride lots were constructed, one on 27th Street in Glenwood Springs, one on Cody Lane in Basalt and one on East Valley Road in the unincorporated community of El Jebel, Colorado ("El Jebel"). In 2015, the Carbondale park and ride lot was expanded. In 2016, RFTA expanded the park and ride lot in West Glenwood Springs and constructed a new lot in New Castle. RFTA has approximately 200 bus stops and provided approximately 5.51 million and 5.15 million miles of regular service system-wide to and between the stops in years 2017 and 2018, respectively. In 2017, approximately 225,000 miles of service were operated by RFTA for three months in connection with transit mitigation services provided in connection with the Grand Avenue Bridge closure in Glenwood Springs.

## Transit Services and Service Contracts

In order to meet the needs of the residents of the region, RFTA provides various types of service as described below. RFTA has transit service contracts with Aspen, Glenwood Springs and the Aspen Skiing Company.

(a) *Valley Commuter Services.* RFTA operates a year-round commuter bus system along the State Highway 82 corridor serving Aspen, Snowmass Village, Basalt, El Jebel, Carbondale and Glenwood Springs. This service is available every half hour weekdays throughout the year. On weekends during the spring and fall, service is available every half hour during peak periods and hourly during non-peak periods. In addition to cash fares, RFTA offers passengers a variety of discounted multi-ride passes.

(b) *VelociRFTA Bus Rapid Transit (BRT) Services.* The first rural bus rapid transit system in the country provides daily commuter BRT service with limited stops along State Highway 82 corridor with travel times between Glenwood Springs and Aspen in about an hour and with buses available every 12 minutes or less during peak commuting times.

(c) *Grand Hogback Commuter Services.* RFTA operates the Grand Hogback service in the I-70 corridor from 5:20 a.m. until 8:15 p.m., seven days a week. There are nine eastbound and seven westbound trips each day. This service was implemented in April 2002. Beginning December 2019, service between Glenwood Springs and New Castle will be increased to every half hour over major portions of the day. Fares are collected from passengers according to a distance-based zone system. In addition to cash fares, RFTA offers passengers a variety of discounted multi-ride passes.

(d) *Service Contracts.*

(i) *Aspen Skiing Company Skier Shuttles.* Public shuttle services connect all four ski mountains with transit vehicles running every 15 minutes, or more frequently, between the hours of 8:00 a.m. and 4:45 p.m. from Thanksgiving to mid-April. These services are paid for by the Aspen Skiing Company, are free to the public, and are integrated with Aspen and RFTA regional transit services. The Aspen Skiing Company pays RFTA the fully allocated cost of operating this service and a pro-rated share of capital expenses.

(ii) *Ride Glenwood Springs.* RFTA operates two heavy-duty transit vehicles on a route extending from the Roaring Fork Market Place on the south side of Glenwood Springs, through the commercial core, to west Glenwood Springs, terminating at the Glenwood Springs Meadows. A \$1 fare is charged to the public for this service. Glenwood Springs pays to RFTA the fully allocated operating cost of this service and is responsible for replacing its own vehicles.

(iii) *City of Aspen.* RFTA operates a variety of services pursuant to a contract with Aspen. Aspen pays RFTA the fully allocated operating cost of these services and is responsible for replacing its own vehicles.

(A) *Fixed Routes.* There are three fixed routes within Aspen, which are: Cemetery Lane, Castle Maroon and Hunter Creek. These routes serve residential neighborhoods adjoining downtown Aspen. These services are paid for by Aspen and are free to the user. These services operate from 6:20 a.m. until 2:00 a.m. during winter and summer and from 7:00 a.m. until midnight during the spring and fall seasons.

(B) *Dial-A-Ride Services.* The East End Dial-A-Ride provides service two times per hour year-round. This service is free to those users who catch the bus along the fixed route. Those who call to be picked up at their door pay \$1.00. This service operates from 6:30 a.m. until 1:45 a.m. during winter and summer and from 7:00 a.m. until 7:45 p.m. during the spring and fall seasons.

(C) *Highlands Direct Service.* The Highlands Direct service provides direct service between Rubey Park in downtown Aspen and the Highlands Base Village. This service operates in winter and summer only and is paid for by Aspen and is free to users.

(D) *Galena Street Shuttle.* The Galena Street Shuttle connects Aspen Mountain, on the south side of Aspen, to the Rio Grande parking garage, Post Office, Hunter Creek and the Art Museum on the north side of Aspen. Service typically begins at 8:15 a.m. and ends at 5:00 p.m. daily during winter and summer. This service is free to the public.

(E) *Cross Town Shuttle.* The Cross Town Shuttle connects the West End and East End of Aspen, with half-hour service by a fixed route that travels from the Music Tent via 5<sup>th</sup> Street and Gillespie to 4<sup>th</sup> Street, 4<sup>th</sup> Street to Hallam Street, Hallam Street to Monarch Street, Monarch Street to Durant Avenue, Durant Avenue to Original Street, Original Street to Ute Avenue, and Ute Avenue to the Aspen Club. This service operates in the winter and summer seasons only. The general hours of operation are 8:00 a.m. until 9:00 p.m. during the winter and 7:54 a.m. to 11:00 p.m. during the summer. This service is free to the public.

(F) *Aspen Music Festival Service.* During the summer, scheduled shuttle services are provided for patrons and students of the Aspen Music Festival. Shuttle services to and from the Music School campus, the Music Tent and Burlingame seasonal housing are provided. This service is free to the public.

(G) *Burlingame/Westside Service.* The Burlingame/Westside service connects downtown Aspen with the Burlingame affordable housing development. The service operates year-round every 30 minutes and begins at 6:35 a.m. and ends at 12:20 a.m. This service is free to the public.

(iv) *Traveler Senior Transportation Program.* Garfield County contracts with RFTA to provide the Traveler Senior Transportation Program (the “Traveler”), which serves the elderly and persons with disabilities who reside in Carbondale, Glenwood Springs, New Castle, Silt, Rifle, Parachute, and unincorporated portions of Garfield County. Garfield County defrays approximately 50% of the cost of the Traveler, RFTA defrays the allocated operating costs for its member jurisdictions, Carbondale, Glenwood Springs, and New Castle, and the balance of the service costs are paid for by the other participating jurisdictions, passenger donations, and grants. Capital costs for vehicles are derived from a capital reserve fund, contributions from Garfield County and RFTA, and State, federal and local grants.

(e) *Miscellaneous Services.*

(i) *MAA/Burlingame Service.* This summer shuttle service is funded by the Music Associates of Aspen and provides transportation for music students between Burlingame affordable housing development, the Music School campus on Castle Creek Road, and the Music Tent in the west end of Aspen. No fare is charged for this service.

(ii) *Maroon Bells Bus Tour.* From mid-June to the first weekend October each year, RFTA operates the Maroon Bells Bus Tour (the “Bells Tour”), which is staged from the Aspen Highlands Base Village. The Bells Tour is an award winning narrated tour of the Maroon Creek Valley, which delivers passengers to the Maroon Bells mountain formation and the Maroon Bells/Snowmass wilderness area. RFTA cooperates with the U.S. Forest Service to close the road to other motorized traffic throughout the summer. A fare of \$8.00 is charged for this service. Discounts are available for senior citizens and children under the age of 16.

(iii) *The Pitkin County Senior Van.* The Pitkin County Senior Van (the “Senior Van”) is a vital link to the Senior Nutrition Program, Meals on Wheels program, Information and Referral services, outreach services, doctor appointments, shopping, and social outings. The Senior Van operates from 8:00 a.m. until 5:00 p.m., Mondays, Wednesdays and Fridays and from 8:30 a.m. until 3:30 p.m. on Thursdays. The service is free and primarily serves residents of Aspen, Snowmass Village and unincorporated areas of Pitkin County in the upper Roaring Fork Valley.

(iv) *Americans with Disabilities Act (“ADA”) Service.* Federally mandated ADA service is provided to disabled passengers within Aspen, to the airport, and the Maroon Bells. To reserve service, people must call RFTA during normal business hours the day before the service is desired. RFTA will dispatch a lift-equipped vehicle to transport ADA passengers, at no charge, within Aspen and to the airport. The cost for ADA service to the Maroon Bells is twice the normal fare. ADA service is also provided in conjunction with Ride Glenwood bus service and the Traveler. See “—(d) *Service Contracts, (iv) Traveler Senior Transportation Program*” above.

(f) *Community Charter Service.* RFTA operates a limited amount of charter service.

Provision of all of the above listed services is contingent upon the availability of sufficient revenue to do so. For a wide variety of reasons, revenue can fluctuate from year-to-year necessitating ongoing adjustments in service levels in order to keep the budget in balance.

## Capital Improvement Plans

***Funding and Individual Capital Projects.*** Capital improvements budgeted annually by RFTA, to some degree, are contingent upon available local revenue and State and federal grant funding. As of April 2019, RFTA is managing an estimated \$13 million in capital grants that benefit both RFTA and the eight regional member jurisdictions. Recent grant awards include \$4.3 million in FTA 5339(c) LoNo and CDOT FASTER awards for the RFTA-Aspen BEB Pilot Project and an estimated \$7 million in consolidated FTA/CDOT funding for bus replacements and maintenance facility improvements. Significant grant awards received in previous fiscal years include: \$24.973 million FTA Very Small Starts Grant to catalyze the nation's first rural BRT Project; \$6.3 million FTA State of Good Repair grant to implement significant energy efficiency and bus storage upgrades at the RFTA-owned AMF and a \$2 million Federal Lands Highway grant to renovate the central Rubey Park BRT Station in downtown Aspen.

RFTA's Director of Planning, David Johnson, and his team, have garnered over \$70 million in FTA, CDOT and other sources for capital grants since beginning work for RFTA in July 2009. Mr. Johnson coordinates with RFTA department heads to develop an ongoing list of needed capital improvements. Mr. Johnson develops and submits numerous grant applications on RFTA's behalf to the FTA, CDOT and other entities.

***Regional Transportation Improvement Plan.*** In 2016, RFTA and its member jurisdictions assessed regional transit and transportation needs over the next 20 years through the Integrated Transportation System Plan and Upper Valley Mobility Study. These planning efforts culminated in a 20-year program of projects, consisting of about 36 capital projects and five transit service improvements. This planning process catalyzed a new public-friendly regional improvements package branded as Destination 2040: *Our Future Rides on RFTA*, which is estimated to cost approximately \$81.5 million (2018 dollars). With targeted polling and survey data, the RFTA Board agreed to refer a 2.65 mill levy property tax and revenue bond increase of up to \$74.675 million to regional voters in RFTA's eight member jurisdictions at the November 2018 election in order to fund a financially constrained list of regional projects. RFTA voters approved the ballot issue with an approval margin of 52 to 48 percent. The regional projects are to be funded by a combination of local cash, grants and bond proceeds. Debt issued for Destination 2040 Plan projects will be secured primarily by property tax revenues and proceeds of bonds payable from such property tax revenues. The new property tax revenues and bond proceeds are intended to help RFTA maintain and improve its services, infrastructure and equipment.

Financing for the above needs is anticipated to comprise a mix of pay-go and debt financing. Currently, a majority of the future debt financing is expected to be secured by property tax revenues, although RFTA does maintain the ability to issue certificates of participation and enter into lease purchase agreements for certain assets, among other options. As part of the November 2018 ballot issue authorizing the 2.65 mill levy, voters also authorized RFTA to issue up to \$74.675 million of bonds secured by property tax revenues. While RFTA currently does not anticipate issuing bonds secured by property tax and other RFTA revenues in the next two years, it has the ability to do so should the capital improvement program benefit from such issuance. See "DEBT STRUCTURE—Revenue Obligations—Property Tax Revenue Bonds."

While sales tax revenues will be an important source of funding for RFTA going forward, after the issuance of the Series 2019 Bonds, RFTA will not have authorization remaining for the issuance of additional sales tax revenue bonds. Except to the extent described under "DEBT STRUCTURE—Property Tax Revenue Bonds," the issuance of additional bonds secured by the Pledged Revenues would require prior voter approval.

## FINANCIAL INFORMATION CONCERNING RFTA

### Accounting Policies

**Funds.** Financial operations of the Authority are accounted for by RFTA's finance department. The accounts of RFTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The Authority currently maintains six governmental funds in four types: the General Fund, three special revenue funds, a Capital Projects Fund and a Debt Service Fund. The governmental funds consist of: the General Fund, the primary operating fund of the Authority, which accounts for all Authority resources except those required to be accounted for in another fund; the Capital Projects Fund reports for all expenditure activity for a variety of capital projects related to transit assets and infrastructure and projects funded through bond proceeds contain expenditures that are certain and specific in accordance with State and federal tax law as identified by Bond Counsel; and the Debt Service Fund which accounts for debt service and reserve funds for the Series 2009A Bonds, Series 2012A Bonds, the Series 2013B Loan (each such loan defined herein in "DEBT STRUCTURE—Revenue Obligations—*Sales Tax Revenue Loans*") and all activity related to the required reserves for the bonds and interest earned as required by resolution. The following three special revenue funds are: the Service Contract Special Revenue Fund; the Bus Shelter and Park and Ride Special Revenue Fund; and the Mid Valley Trails Special Revenue Fund.

**Annual Audits.** In accordance with Title 29, Article 1, Part 6, Colorado Revised Statutes, an annual audit is required to be made of RFTA's financial statements at the end of the fiscal year. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State auditor 30 days thereafter. RFTA's fiscal year 2018 financial statements were audited by McMahan and Associates, L.L.C., Certified Public Accountants and Consultants, Avon, Colorado. Such financial statements are the most current audited financial information available for RFTA. The basic financial statements from RFTA's 2018 financial statements are appended hereto.

### Major Revenue Sources

For the year ended December 31, 2018, RFTA received approximately 35% of its revenues from transit operating revenues and service contracts, approximately 51% from sales and use tax revenues, approximately 10% from operating and capital grants and local contributions, and approximately 4% from other sources.

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The following table summarizes certain historical information relating to RFTA’s primary sources of revenue, including transit operating revenues and service contracts, sales and use tax revenues, and capital grants, among others.

**TABLE X**  
**Historical Revenue by Source**

Year	Sales/Use Tax <sup>1</sup>	Property Tax <sup>2</sup>	Service Contracts <sup>3</sup>	Operating Revenue <sup>4</sup>	Grants	Local		Interest Income	Total Revenue
						Government Contributions	Other Revenue <sup>5</sup>		
2014	\$18,785,965	\$ --	\$8,872,066	\$4,621,900	\$ 4,505,909	\$2,265,685	\$1,607,080	\$ 22,529	\$40,681,134
2015	20,443,584	--	8,807,423	4,603,950	6,837,053	5,773,939	1,566,618	27,104	48,059,671
2016	21,123,310	--	9,941,082	4,925,190	10,018,518	2,070,309	1,695,507	89,000	49,862,916
2017	22,152,602	--	10,170,691	4,938,890	2,677,802	2,210,257	1,730,957	166,985	44,048,184
2018	23,124,011	--	10,699,115	5,265,273	2,225,141	2,270,681	1,682,489	332,485	45,599,195
2018 <sup>6</sup>	7,169,459	--	4,403,500	1,937,163	1,554,164	1,712,622	695,294	121,492	17,593,694
2019 <sup>7</sup>	7,977,643	5,775,027	4,822,347	2,026,061	826,057	1,509,534	728,468	173,268	23,838,405

<sup>1</sup> Includes, in addition to the proceeds of sales and use taxes imposed by RFTA, a portion of revenues from Pitkin County’s transportation sales tax, and also a portion of revenues from Eagle County’s transportation sales tax (but only to the extent collected in the Town of Basalt and unincorporated Eagle County election precincts 7, 8, 24 and 25 in the southwestern corner of the county), as compared to the data provided in Table IV herein, which excludes such Pitkin County and Eagle County taxes. See also “DEBT STRUCTURE—Revenue Obligations.” Such revenues not representing proceeds of sales and use taxes imposed by RFTA do not constitute Pledged Revenues but are payable to RFTA in accordance with the Organizing IGA.

<sup>2</sup> At the November 2018 general election, eligible voters approved the “Destination 2040 Plan.” This property tax revenue is intended to help RFTA maintain and improve its services, infrastructure and equipment. See “THE SYSTEM—Capital Improvement Plans—Regional Transportation Improvement Plan” and “DEBT STRUCTURE—Revenue Obligations—Property Tax Revenue Bonds.”

<sup>3</sup> Service contract revenues are fees paid for additional public transit services provided within a limited area, such as a city limit. The fee is calculated based on actual hours and miles to provide the service and charges on an additional amount representing a portion of the related capital expenditures.

<sup>4</sup> Operating revenue is comprised primarily of fare revenue generated primarily from regional services only, between cities and towns.

<sup>5</sup> Other revenues is comprised of employee housing rental revenue, fees and miscellaneous income.

<sup>6</sup> Unaudited figures through May 31, 2018.

<sup>7</sup> Unaudited figures through May 31, 2019.

Source: RFTA

**Operating Revenue and Service Contracts.** A major revenue source for RFTA is received through ridership and fare revenues and service contracts. However, only the Pledged Revenues secure the payment of the Bonds. See “—Transit Services and Service Contracts,” above and “—Fare Structure,” below.

**Fare Structure.** Passenger fare revenues are derived from fares charged to the users of the System. Fares may be paid in exact change, by punch passes, by adult valley monthly passes, by zone passes, or by youth valley monthly passes. The monthly passes are valid for unlimited rides during a calendar month. The zone passes are valid for unlimited rides within a specific zone. There are 10 zones, each serving different areas. RFTA may adjust fares on the System without the approval or consent of any other body or entity. As a recipient of federal grants, RFTA is obligated to consider comments arising from a public involvement process prior to implementing any fare increases. Given the magnitude of fare increases implemented in 2009, RFTA has not increased fares, but is currently evaluating targeted fare increases for future implementation. *Such passenger fare revenues are not pledged to the payment of the Series 2019 Bonds or any Parity Lien Bonds.*

The following table sets forth RFTA fares which became effective for the 2019 summer season.

**TABLE XI**  
**RFTA Fare Structure**

Type of Pass	Usage
<b>Zone 1: Aspen Village to Aspen</b>	
Cash	Round trip/\$4.00 per day
Stored Value Card—Adult Fare	Round trip/\$2.96 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$62.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$400.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$380.00
<b>Zone 2-5: Basalt Snowmass/Aspen</b>	
Cash	Round trip/\$8.00 per day
Stored Value Card—Adult Fare	Round trip/\$5.92 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$120.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$734.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$697.30
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$89.00
<b>Zone 6: El Jebel Blue Lake/Aspen</b>	
Cash	Round trip/\$10.00 per day
Stored Value Card—Adult Fare	Round trip/\$7.40
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$150.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$774.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$735.30
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$89.00
<b>Zone 7: Carbondale/Aspen</b>	
Cash	Round trip/\$12.00 per day
Stored Value Card—Adult Fare	Round trip/\$8.88 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$163.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$793.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$753.35
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$89.00
<b>Zone 8: Glenwood Springs/Aspen</b>	
Cash	Round trip/\$14.00 per day
Stored Value Card—Adult Fare	Round trip/\$10.36 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$163.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$801.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$760.95
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$89.00
<b>Zone 9: New Castle/Aspen</b>	
Cash	Round trip/\$16.00 per day
Stored Value Card—Adult Fare	Round trip/\$11.84 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$163.00
Seasonal Zone Pass (Non chamber price)	Unlimited usage within zone/\$821.00
Seasonal Zone Pass (Chamber price)	Unlimited usage within zone/\$779.95
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$89.00
<b>Zone 10: New Castle/Glenwood Springs</b>	
Cash	Round trip/\$6.00 per day
Stored Value Card—Adult Fare	Round trip/\$4.44 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$98.00
Youth Hogback Pass	Unlimited usage for calendar month/\$64.00
<b>Zone 11: Silt/Glenwood Springs</b>	
Cash	Round trip/\$8.00 per day
Stored Value Card—Adult Fare	Round trip/\$5.92 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$98.00
Youth Hogback Pass	Unlimited usage for calendar month/\$64.00
<b>Zone 12: Rifle/Glenwood Springs</b>	
Cash	Round trip/\$10.00 per day
Stored Value Card—Adult Fare	Round trip/\$7.40 per day
30-Day Zone Pass	Unlimited usage for 30 days within zone/\$98.00
Youth Hogback Pass	Unlimited usage for calendar month/\$64.00

Source: RFTA

The following table sets forth a history of annual ridership and fare revenues received, which includes revenue received from the various passes offered and rider fares received.

**TABLE XII**  
**Annual Ridership and Fare Revenue**

Year	Total Boardings	Revenue Boardings	Fare Revenue	Fare Revenue Percent Change
2014	4,729,996	\$1,977,995	\$4,499,477	--
2015	4,788,574	1,940,014	4,482,358	0.38%
2016	5,065,569	1,842,488	4,810,458	7.32
2017	5,518,347 <sup>1</sup>	1,952,252	4,853,174	0.89
2018	5,159,115	1,961,129	5,157,553	6.27
2018 <sup>2</sup>	2,307,827	764,350	1,891,764	--
2019 <sup>3</sup>	2,451,374	799,130	1,980,273	--

<sup>1</sup> Approximately 350,000 of these passengers were due to associated transit services provided by RFTA to help mitigate traffic congestion connected with construction of the new Grand Avenue Bridge in Glenwood Springs.

<sup>2</sup> Information through May 2018.

<sup>3</sup> Information through May 2019.

Source: RFTA

**Federal, State and Local Grants and Contributions.** RFTA also receives revenue from grants from the FTA, the State and other contributions from local governments. These grants are reserved for capital, planning, technical assistance or operating assistance projects. The following table sets forth the federal, State and local grant and contribution receipts from 2014 to 2018, and unaudited, year to date 2018 and 2019 comparative figures.

**TABLE XIII**  
**RFTA Federal, State and Local Grants and Contribution Receipts <sup>1</sup>**

Year	Federal & State Operating Assistance	Federal & State Capital Grants	Other	Total <sup>2</sup>
2014	\$ 985,000	\$3,490,909	\$2,262,941	\$ 6,738,850
2015	1,114,550	5,692,502	5,773,939	12,580,991
2016	1,214,550	8,773,969	2,070,309	12,058,828
2017	1,214,550	1,255,823	1,850,257	4,320,630
2018	1,214,370	974,546	2,270,681	4,459,597
2018 <sup>3</sup>	653,894	894,046	1,712,622	3,260,562
2019 <sup>4</sup>	826,057	--	1,509,534	2,335,591

<sup>1</sup> Such figures represent FTA grant money and CDOT grant money received by RFTA. For historical totals of capital grants RFTA has received, including FTA and CDOT grants, see "TABLE X—Historical Revenue by Source."

<sup>2</sup> Does not include trail grants.

<sup>3</sup> Unaudited amounts through May 2018.

<sup>4</sup> Unaudited amounts through May 2019.

Source: RFTA

**Other Revenue.** RFTA receives revenue from various other sources including local projects, registration fees and other operating revenues.

## Historical and Budgeted General Fund Financial Information

The following tables set forth a Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund for the last five years. Prospective investors who wish to review such financial statements in their entirety may request copies as described in “INTRODUCTION—Additional Information.”

**TABLE XIV**  
**History of General Fund Revenues, Expenditures and Changes in Fund Balance**

	2014	2015	2016	2017	2018
<b>Revenues</b>					
Sales And Use Taxes	\$18,744,360	\$20,398,401	\$21,074,477	\$22,100,373	\$23,067,346
Operating Revenue	4,496,762	4,485,072	4,810,458	4,853,175	5,156,184
Capital Grant Revenue	561,409	4,572,513	3,245,771	1,377,429	980,771
Operating Grant Revenue	985,000	1,114,550	1,214,550	1,214,550	1,214,370
Local Government Capital Contributions	1,003,785	4,442,281	706,151	211,342	534,725
Local Government Operating Contributions	1,261,900	1,331,658	1,364,158	1,638,915	1,735,956
Other Income	466,194	424,214	550,849	586,779	545,921
Investment Income	<u>15,239</u>	<u>15,586</u>	<u>58,109</u>	<u>128,447</u>	<u>262,530</u>
Total Revenues	<u>27,534,649</u>	<u>36,784,275</u>	<u>33,024,523</u>	<u>32,111,010</u>	<u>33,497,803</u>
<b>Expenditures</b>					
Transit Fuel	1,896,928	1,713,824	1,347,103	1,188,599	1,095,449
Transit Operations	7,447,057	8,022,698	8,380,817	8,702,855	9,065,210
Transit Maintenance	3,753,521	4,379,461	4,287,850	4,232,582	4,745,087
Administration	3,861,924	4,354,183	4,407,981	4,780,807	5,238,038
Facilities	1,632,390	1,787,215	1,598,512	1,960,552	2,210,857
Trails/Corridor Management	437,860	444,444	430,372	489,121	469,039
Capital Outlay	2,170,345	12,003,235	10,553,211	4,615,633	4,562,517
Debt Service <sup>1</sup> :					
Principal	1,660,531	1,739,475	1,768,117	1,312,722	937,896
Interest	<u>615,549</u>	<u>599,934</u>	<u>575,547</u>	<u>587,367</u>	<u>555,039</u>
Total Expenditures	<u>23,476,105</u>	<u>35,044,469</u>	<u>33,349,510</u>	<u>27,870,238</u>	<u>28,879,132</u>
<b>Excess of Revenues Over (Under)</b>					
Expenditures	4,058,544	1,739,806	(324,987)	4,240,772	4,618,671
<b>Other Financing Sources (Uses)</b>					
Transfers to Other Funds	(2,486,479)	(2,543,493)	(2,610,249)	(3,006,234)	(2,626,144)
Transfers from Other Funds	6,406,526 <sup>2</sup>	--	--	157,933	5,730
Sale of Assets	--	--	27,128	--	--
Lease Proceeds	137,201	1,453,285	4,577,125	31,861	28,885
Insurance Recovery	--	--	--	--	<u>64,766</u>
Total Other Financing Sources (Uses)	<u>4,057,248</u>	<u>(1,090,208)</u>	<u>1,994,004</u>	<u>(2,816,440)</u>	<u>(2,526,763)</u>
Change in Fund Balance/Net Position	8,115,792	649,598	1,669,017	1,424,332	2,091,908
Beginning Fund Balance/Net Position	<u>8,354,623</u>	<u>16,470,413</u> <sup>2</sup>	<u>17,120,011</u>	<u>18,789,028</u>	<u>20,213,360</u>
Ending Fund Balance/Net Position	<u>\$16,470,415</u> <sup>3</sup>	<u>\$17,120,011</u>	<u>\$18,789,028</u>	<u>\$20,213,360</u>	<u>\$22,305,268</u>

<sup>1</sup> Represents debt service on certain Pitkin County Sales Tax Revenue Bonds and lease purchase obligations. See “DEBT STRUCTURE—Revenue Obligations—Pitkin Sales Tax Revenue Bonds.” Does not include debt service on the Parity Lien Bonds. Debt Service on the Bonds and Parity Lien Bonds is payable from the Authority’s Debt Service Fund. For information regarding the Debt Service Fund and debt service on the Parity Lien Bonds see “DEBT STRUCTURE—Revenue Obligations” and “APPENDIX C—AUDITED BASIC FINANCIAL STATEMENTS OF RFTA AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018”

<sup>2</sup> One time transfer from the BRT Special Revenue Fund upon its closure.

<sup>3</sup> Difference in beginning and ending fund balance due to rounding.

Source: RFTA audited financial statements, 2014-2018

## General Fund Budget Summary and Comparison

**Budgetary Process and Information.** RFTA’s budget is prepared on a calendar year basis as required by 29-1-101, et seq., Colorado Revised Statutes. Prior to October 15 of each fiscal year, the Budget Officer submits an operating and capital budget for the ensuing fiscal year to the Board for its approval. The Board may accept the budget with a majority vote or may vote to override all or any part of the proposed budget. After the budget is approved (on or before December 31), in conjunction with an appropriation resolution by the Board, who must also approve subsequent amendments thereto, the Chief Executive Officer is empowered to administer the operating and capital budget. Set forth hereafter is a comparison of RFTA’s 2018 and 2019 General Fund budgets and actual unaudited figures for the 2019 year to date (through May 31, 2019).

**TABLE XV**  
**General Fund Budget Summary <sup>1</sup>**

	<b>2018 Budget (as amended)</b>	<b>2019 Budget (as amended)</b>	<b>2019 Actual Year to Date (unaudited) <sup>2</sup></b>
<b>Revenues:</b>			
Sales and Use Taxes	\$22,511,000	\$23,236,000	\$ 7,958,886
Property Taxes	--	8,457,000	5,775,027
Operating Revenues	5,021,000	5,151,000	1,980,273
Capital Grants	1,036,724	10,496,471	--
Operating Grants	1,214,370	1,315,810	826,057
Local Govt Capital Contributions	534,725	3,196,712	50,468
Local Govt Operating Contributions	1,733,191	1,479,633	1,459,066
Other	551,440	520,800	248,720
Investment Income	187,000	283,500	140,578
Total Revenues	<u>32,789,450</u>	<u>54,136,926</u>	<u>18,439,075</u>
<b>Expenditures:</b>			
Transit Fuel	1,394,758	1,833,277	667,342
Transit Operations	9,074,612	10,283,248	3,980,521
Transit Maintenance	4,735,041	5,123,118	1,856,445
Administration	5,519,677	6,481,430	2,498,547
Facilities	2,418,018	2,181,208	799,444
Trails & Corridor Mgmt	540,120	589,025	132,083
Capital Outlay	4,595,022	21,707,640	1,089,044
Debt Service			
Principal	957,930	1,019,054	271,059
Interest	555,041	532,267	99,074
Total Expenditures	<u>29,790,219</u>	<u>49,750,267</u>	<u>11,393,559</u>
Excess of Revenues Over Expenditures	2,999,231	4,386,659	7,045,516
<b>Other Financing Sources (Uses):</b>			
Transfers In <sup>3</sup>	5,730	--	--
Transfers Out	(2,757,871)	(2,769,053)	(1,226,514)
Capital Lease Proceeds	150,000	257,000	34,946
Insurance Recoveries	--	--	98,427
Total Other Financing Sources (Uses)	<u>(2,602,141)</u>	<u>(2,512,053)</u>	<u>(1,093,141)</u>
Change in Net Assets	<u>\$ 397,090</u>	<u>\$ 1,874,606</u>	<u>\$ 5,952,375</u>

<sup>1</sup> Figures have been rounded.

<sup>2</sup> Year-to-date actual, unaudited figures through May 31, 2019.

<sup>3</sup> Reflects, unexpended funds from AMF Capital Project transferred from capital project funds of the Authority to the General Fund. Source: RFTA 2018 and 2019 Budget documents (as amended), and RFTA

## **Management’s Discussion and Analysis of Recent Financial Trends**

See the complete Management’s Discussion and Analysis in RFTA’s audit for the year ended December 31, 2018, appended hereto.

### **Retirement and Pension Matters**

**457 Plan.** RFTA provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the “457 Plan”). The 457 Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Investment purchases of the 457 Plan are determined by the plan participant and, therefore, the plan’s investment concentration varies between participants. The Authority has no liability for losses under the 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority is neither the trustee nor the administrator for the 457 Plan. The 457 Plan is administered by the Colorado County Officers and Employees Retirement Association.

**401(a) Plan.** In 2005, the Authority established a defined contribution money purchase plan under Code Section 401 of the Internal Revenue code (the “401(a) Plan”). The 401(a) Plan is administered by Empower Retirement. The 401a Plan is governed by a plan document and amendment requires approval by the “Retirement Plan Board.” The Retirement Plan Board is the trustee of the 401(a) Plan and has the duty of due care that would be required of an ordinary prudent investor; however, has no liability for losses under the plan. The 401(a) Plan sponsor is the only contributor to the 401(a) Plan. All Authority employees receive a 12.55% of salary contribution to the 401(a) Plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority’s expenses to the 401(a) Plan were approximately \$1,987,000 for 2017 and \$2,044,000 for 2018.

The Authority’s contributions start vesting at 50% and increase by 10% for each year of service. After five years of services, employees become fully vested in the 401(a) Plan. The Authority first uses forfeited amounts to pay expenses of administering the 401(a) Plan, and then such amounts are used to reduce the Authority’s contributions for the 401(a) Plan year in which the forfeitures arose. The Authority used \$20,084 and \$20,786 in 2017 and 2018 respectively, in forfeitures to pay 401(a) Plan expenses. There was no liability outstanding as of December 31, 2017 and no liability outstanding as of 2018.

See also Note V.G. to RFTA’s audited financial statements appended hereto.

### **Risk Management**

RFTA is exposed to various risks of loss related to workers’ compensation, general liability and worker unemployment. RFTA purchases commercial insurance to mitigate these risks, and believes such insurance coverage to be adequate.

## **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.

In an election held in November 2000, RFTA voters approved a ballot question allowing RFTA to collect, retain, and expend all revenues received in excess of the above described limit on fiscal year spending.

## DEBT STRUCTURE

### Revenue Obligations

At an election held on November 4, 2008, qualified electors of RFTA approved the issuance of indebtedness of up to \$44,555,000 to finance the costs of RFTA’s Regional Transportation Improvement Plan. The following table sets forth information on RFTA’s outstanding revenue obligations upon issuance of the Bonds. RFTA will have no remaining authorized but unissued indebtedness payable from the Pledged Revenues after issuance of the Bonds except as described below under “Property Tax Revenue Bonds.”

**TABLE XVI**  
**Outstanding Revenue Obligations <sup>1</sup>**

Obligation	Outstanding Principal Amount
Sales and Use Tax Revenue Bonds, Series 2009A	\$ 1,305,000
Taxable Sales and Use Tax Revenue Bonds (Qualified Energy Conservation Bonds—Direct Payment to Issuer), Series 2012A	4,950,000
Series 2013B Loan <sup>2</sup>	
Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019	<u>25,475,000*</u>
Total	<u>\$31,730,000*</u>

<sup>1</sup> Upon issuance of the Bonds.

<sup>2</sup> See “—Sales Tax Revenue Loans” below for description of each respective loan.

\* Preliminary; subject to change.

**Sales Tax Revenue Loans.** The Authority has entered into the following sales tax revenue loans.

*Series 2013A Loan.* In November 2013, the Authority entered into a \$2,000,000 sales tax revenue loan agreement and promissory note with Banc of America Public Capital Corp. to finance the acquisition, construction and equipping vehicle maintenance and other facilities; the acquisition of buses and transit vehicles; and providing road improvements related to the regional transportation system and intelligent transportation system and intelligent transportation system components for the BRT system. The loan carries a fixed interest rate of 3.48% with a final maturity date of 2028. *A portion of the proceeds of the Refunding Bonds are expected to be used to refund the Series 2013A Loan.*

*Series 2013B Loan.* In November 2013, the Authority entered into a \$1,300,000 taxable sales tax revenue (Qualified Energy Conservation Bonds—Direct Payment to Issuer) loan agreement and promissory note with Banc of America Leasing & Capital, LLC to finance the Roaring Fork Transportation Green Community Program including energy efficient upgrades, improvements and renovations at AMF. The loan carries a fixed interest rate of 4.96% with a final maturity date of 2030.

***Pitkin Sales Tax Revenue Bonds.*** Pursuant to the Organizing IGA, Pitkin County agreed to pay to RFTA certain proceeds of Pitkin County’s transportation sales tax, subject to the following. Pitkin County has previously issued its sales tax revenue bonds, secured by such transportation sales tax, to finance certain transportation assets. Pursuant to the Organizing IGA, in exchange for the transfer of such assets to RFTA, the amount of Pitkin County’s transportation sales tax otherwise payable by Pitkin County to RFTA is to be reduced by the amount of principal and interest payments on Pitkin County’s outstanding and future sales tax revenue bonds secured by such transportation sales tax. Such Pitkin County sales tax revenue bonds are presently outstanding in the aggregate principal amount of \$3,260,000 and are reflected as an accounting liability of RFTA in its audited financial statements attached hereto (see Note IV.F.1. therein). To the extent not needed for payment of such Pitkin County bonds, revenues of such Pitkin County tax are transferred to the Authority’s General Fund and may be used for any lawful purpose. ***Such Pitkin County tax is not pledged to the payment of the Bonds or the Parity Lien Bonds, and the Pledged Revenues are not pledged to the payment of such Pitkin County bonds.***

***Property Tax Revenue Bonds.*** At the November 2018 election, RFTA voters approved a ballot issue authorizing the imposition of an valorem property tax at the rate of 2.65 mills and the issuance of revenues bonds in a principal amount not to exceed \$74,675,000 payable from the revenues of such property tax and, to the extent such property tax revenues are insufficient, from other RFTA revenues. Although the ballot issue would permit RFTA to apply the Pledged Revenues to the payment of such bonds, RFTA would be required to either (a) meet the coverage test described in “THE BONDS—Security for the Bonds—*Additional Bonds*” to apply such revenues on a parity basis with the application thereof to the payment of the Bonds, or (b) apply such revenues on a basis subordinate to the payment of the Bonds. At present, RFTA does not intend to apply any of the Pledged Revenues to the payment of such bonds.

#### **Leases and Other Financial Obligations**

The Board has the authority to enter into installment or lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment and failure to annual appropriate funds and continue such leases will result in the forfeiture of the related property or equipment. As of December 31, 2018, RFTA has the following leases and other annual financial obligations outstanding.

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**Capital Leases.** RFTA has entered into multiple installment and lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment. Information on the outstanding leases is set forth in the following table. Each of these leases requires RFTA to pay annual rentals, subject to annual appropriation, *but are not secured by a pledge of the Pledged Revenues.* See Note IV.F.3. to RFTA’s audited financial statements appended hereto.

**TABLE XVII**  
**Outstanding Capital Lease Obligations <sup>1</sup>**

<b>Capital Lease Obligation</b>	<b>Outstanding Principal Amount</b>
2008 Parker House	\$ 1,332,183
1340 Main Street, Carbondale	737,465
2015 Solar Array	1,304,332
2016 Ford Explorer	7,853
2016 Ford F150 and F250	18,855
2016 CNG Buses	3,739,023
2017 Ford Explorer	8,437
2017 Ford Explorer	15,906
2018 Ford Explorer	<u>20,921</u>
Total	<u>\$7,184,975</u>

<sup>1</sup> As of December 31, 2018.  
Source: RFTA

**Other Financial Obligations.** In 2009, RFTA executed an annually renewable line of credit agreement in the amount of \$1,000,000 with Alpine Bank. RFTA has not utilized the line of credit as of the date of this Official Statement.

## 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 Board, 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 Board has not acted to increase the damages liability limitations in the Immunity Act. Suits against both the Board and a public employee do not increase such maximum amounts which may be recovered. The Board may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the Board 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 Board 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 Board 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.

### **Legal Representation**

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kutak Rock LLP, Denver, Colorado, Bond Counsel. In addition to acting as Bond Counsel, Kutak Rock LLP has also been retained to advise RFTA concerning, and has assisted in the preparation of, this Official Statement. Certain legal matters will be passed upon for RFTA by Paul J. Taddune, P.C., Aspen, Colorado, as General Counsel to RFTA.

The legal opinions to be delivered concurrently with the delivery of the Bonds 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.

### **Pending and Threatened Litigation**

To the knowledge of Paul J. Taddune, P.C., Aspen, Colorado, General Counsel to RFTA, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting RFTA, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of RFTA, the security for the Bonds, RFTA's ability to comply with its obligations under the Bond Resolution, the transactions contemplated by the Bond Resolution or the validity and enforceability of the Bond Resolution or the Bonds.

## TAX MATTERS

**General Matters.** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds 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 above assumes the accuracy of certain representations and compliance by the Board with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Bond Counsel is also of the opinion that, under existing State of Colorado statutes interest on the Series 2019 Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

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

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond

during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

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

***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 Bonds 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 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that 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 Bonds 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 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

## MISCELLANEOUS

### Rating

S&P has assigned the rating to the Bonds shown on the cover page hereof with an outlook of “stable.” Such rating reflects only the view of the rating agency and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, 40th Floor, New York, New York, 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of the rating indicated above may have an adverse effect on the market price of the Bonds.

### Underwriting

The Bonds are being sold by RFTA to the Underwriter at a discount of \$\_\_\_\_\_ pursuant to a bond purchase agreement entered into between the Underwriter and RFTA. Expenses associated with the issuance of the Bonds are being paid by RFTA from proceeds of the Bonds.

The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement, plus accrued interest from the date of the Bonds. Such prices or yields 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 Bonds to the public.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest

rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of RFTA. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of RFTA.

### **Registration of Bonds**

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended, pursuant to exemptions from registration provided in such acts. RFTA ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

### **Undertaking To Provide Ongoing Disclosure**

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), RFTA has agreed for the benefit of the holders of the Bonds to provide certain financial information, other operating data and notices of material events to the Electronic Municipal Market Access facility (“EMMA”) operated by the Municipal Securities Rulemaking Board (“MSRB”) after the Bonds are executed and delivered. The form of RFTA’s Continuing Disclosure Undertaking (the “Undertaking”) is attached as “APPENDIX B” to this Official Statement.

A failure by RFTA to comply with the requirements of the Rule will not constitute an Event of Default under the authorizing resolution (although Bond owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

During the past five years, the Authority failed to timely file on EMMA certain annual financial information and operating data, including failing to file financial information and operating data for the fiscal years ending December 31, 2016 and 2017 within the time period permitted by the Authority’s continuing disclosure undertakings in effect at the times of such required filings (the “Past Undertakings”), as required by the Rule. In addition, the financial information and operating data for the fiscal years ending December 31, 2014 through 2017 failed to include certain historical information regarding sales and use tax collections required by the Past Undertakings and certain additional tables required by the Past Undertaking relating to the Authority’s Certificates of Participation, Series 2005 (the “2005 Certificates,” which are no longer outstanding). In each of these instances, the Authority failed to give timely notice of such failures as required by the Rule and pursuant to the Past Undertakings. Such notices were filed by the Authority on August 6, 2019.

During such five-year period, the Authority also failed to file notice of two rating changes with respect to the 2005 Certificates, including a change to the insured rating on the 2005 Certificates in April 2015 based on a rating upgrade of the insurer for the 2005 Certificates, and a change to the underlying rating on the 2005 Certificates in November 2015. The Authority failed to give timely notice of these failures as required by the Rule and pursuant to the Past Undertakings. Such notice was filed by the Authority on August 6, 2019.

The Authority has retained DAC to assist with the filings described above and all future filings.



## APPENDIX A

### SUMMARY OF BOND RESOLUTION

Set forth hereafter are selected descriptions of provisions from the Bond Resolution authorizing the issuance of the Bonds. See also “THE BONDS—Security for the Bonds” for a description of additional selected provisions relating to the Bonds and additional information regarding the provisions described herein.

#### Defined Terms

The following terms shall have the following meanings, as used in the Bond Resolution and this Official Statement.

“*Act*” means, collectively, the Regional Transportation Authority Law, the Ballot Issue, the Refunding Act, and the Supplemental Act.

“*Adverse Tax Event*” means (a) with respect to Tax Exempt Obligations, an event that would cause interest on any Tax Exempt Obligation to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (except, with respect to corporations, as such interest is required to be taken into account in determining “adjusted current earnings” for the purpose of computing the alternative minimum tax imposed on such corporations); (b) with respect to Federal Subsidy Obligations, an event that would result in any Federal Subsidy Obligation no longer qualifying as the type of Federal Subsidy Obligation that RFTA designated such obligation to be as of the date of issuance hereof.

“*Ballot Issue*” means the ballot issue approved by the voters pursuant to an election held on November 4, 2008, quoted and defined as such in the preamble to the Bond Resolution.

“*Bank*” means UMB Bank, n.a., a national banking association duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation, and having full and complete trust powers.

“*Beneficial Owner*” means any person for which a Participant acquires an interest in the Bonds.

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

“*Bond Counsel*” means (a) as of the date of issuance of the Bonds, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by RFTA with nationally recognized expertise in the issuance of municipal bonds.

“*Bond Fund*” means the Bond Fund created for the payment of principal and interest on the Bonds.

“*Bond Purchase Agreement*” means the agreement between RFTA and the Underwriter concerning the purchase of the Bonds by the Underwriter.

“*Bond Resolution*” means the resolution which authorizes the issuance of the Bonds, including any amendments properly made thereto.

“*Bonds*” means the Roaring Fork Transportation Authority (in the State of Colorado), Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019, which bonds are comprised of the Refunding Bonds and the Improvement Bonds.

“*Build America Bond*” has the same meaning as set forth in Section 54AA of the Code.

“*Business Day*” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed for business.

“*Cede*” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“*Certified Public Accountant*” means an independent certified public accountant within the meaning of § 12-2-115, C.R.S. and any amendment thereto, licensed to practice in the State.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

“*Colorado Recovery Act*” means Colorado Recovery and Reinvestment Finance Act of 2009 codified in Article 59.7 of Title 11, Colorado Revised Statutes, as amended.

“*Combined Maximum Annual Principal and Interest Requirements*” means an amount equal to the maximum amounts required to be paid in any single current or future calendar year as the principal of (including any mandatory sinking fund requirements) and interest on the Outstanding Bonds, any outstanding Parity Lien Bonds and the proposed Parity Lien Bonds, excluding any such bonds which have been defeased pursuant to the terms of the authorizing documents. For purposes of calculating the Combined Maximum Annual Principal and Interest Requirements: (i) with respect to any calendar year in which any issue of Bonds or Parity Lien Bonds finally mature, there is to be subtracted from the final payment for said bonds any cash or the present value of any investments deposited in the Reserve Fund that would be available for payment of such Outstanding Bonds or Parity Lien Bonds at final maturity in accordance with the Section of the Bond Resolution titled “Reserve Fund;” and (ii) the maximum annual debt service on any Federal Subsidy Obligations will be further adjusted as provided with respect to Bonds or Parity Lien Bonds issued as Federal Subsidy Obligations (as set forth in the Section of the Bond Resolution titled “Additional Provisions Applicable to Federal Subsidy Obligations”), but only so long as an Adverse Tax Event has not occurred with respect to such Federal Subsidy Obligations.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of RFTA executed and delivered by RFTA in connection with the issuance of the Bonds to facilitate compliance with Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12).

“*C.R.S.*” means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

“*Dated Date*” means the original dated date for the Bonds as established in the Sale Certificate.

“*Depository*” means any securities depository as RFTA may provide and appoint, in accordance with the guidelines of the federal Securities and Exchange Commission, which shall act as securities depository for the Bonds.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns, which shall act as the initial Depository of the Bonds.

“DTC Blanket Letter of Representations” means the agreement between RFTA and DTC whereby RFTA agrees to comply with DTC’s operational requirements.

“Escrow Agent” means the Bank, in its capacity as Escrow Agent under the Escrow Agreement, and its successors in interest or assigns approved by RFTA.

“Escrow Agreement” means the Defeasance Escrow Agreement dated as of the date of issuance of the Bonds, between RFTA and the Escrow Agent.

“Event of Default” means any of the events specified under the caption “Events of Default.”

“Federal Direct Payments” means amounts payable by the federal government to RFTA, with respect to interest on Federal Subsidy Obligations, pursuant to the Federal Recovery Act.

“Federal Recovery Act” means the federal “American Recovery and Reinvestment Act of 2009,” Public Laws 111-5, enacted by the United States Congress, and any amendments thereto.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct non-callable obligations of the United States of America or which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to the extent such investments are Permitted Investments.

“Federal Subsidy Obligation” means any obligation issued by RFTA which constitutes a “Stimulus Obligation” as defined in the Colorado Recovery Act and with respect to which RFTA has elected to receive Federal Direct Payments. The Series 2009B Bonds, the Series 2012A Bonds, and the Series 2013B Loan constitute Federal Subsidy Obligations.

“Improvement Bonds” means the portion of the Bonds the proceeds of which will be applied to the Project.

“Interest Account” means a sub-account of each Bond Fund established by the provisions of the Bond Resolution for the purpose of paying the interest on the related Series of Bonds.

“Interest Payment Date” means each June 1 and December 1, commencing on the June 1 or December 1 specified in the Sale Certificate, or such other dates set forth in the Sale Certificate.

“Outstanding” means, as of any date, all Bonds, except the following:

- (a) any Bond cancelled by RFTA or the Paying Agent, or otherwise on RFTA’s behalf, at or before such dates;
- (b) any Bond held by or on behalf of RFTA;
- (c) any Bond for the payment of which moneys or Federal Securities sufficient to meet all of the payment requirements of the principal of and interest on such Bond to the date of maturity shall have theretofore been deposited in trust for such purpose in accordance with the provisions described under the caption “Defeasance” and all other requirements described therein shall have been satisfied; and

(d) any lost, apparently destroyed, or wrongfully taken Bond in lieu of or in substitution for which another bond or other security shall have been executed and delivered.

“*Owner*” or “*Owners*” means the Person or Persons in whose name or names a Bond is registered on the registration books maintained by the Paying Agent pursuant hereto.

“*Parity Lien Reserve Policy Provider*” means any entity which issues a Reserve Fund Contract with respect to any Parity Lien Bonds.

“*Parity Lien Bonds*” means the Series 2009A Bonds, any Series 2009B Bonds not included in the Refunded Bonds, the Series 2012A Bonds, the Series 2013A Loan if not included in the Refunded Bonds pursuant to Section 4 of the Bond Resolution, the Series 2013B Loan, and any bonds or other obligations permitted to be issued pursuant to the Section of the Bond Resolution entitled “Conditions to Issuance of Parity Lien Bonds,” with a lien that is equal and on a parity with the lien of the Bonds on the Pledged Revenues (other than Federal Direct Payments, if any, which are pledged solely to the payment of the related Federal Subsidy Obligations).

“*Participant*” or “*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Paying Agent*” means the Bank, which shall act as paying agent, bond registrar, and authenticating agent for the Bonds.

“*Paying Agent Agreement*” means the agreement between RFTA and the Paying Agent concerning the duties and obligations of the Paying Agent with respect to the Bonds.

“*Permitted Investments*” means any investment which is a lawful investment permitted for the investment of funds of RFTA by the laws of the State, subject to any further limitations required by the Reserve Policy Provider or any Rating Agency, as may be set forth in the Sale Certificate.

“*Person*” means a corporation, firm, other body corporate, partnership, association or individual and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“*Pledged Revenues*” means all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds.

“*Policy Costs*” is defined under the caption “Reserve Fund Reserve Policy Provisions.”

“*Principal Account*” means a sub-account of the Bond Fund established by the provisions of the Bond Resolution for the purpose of paying the principal of and premium, if any, on the Bonds.

“*Principal Payment Date*” means December 1 or such other date or dates of each year as established in the Sale Certificate.

“*Pro Rata Portion*” means the dollar amount derived by dividing the amount of principal or interest to come due on the next Principal Payment Date or Interest Payment Date by the number of monthly credits required to be made prior to such payment date.

“*Project*” means any purpose for which proceeds of the Improvement Bonds may be expended under the Act and the Ballot Issue, including without limitation a pro rata portion of the costs of issuing the Bonds.

“*Project Costs*” means RFTA’s costs properly attributable to the Project or any part thereof, including without limitation: (a) the costs of labor and materials, machinery, furnishings, equipment, and the restoration of property damaged or destroyed in connection with construction work; (b) the costs of surveys, appraisals, plans, designs, specifications, and estimates; (c) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (d) the costs of issuing the Bonds; and (e) all other lawful costs as determined by the Board.

“*Project Fund*” means the “Project Fund” created by the Bond Resolution.

“*Rating Agency*” means Fitch Investors Service, Inc., Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc.

“*Record Date*” means the 15th day of the calendar month immediately preceding each interest payment date.

“*Redemption Date*” means any date on which all or any portion of the Bonds or Parity Lien Bonds are called for optional or mandatory sinking fund.

“*Refunded Bonds*” means the Series 2013A Loan and those Series 2009B Bonds that are set forth as such in the Sale Certificate pursuant to Section 4 of the Bond Resolution.

“*Refunding Act*” means Article 56 of Title 11, Colorado Revised Statutes, as amended, or any successor thereto.

“*Refunding Bonds*” means the portion of the Bonds the proceeds of which will be applied to the Refunding Project.

“*Refunding Bonds Escrow Fund*” means the fund of that name established pursuant to the Escrow Agreement.

“*Refunding Project*” means the refunding of the Refunded Bonds and any other purpose for which proceeds of the Bonds may be expended under the Refunding Act, including, but not limited to, the payment of the costs of issuing the Bonds and the refunding, paying and discharging of the Refunded Bonds.

“*Reserve Fund*” means the “Reserve Fund” reaffirmed in the Bond Resolution.

“*Reserve Fund Contract*” means a surety bond, insurance policy, letter of credit, investment agreement, investment contract or similar instrument obtained for the purpose of meeting all or any portion of the Reserve Fund Requirement, which term includes without limitation the Reserve Policy.

*“Reserve Fund Requirement”* means, as of any date on which it is calculated, the least of (a) 10% of the original principal amount of the Outstanding Bonds and Parity Lien Bonds, (b) the maximum annual debt service in the then current or any future calendar year on the Outstanding Bonds and Parity Lien Bonds or (c) 125% of the average annual debt service on the Outstanding Bonds and Parity Lien Bonds; provided, however, that if, in the opinion of Bond Counsel, the funding or maintenance of the Reserve Fund at the level otherwise determined pursuant to this definition will cause an Adverse Tax Event, then the Reserve Fund Requirement will be reduced to the maximum amount permitted without causing an Adverse Tax Event, in accordance with the opinion of Bond Counsel. For purposes of the calculating the maximum annual debt service on Outstanding Bonds or Parity Lien Bonds: (i) with respect to any calendar year in which any issue of Bonds or Parity Lien Bonds finally mature, there is to be subtracted from the final payment for said bonds any cash or the present value of any investments deposited in the Reserve Fund that would be available for payment of such Outstanding Bonds or Parity Lien Bonds at final maturity in accordance with the Section hereof titled “Reserve Fund;” and (ii) the maximum annual debt service on any Federal Subsidy Obligations shall be further adjusted as provided with respect to Bonds issued as Federal Subsidy Obligations (as set forth in the Section hereof titled “Additional Provisions Applicable to Federal Subsidy Obligations”), but only so long as an Adverse Tax Event has not occurred with respect to such Federal Subsidy Obligations.

*“Reserve Policy”* means the municipal bond debt service reserve insurance policy issued by the Reserve Policy Provider for the purpose of funding the Reserve Fund.

*“Reserve Policy Agreement”* means the reserve policy agreement with respect to the Bonds, between RFTA and the Reserve Policy Provider.

*“Reserve Policy Provider”* means Build American Mutual Assurance Company, or any successor thereto.

*“Resolution”* means the Bond Resolution.

*“RFTA”* means the Roaring Fork Transportation Authority, in the State of Colorado.

*“Sale Certificate”* means the certificate executed by the Sale Delegate under the authority delegated pursuant to the Bond Resolution, including but not limited to, the identity of the Reserve Policy Provider, provisions required by the Reserve Policy Provider, including terms of the Reserve Policy, the Sections of the Bond Resolution entitled “Bond Details,” “Redemption of Bonds Prior to Maturity,” and “Approval of Official Statement, Reserve Fund Contract and Miscellaneous Documents” which set forth, among other things, the aggregate principal amount of the Bonds, the Dated Date, the price at which the Bonds will be sold, the amount of principal of the Bonds maturing in any particular year, the Interest Payment Dates, the Principal Payment Dates and the rate of interest on the Bonds, as well as the dates on which the Bonds may be redeemed and the redemption prices therefore.

*“Sale Delegate”* means the Authority’s Chief Executive Officer, or, in the absence of the Chief Executive Officer, the Authority’s Chief Financial and Administrative Officer.

“*Sales and Use Tax*” means the sales and use tax imposed by RFTA pursuant to resolutions adopted by the Board in 2000, September 11, 2004 and November 13, 2008, and approved by the applicable voters of RFTA on November 7, 2000 and November 7, 2004, and November 4, 2008, at the rates set forth below. The term “Sales and Use Tax” does not include any of RFTA’s sales and use tax other than the sales and use tax referenced in the preceding sentence unless otherwise specified by the Board.

- A. City of Aspen – 0.4%
- B. The Town of Snowmass Village – 0.4%
- C. Unincorporated Pitkin County – 0.4%
- D. The Town of Basalt – 0.8%
- E. Unincorporated Eagle County voting precincts 7, 8, 24 and 25 – 0.6%
- F. The Town of Carbondale – 1.0%
- G. City of Glenwood Springs – 1.0%
- H. The Town of New Castle – 0.8%

“*Series 2009 Bond Resolution*” means Resolution No. 2009-14, which was adopted by the Board on June 11, 2009.

“*Series 2009 Bonds*” means, collectively, the Series 2009A Bonds and the Series 2009B Bonds.

“*Series 2009A Bonds*” means the Authority’s Sales and Use Tax Revenue Bonds, Series 2009A, originally issued in the aggregate principal amount of \$6,190,000.

“*Series 2009B Bonds*” means the Authority’s Sales and Use Tax Revenue Bonds (Build America Bond—Direct Payment to Issuer), Series 2009B, originally issued in the aggregate principal amount of \$21,310,000.

“*Series 2012A Bonds*” means the Taxable Sales And Use Tax Revenue Bonds (Qualified Energy Conservation Bonds—Direct Payment to Issuer), Series 2012A, originally issued in the aggregate principal amount of \$6,650,000.

“*Series 2013 Loan Resolution*” means Resolution No. 2013-10, which was adopted by the Board on November 14, 2013.

“*Series 2013 Loans*” means, collectively, the Series 2013A Loan and the Series 2013B Loan.

“*Series 2013A Loan*” means the Sales Tax Revenue Loan, Series 2013A, originally in the principal amount of \$2,000,000, made by Banc of America Public Capital Corp. to the Authority pursuant to a Loan Agreement (2013A) dated as of November 21, 2013, and evidenced by the related 2013A Promissory Note.

“*Series 2013B Loan*” means the Taxable Sales Tax Revenue Loan (Qualified Energy Conservation Bond—Direct Payment to Issuer), Series 2013B, originally in the principal amount of \$1,300,000, made by Banc of America Public Capital Corp. to the Authority pursuant to a Loan Agreement (2013B) dated as of November 21, 2013, and evidenced by the related 2013B Promissory Note.

“*Special Record Date*” means the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to the Bond Resolution.

“*State*” means the State of Colorado.

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

“*Tax Compliance Certificate*” means the Tax Compliance Certificate, dated the date of issuance of the Bonds, and delivered by Bond Counsel to RFTA, as it may be superseded or amended in accordance with its terms.

“*Taxable Obligation*” means any Bonds and Parity Lien Bonds the interest on which is not excludable from gross income of the holder thereof for federal income tax purposes, which, with respect to the Bonds, is to be determined by the Sale Delegate, in accordance with the Section of the Bond Resolution titled “Federal Tax Law Matters” and set forth in the Sale Certificate.

“*Tax Exempt Obligation*” means any Bonds and Parity Lien Bonds the interest on which is excludable from gross income of the holder thereof for federal income tax purposes, which, with respect to the Bonds, is to be determined by the Sale Delegate, in accordance with the Section of the Bond Resolution titled “Federal Tax Law Matters” and set forth in the Sale Certificate.

“*Underwriter*” means RBC Capital Markets LLC, Denver, Colorado, the original purchaser of the Bonds.

### **Deposit and Application of Pledged Revenues**

The Pledged Revenues are to be held and applied by RFTA as more particularly described in “THE BONDS—Security for the Bonds.”

### **Bond Fund**

There is established pursuant to the Bond Resolution the Bond Fund and, therein, a Principal Account and an Interest Account. RFTA is to deposit Pledged Revenues into the Bond Fund as more particularly described in “THE BONDS—Security for the Bonds.” Pursuant to the Bond Resolution, no later than three Business Days immediately preceding each date on which a payment of principal of or interest on the Bonds is due, RFTA is to deposit with the Paying Agent, from moneys in the Bond Fund, moneys sufficient to pay the principal of and interest on the Bonds due on such date. The Paying Agent is to use the moneys so deposited with it to pay the principal of and interest on the Bonds when due.

Moneys deposited in the Bond Fund may be invested or deposited in securities or obligations that are Permitted Investments. The investment of moneys deposited in the Bond Fund shall, however, be subject to the covenants and provisions under the caption “Federal Tax Law Mattes.” Except to the extent otherwise required by such Section, all interest income from the investment or reinvestment of moneys deposited in any sub-account of the Bond Fund shall remain in and become part of such sub-account.

## **Reserve Fund**

***Use of Moneys in Reserve Fund.*** Moneys in the Reserve Fund are to be used only to prevent a default in the payment of the principal of and interest on the Bonds and any Parity Lien Bonds. Moneys on deposit in the Reserve Fund, proceeds of the liquidation of Permitted Investments on deposit in the Reserve Fund or moneys available from a Reserve Fund Contract are to be transferred to the Bond Funds and any similar fund created with respect to Parity Lien Bonds (on a pro rata basis) on any date on which a payment of principal of, premium, if any, or interest on the Bonds and Parity Lien Bonds is due to the extent the amount on deposit in any such fund is insufficient to make such payment. To the extent the Reserve Fund is funded with a combination of cash and a Reserve Fund Contract, the cash shall be expended before any draw is made against the Reserve Fund Contract.

***Funding and Maintenance of Reserve Fund Requirement.*** The Reserve Fund Requirement is to be funded and maintained by any one of or any combination of (i) cash; (ii) Permitted Investments; and (iii) one or more Reserve Fund Contracts which provide for payments when and as required for purposes of the Reserve Fund.

***Valuation of Deposits.*** Cash will satisfy the Reserve Fund Requirement by the amount of cash on deposit. Permitted Investments will satisfy the Reserve Fund Requirement by the value of such investments. The value of each Permitted Investment on deposit in the Reserve Fund will be (i) its purchase price from the date of purchase until the first date thereafter on which its value is to be calculated and (ii) following each date on which its value is so calculated until the next date on which its value is so calculated, its fair market value determined as of such calculation date. A Reserve Fund Contract will satisfy the Reserve Fund Requirement by the amount available under the Reserve Fund Contract for payment.

***Transfer of Interest Income to Bond Funds.*** The investment of moneys deposited in the Reserve Fund shall be subject to the covenants and provisions under the caption “Federal Tax Law Matters.” Except to the extent otherwise required by such provisions, interest income from the investment or reinvestment of moneys deposited in the Reserve Fund, to the extent in excess of the Reserve Fund Requirement, shall be transferred to the Bond Funds and any similar account created with respect to Parity Lien Bonds, on a pro rata basis.

***Reserve Policy Provisions.*** The portion of the Reserve Fund Requirement attributable to the Bonds will be initially funded by the Reserve Policy issued by Build America Mutual Assurance Company (“BAM” or the “Reserve Policy Provider”). Pursuant to the Authority delegated by the Board pursuant to the Bond Resolution, the Authority has agreed as follows, notwithstanding anything to the contrary set forth in the Bond Resolution:

(a) RFTA is to repay any draws under the Reserve Policy and is to pay all related reasonable expenses incurred by the Reserve Policy Provider. Interest will accrue and be payable on such draws and expenses from the date of payment by the Reserve Policy Provider at the Late Payment Rate. “Late Payment Rate” means the lesser of (i) the greater of (A) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 5%, and (B) the then applicable highest rate of interest on the Bonds, and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate will be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Reserve Policy Provider in its sole and absolute discretion will specify.

(b) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) is to commence in the first month following each draw, and each such monthly payment is to be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(c) Amounts in respect of Policy Costs paid to the Reserve Policy Provider are to be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Reserve Policy Provider on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

(d) All cash and investments in the Reserve Fund and all other available amounts in any funds available to pay debt service on the Bonds are to be transferred to the Bond Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Fund Contract on deposit in the Reserve Fund in lieu of cash.

(e) Payment of any Policy Cost is to be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Contracts (including the Reserve Policy) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Contracts is to be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” will mean the coverage then available for disbursement pursuant to the terms of the applicable Reserve Fund Contract without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(f) The Policy Limit, as defined in the Reserve Policy, will automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Fund Requirement.

(g) Draws under the Reserve Policy may only be used to make payments on Bonds covered under the Reserve Policy.

(h) If the Authority fails to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Reserve Policy Provider will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Bond Resolution, or any other document executed in connection with the Bonds (collectively, the “Security Documents”).

(i) The Security Documents will not be discharged until all Policy Costs owing to the Reserve Policy Provider have been paid in full. The Authority’s obligation to pay such amount will expressly survive payment in full of the Bonds.

(j) The Reserve Policy will expire and terminate in accordance with the terms and provisions of the Reserve Policy and the Reserve Policy Agreement.

(k) Any amendment, supplement, modification to, or waiver of any of the Security Documents or the rate of Sales and Use Tax that requires the consent of the Owners of the Bonds or that adversely affects the rights or interest of the Reserve Policy Provider will be subject to the prior written consent of the Reserve Policy Provider.

(l) The Reserve Policy Provider is recognized as and will be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

(m) Policy Costs due and owing are to be included in debt service requirements for purposes of calculation of conditions to issuance of Parity Lien Bonds in the Security Documents.

(n) The Paying Agent is to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and is to provide notice to the Reserve Policy Provider in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds.

(o) RFTA agrees unconditionally that it is to pay or reimburse the Reserve Policy Provider on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Reserve Policy Provider may pay or incur, including, but not limited to, fees and expenses of the Reserve Policy Provider's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Bond Resolution, the Sale Certificate or any other Security Document ("Administrative Expenses"). For purposes of the foregoing, costs and expenses will include a reasonable allocation of compensation and overhead attributable to the time of employees of the Reserve Policy Provider spent in connection with the actions described in the preceding sentence. The Authority agrees that failure to pay any Administrative Expenses on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Reserve Policy Provider until the date the Reserve Policy Provider is paid in full.

(p) Payments made by the Reserve Policy Provider under the Reserve Policy with respect to claims for principal of or interest on the Bonds will not discharge the obligation of the Authority with respect to such Bonds, and BAM will become the owner of such unpaid Bonds or claims for such interest thereon, respectively. The Authority recognizes and agrees that to the extent the Reserve Policy Provider makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Reserve Policy Provider will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon.

(q) In order to secure the Authority's payment obligations with respect to Policy Costs, the Sale Certificate grants and perfects in favor of the Reserve Policy Provider a security interest (subordinate only to that of the owners of the Bonds and Parity Lien Bonds) in all revenues and collateral pledged as security for the Bonds. Policy Costs are to be paid to the Reserve Policy Provider immediately following the payment of principal of and interest on the Bonds and Parity Lien Bonds, including following the occurrence of a default or event of default.

(r) *Notices and Other Information to be given to the Reserve Policy Provider:*

(i) The Authority is to provide the Reserve Policy Provider with all notices and other information it is obligated to provide (A) under the Continuing Disclosure Undertaking and (B) to the holders of Bonds or Parity Lien Bonds or the Paying Agent under the Security Documents.

(ii) In addition, the Authority is to provide the Reserve Policy Provider with the following notices and other information: (A) notice of any draw upon the Reserve Fund within two (2) business days after knowledge thereof, other than in connection with withdrawals of amounts in excess of the Reserve Fund Requirement; and (B) prior written notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(iii) The Reserve Policy Provider will be entitled to receive such additional information as it may reasonably request.

In each case in which notice or other communication refers to an event of default or a claim on the Reserve Policy, then a copy of such notice or other communication will also be sent to the attention of the Reserve Policy Provider's General Counsel at the same address and at [claims@buildamerica.com](mailto:claims@buildamerica.com) or at Telecopier: (212) 235-5214 and will be marked to indicate "URGENT MATERIAL ENCLOSED."

## **Project Fund**

*Use of Moneys in Project Fund.* All moneys deposited in the Project Fund shall be applied solely to the payment of the Project Costs. Upon the determination of the Board that all Project Costs have been paid or are determinable, any balance remaining in the Project Fund (less any amounts necessary to pay Project Costs not then due and owing) is to be transferred to the Bond Fund.

*Investments.* Moneys deposited in the Project Funds may be invested or deposited in securities or obligations that are Permitted Investments, subject to the covenants and provisions set forth under the caption "Federal Tax Law Matters." Except to the extent otherwise required by such provisions, interest income from the investment or reinvestment of moneys deposited in each Project Fund is to remain in and become part of such Project Fund.

## **Pledge and Lien for Payment of Bonds**

*Pledge of Revenues.* RFTA has pledged for the payment of the principal of, premium, if any, and interest on the Bonds at any time Outstanding, and grants a first lien (but not necessarily an exclusive first lien) for such purpose on the Pledged Revenues. Pursuant to § 11-57-208, C.R.S. and the Regional Transportation Authority Law, the Pledged Revenues, as received by RFTA, and any other moneys deposited to the Bond Fund, will be immediately be subject to the lien established herein without any physical delivery, filing or further act. The lien of such pledge will be valid, binding and enforceable against all persons having claims for any kind in tort, contract, or otherwise against RFTA irrespective of whether such persons have notice of such lien.

*Superior Liens Prohibited.* RFTA is not to pledge or create any other lien on the revenues and moneys pledged as described in to the foregoing paragraph that is superior to the pledge thereof or lien thereon described in such paragraph.

***Subordinate Liens Permitted.*** Nothing in the Bond Resolution shall prohibit RFTA from issuing subordinate lien obligations and pledging or creating a lien on the revenues and moneys pledged and the lien created pursuant to the paragraph above titled “Pledge of Revenues” that is subordinate to the pledge thereof or lien thereon described in such paragraph, provided that no Event of Default shall have occurred and be continuing.

***No Prohibition on Additional Security.*** Nothing in the Bond Resolution will prohibit RFTA from depositing any legally available moneys that are not Pledged Revenues into any account of the Bond Fund (and thereby subjecting the moneys so deposited to the pledge made and lien granted pursuant to the above titled “Pledge of Revenues”) or to the use of such moneys for the payment of the Bonds; provided however, such legally available revenues will not be considered Pledged Revenues for the purposes of the provisions described under the caption “Conditions to Issuance of Parity Lien Bonds” or for the purpose of calculating or reporting Pledged Revenues as may otherwise be required pursuant to the terms of the Bond Resolution.

***Bonds are Special, Limited Obligations of RFTA.*** The Bonds are special, limited obligations of RFTA payable solely from and secured solely by the Pledged Revenues and funds and accounts provided in the Bond Resolution.

### **Conditions to Issuance of Parity Lien Bonds**

RFTA is not to issue Parity Lien Bonds unless all of the following conditions are satisfied.

***Historical Test; Special Test for Refundings.*** A Certified Public Accountant certifies in writing that either:

(1) the Pledged Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this paragraph as the “test period”) have been equal to at least 150% of the sum of the Combined Maximum Principal and Interest Requirements due or to become due on the Outstanding Bonds, any outstanding Parity Lien Bonds, and the proposed Parity Lien Bonds during each calendar year following the date of issuance of the proposed Parity Lien Bonds; or

(2) the proceeds of the proposed Parity Lien Bonds will be used to refund the Bonds and the aggregate principal of and interest due on the proposed Parity Lien Bonds is not greater than the aggregate principal of and interest due on the Bonds that will be refunded.

***Creation of Separate Accounts; Funding Reserve Fund.*** The resolution, indenture or other document providing for the issuance of the Parity Lien Bonds must provide for: (i) a deposit to the Reserve Fund to the extent necessary to cause amounts on deposit therein to equal the then applicable Reserve Fund Requirement, (ii) the establishment of a bond account for the Parity Lien Bonds, which bond account must be established and maintained on substantially the same terms and contain substantially the same provisions as set forth in the Bond Resolution for the Bond Fund, (iii) interest and principal on the Parity Lien Bonds to be payable on the same Interest Payment Date and Principal Payment Dates for the Bonds, and (iv) remedies in the event of default substantially similar to those set forth in the Bond Resolution, including that there shall be no acceleration in an event of default.

***No Event of Default.*** The Chief Executive Officer certifies in writing that no Event of Default has occurred and is continuing.

## **Additional General Covenants**

In addition to the other covenants of RFTA contained in the Bond Resolution, RFTA further covenants for the benefit of Owners of the Bonds that:

***Maintenance of Sales and Use Tax.*** RFTA will not reduce the rate of the Sales and Use Tax and will not alter, exempt or modify the transactions, properties or items subject to the Sales and Use Tax in any manner that RFTA expects will materially reduce the Pledged Revenues.

***Efficient Collection and Enforcement.*** RFTA will manage the collection and enforcement of the Sales and Use Tax in the most efficient and economical manner practicable.

***Inspection of Records.*** RFTA will keep or cause to be kept such books and records showing the proceeds of the Sales and Use Tax, in which complete entries shall be made in accordance with generally accepted accounting principles, as applicable to governmental entities, and the Owner of any Bond shall have the right at all reasonable times to inspect all non-confidential records, accounts, actions and data of RFTA relating to the Bonds, the Sales and Use Tax.

***Annual Audit.*** RFTA will cause an annual audit to be made of the books relating to the Sales and Use Tax each year by a certified public or registered accountant and shall furnish a copy thereof to any Owner who so requests and agrees to pay the cost of reproduction and mailing. The annual audit of RFTA's basic financial statements shall be deemed to satisfy this covenant.

## **Federal Tax Covenants**

For purposes of ensuring that the interest on the Bonds is and remains excluded from gross income for federal income tax purposes, RFTA covenants that:

(a) ***Prohibited Actions.*** RFTA will not use or permit the use of any proceeds of the Bonds or any other funds of RFTA from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or would otherwise cause any Bond to be includible in gross income for federal income tax purposes.

(b) ***Affirmative Actions.*** RFTA will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by RFTA on the Bonds will not be includible in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, RFTA represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the Bonds will not be used in a manner that will cause the Bonds to be considered "private activity bonds" within the meaning of the Code; (ii) the Bonds are not and will not become directly or indirectly "federally guaranteed"; and (iii) RFTA will timely file Internal Revenue Form 8038-G which shall contain the information required to be filed pursuant to Section 149(e) of the Code with respect to the Tax Exempt Obligations.

(c) ***Tax Compliance Certificate.*** RFTA will comply with the Tax Compliance Certificate delivered by it on the date of issuance of the Bonds, including but not limited by the provisions thereof regarding the application and investment of Bond proceeds, the calculations, the deposits, the disbursements, the investments and the retention of records described therein; provided that, in the event the original Tax Compliance Certificate is superseded or amended by a new Tax Compliance Certificate drafted by, and accompanied by an opinion of, Bond Counsel stating that the use of the new Tax Compliance Certificate will not cause the interest on the Bonds to become includible in gross income for federal income tax purposes, RFTA will thereafter comply with the new Tax Compliance Certificate.

## **Defeasance**

Any Bond will not be deemed to be Outstanding under the Bond Resolution if it shall have been paid and cancelled or if moneys or Federal Securities or a combination thereof shall have been deposited in trust for the full and final payment thereof (whether upon or prior to the maturity of such Bond, but if such Bond is to be paid prior to maturity, RFTA shall have given the Paying Agent irrevocable directions to give notice of redemption as required by the Bond Resolution, or such notice shall have been given in accordance with the Bond Resolution). In computing the amount of the deposit described above, RFTA may include the maturing principal of and interest to be earned on the Federal Securities. If less than all the Bonds are to be defeased pursuant to the Bond Resolution, RFTA, in its sole discretion, may select which of the Bonds will be defeased.

## **Events of Default**

Each of the following events constitutes an Event of Default:

(a) ***Nonpayment of Principal or Interest.*** Failure to make any payment of principal of or interest on the Bonds when due under the Bond Resolution;

(b) ***Breach or Nonperformance of Duties.*** Breach by RFTA of any material covenant set forth in the Bond Resolution or failure by RFTA to perform any material duty imposed on it under the Bond Resolution and continuation of such breach or failure for a period of 30 days after receipt by RFTA Attorney of RFTA of written notice thereof from the Paying Agent or from the Owners of at least 10% in principal amount of the Outstanding Bonds, provided that such 30 day period shall be extended so long as RFTA has commenced and continues a good faith effort to remedy such breach or failure; or

(c) ***Appointment of Receiver.*** An order or decree is entered by a court of competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Bonds pursuant hereto is entered with the consent or acquiescence of RFTA or is entered without the consent or acquiescence of RFTA but is not vacated, discharged or stayed within 30 days after it is entered.

## **Remedies for Events of Default**

**Remedies.** Upon the occurrence and continuance of any Event of Default, the Owners of not less than 25% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against RFTA to protect and to enforce the rights of any Owner of Bonds under the Bond Resolution by mandamus, injunction or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction: (i) for the payment of interest on any installment of principal of any Bond that was not paid when due at the interest rate borne by such bond, (ii) for the appointment of a receiver or an operating trustee, (iii) for the specific performance of any covenant contained herein, (iv) to enjoin any act that may be unlawful or in violation of any right of any Owner of any Bond, (v) to require RFTA to act as if it were the trustee of an express trust, (vi) for any other proper legal or equitable remedy as such Owner may deem most effectual to protect their rights or (vii) any combination of such remedies or as otherwise may be authorized by any statute or other provision of law; provided, however, that acceleration of any amount not yet due on the Bonds according to their terms will not be an available remedy. All such proceedings at law or in equity are to be instituted, had and maintained for the equal benefit of all Owners of Bonds then Outstanding. Any receiver or operating trustee appointed in any proceedings to protect the rights of Owners of Bonds under the Bond Resolution may collect, receive and apply all revenues and moneys pledged for the payment of the Bonds pursuant hereto arising after the appointment of such receiver or operating trustee in the same manner as RFTA itself might do.

**Failure to Pursue Remedies Not a Release; Rights Cumulative.** The failure of any Owner of any Bond then Outstanding to proceed in any manner herein provided will not relieve RFTA of any liability for failure to perform or carry out its duties under the Bond Resolution. Each right or privilege of any such Owner (or trustee therefor) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner will not be deemed a waiver of any other right or privilege thereof. Each Owner of any Bond will be entitled to all of the privileges, rights and remedies provided or permitted in the Bond Resolution and as otherwise provided or permitted by law or in equity.

**Obligations of RFTA and Paying Agent in Connection with Events of Default.** Upon the occurrence and continuation of any of Events of Default: (i) RFTA is to take all proper acts to protect and preserve the security for the payment of the Bonds and to insure the payment of debt service on the Bonds promptly when due; (ii) RFTA and the Paying Agent are to give the Owners of the Bonds then Outstanding notice by first class mail of (A) any default in the payment of or interest on the Bonds immediately after discovery thereof and (B) any other Event of Default within 30 days after discovery thereof. During the continuation of any Event of Default, except to the extent it may be unlawful to do so, all revenues and moneys pledged for the payment of the Bonds pursuant to the Bond Resolution are to be held for and applied to the debt service on all Bonds on an equitable and prorated basis. If RFTA fails or refuses to proceed as provided in this paragraph, the Owners of not less than 25% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as provided in this paragraph; and to that end any such rights of Owners of Bonds then Outstanding shall be subrogated to all rights of RFTA under any agreement or contract involving the revenues and moneys pledged for the payment of the Bonds pursuant hereto that was entered into prior to the effective date of the Bond Resolution or thereafter while any of the Bonds are Outstanding. Nothing in the Bond Resolution requires RFTA to proceed as described in this paragraph if it determines in good faith and without any abuse of its discretion that such action is likely to affect materially and prejudicially the Owners of the Bonds then Outstanding.

## **Amendment of Bond Resolution**

***Amendments Permitted without Notice to or Consent of Owners.*** RFTA may, without the consent of or notice to the Owners of the Bonds, adopt one or more resolutions amending or supplementing the Bond Resolution (which resolutions will thereafter become a part of the Bond Resolution) for any one or more or all of the following purposes: to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of the Bond Resolution; to facilitate the designation of a substitute securities depository or to terminate the book-entry registration system for the Bonds in accordance with the Bond Resolution; to facilitate the issuance of Parity Lien Bonds permitted to be issued pursuant to the provisions described under the caption “Conditions to Issuance of Parity Lien Bonds” and provide for the establishment of separate bond accounts for the Bonds and the Parity Lien Bonds, including to facilitate the issuance of Parity Lien Bonds as variable rate debt so long as such amendments do not materially adversely affect the Owners of the Bonds; to facilitate the funding of the Reserve Fund or the substitution of one source of funding of the Reserve Fund for another permitted source in accordance with the provisions under the caption “Reserve Fund”; to maintain the then existing or to secure a higher rating of the Bonds by any nationally recognized securities rating agency; or to make any other change that does not materially adversely affect the Owners of the Bonds.

***Amendments Requiring Notice to and Consent of Owners.*** Except for amendments permitted by paragraph (a) of this Section, the Bond Resolution may only be amended (i) by a resolution of RFTA amending or supplementing the Bond Resolution (which, after the consents required therefor, shall become a part hereof) and (ii) with the written consent of the Owners of at least 66 2/3% in aggregate principal amount of the Bonds then Outstanding; provided that any amendment that makes any of the following changes with respect to any Bond shall not be effective without the written consent of the Owner of such Bond: (A) a change in the maturity of such bond; (B) a reduction of the interest rate on such bond; (C) a change in the terms of redemption of such bond; (D) a delay in the payment of principal of or interest on such bond; (E) the creation of any pledge of or lien upon any revenues or moneys pledged for the payment of such bond under the Bond Resolution that is superior to the pledge and lien for the payment of such bond under the Bond Resolution; (F) a reduction of the principal amount or percentage of Bonds whose consent is required for an amendment to the Bond Resolution; or (G) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such Bond.

***Procedure for Notifying and Obtaining Consent of Owners.*** Whenever the consent of an Owner or Owners of Bonds is required to amend the Bond Resolution, RFTA is to mail a notice to such Owner or Owners at their addresses as set forth in the registration books maintained by the Paying Agent, which notice shall briefly describe the proposed amendment and state that a copy of the amendment is on file in the office of RFTA Clerk for inspection. Any consent of any Owner of any Bond obtained with respect to an amendment is to be in writing and is to be final and not subject to withdrawal, rescission or modification for a period of 60 days after it is delivered to RFTA unless another time period is stated for such purpose in the notice mailed as described in this paragraph.

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## APPENDIX B

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by the Roaring Fork Transportation Authority, in the State of Colorado (the “Authority”) in connection with the issuance of its Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019, in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Authority Board of Directors (the “Bond Resolution”) adopted prior to the issuance of the Bonds. Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution.

In consideration of the purchase of such Bonds by the owners thereof, the Authority hereby covenants and agrees as follows:

**Section 1. Purpose of this Agreement.** This Agreement is executed and delivered by the Board as of the date set forth below, for the benefit of the holders and owners (the “Bondholders”) of the Bonds 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 Board 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 Board, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means, initially the Board, or any successor agent designated as such in writing by the Board and which has filed with the Board 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 Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 6.

“*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 Bonds.

“*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](http://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<sup>1</sup>, © of the Bonds is 770161 \_\_\_\_\_. The final Official Statement relating to the Bonds is dated \_\_\_\_\_, 2019 (the “Final Official Statement”).

**Section 4. Annual Financial Information Disclosure.** Subject to Section 10 of this Agreement, the Board 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 Board’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 210 days of the completion date of the Board’s fiscal year.

The Board 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 Board 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.

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<sup>1</sup> The Board takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

© Copyright 2019 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global.

**Section 5. Material Events Disclosure.** Subject to Section 10 of this Agreement, the Board 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 redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Bonds pursuant to the Bond Resolution. From and after the Effective Date, the Board 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 Board 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 Board to Provide Information.** The Board 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 Board to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Bond Resolution or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

**Section 8. Amendments; Waiver.** Notwithstanding any other provision of this Agreement, the Board 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 Board 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 Bondholders of the Bonds, as determined either by parties unaffiliated with the Board or the Board (such as the Paying Agent) or by an approving vote of the Bondholder Representative or of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Board or its affiliates) at the time of the amendment, pursuant to the terms of the Bond Resolution; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Agreement.** The Agreement of the Board shall be terminated hereunder when the Board shall no longer have any legal liability under the terms of the Bond Resolution pursuant to the terms of the Bond Resolution for any obligation on or relating to the repayment of the Bonds. The Board shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Section 10. Dissemination Agent.** The Dissemination Agent shall transmit all information delivered to it by the Board hereunder to the MSRB as provided in this Agreement. The Board may, from time to time, appoint or engage a substitute 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 Board 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 Board 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 Board 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 Board, the Dissemination Agent, if any, the Board, the Bondholder Representative and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping.** The Board 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 Board shall not transfer its obligations under the Bond Resolution unless the transferee agrees to assume all obligations of the Board under this Agreement or to execute a continuing disclosure undertaking under the Rule.

**Section 15. Governing Law.** This Agreement shall be governed by the laws of the State.

## 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 I, III, IV, V, VIII, X, XI, XII and XIII in the Final Official Statement. [Notwithstanding the foregoing, the Authority shall only be required to present information of the type appearing or incorporated by reference in such tables for years for which information for the full year is available to the Authority.]

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 Authority shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 210 days after the last day of the Authority’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 Authority.

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 Authority, the Authority 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 BONDS 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. Bond 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 Board\*
13. The consummation of a merger, consolidation or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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 Board 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 Board 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 Board or obligated person, any of which reflect financial difficulties.

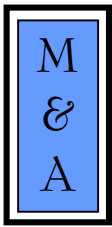
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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, 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 Board.

**APPENDIX C**

**AUDITED BASIC FINANCIAL STATEMENTS OF RFTA  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Roaring Fork Transportation Authority  
Carbondale, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Roaring Fork Transportation Authority**  
**Carbondale, Colorado**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of Roaring Fork Transportation Authority as of December 31, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund, service contract fund, bus shelter and park and ride fund, and the mid valley trails fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The individual fund budgetary comparisons in section E are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards included in section F is presented for the purpose of additional analysis, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the Authority's basic financial statements. The supplementary information in section E, and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in section E and the Schedule of Expenditures of Federal Awards is fairly stated in all material aspects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report July 11, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**July 11, 2019**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As Management of the Roaring Fork Transportation Authority (the “Authority”), we offer readers of the Authority’s financial report this narrative summary for the fiscal year ended December 31, 2018.

### **Financial Highlights**

- When looking at a short term view, the General Fund had an increase in Fund balance of \$2.1 million compared to the \$397,000 reflected in the budget. This \$1.7 million improvement was attributable to total revenues exceeding budget by 2% (primarily through sales and use tax, transit fares, and investment income) and savings throughout the organization, including transit fuel (primarily attributable to the timing of the Federal Alternative Fuel Excise Tax Credit from 2017 which was received and recorded in 2018), labor (due to position vacancies), general liability insurance claims, and facilities operating and maintenance expenditures.
- When looking at a long term view, the Authority had a decrease in Net Position of \$111,000 resulting in a total Net Position amount of \$74.7 million. This decrease was primarily the result of the reversal of the Federal Alternative Fuel Excise Tax Credit in 2018.
- The Authority’s total ridership decreased approximately 6.5% from 5.5 million in 2017 to 5.2 million in 2018. The decrease in ridership was primarily due to 287,000 rides provided in 2017 for the temporary Grand Avenue Bridge (“GAB”) Transit Mitigation services along the Interstate-70 Corridor in order to reduce traffic congestion during the 95-day bridge closure related to the GAB Construction Project. When excluding the rides from the GAB-related services in 2017, total ridership increased by approximately 65,000 rides or 1% in 2018.
  - Annual ridership on regional transit service and percentage changes were as follows:
    - Valley Service (Highway 82 Corridor) 2.6 million and +2%
    - Grand Hogback Service (I-70 Corridor) 102,000 and -4%.
  - Annual ridership on non-regional transit service and percentage changes were as follows:
    - 2.5 million and -4% (excluding rides from GAB-related services in 2017)
- Transit Operations’ overtime for 2018 and 2017 was \$723,000 and \$723,000, respectively, resulting in no change between the years. Historically, the Authority faces challenges to attract, retain and maintain adequate staffing levels due to the seasonal nature of the region and high cost of living.
- In 2018, the Authority experienced a 4% decrease in transit mileage, or 229,000 miles versus 2017. A majority of the decrease is attributed to the temporary services to support the GAB Construction Project in 2017. Total transit fuel expenditures for 2018 and 2017 were \$2.0 million and \$2.1 million, respectively; a net decrease of approximately 3%. The decrease in fuel expenditures is primarily due to a \$228,000 Federal Alternative Fuel Excise Tax Credit based on Compressed Natural Gas (“CNG”) usage in 2017 that was received and recorded in 2018. The Federal Alternative Fuel Excise Tax Credit expired at the end of 2017 and requires federal legislation to renew or extend it beyond 2017.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

***The Financial Statements*** are designed to provide readers with an overview of the Authority’s finances, from both a short-term fund perspective and a long-term economic perspective.

## **Overview of the Financial Statements (continued)**

*The Balance Sheet/ Statement of Net Position* presents information on all the Authority's assets, deferred outflows of resources, liabilities (both short-term and long-term for assets and liabilities), and deferred inflows of resources, with the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources as fund balance or net position.

*Government Funds, the General, Special Revenue, Capital Projects, and Debt Service Fund columns*, present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. These columns show the various components (non-spendable, restricted, committed, assigned and unassigned) of fund balance. The unassigned, assigned, and committed fund balance may be spent for Board approved activities.

*The Adjustments column* represents the changes to the value of long-term assets and liabilities.

*The Statement of Net Position column* presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. This column adds capital assets net of both depreciation and debt into the long-term equation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

*The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities* shows how the government's fund balance and net position changed during the most recent fiscal year.

*Government Funds, the General, Special Revenue, Capital Projects, and Debt Service Fund columns*, focus on short-term available resources and are reported on a modified accrual basis. It shows the increase or decrease in fund balance.

*The Adjustments column* represents the changes to the value of long-term assets and liabilities. For example, depreciation or changes in debt service may increase or decrease the value of an asset.

*The Statement of Activities column* focuses on long-term economic resources and is reported on a full accrual basis. Though the focus is on long-term, it should not be associated with the future but rather with the changes in net position from January through December. This column records the Authority's net worth.

***The 2018 Authority financial statements*** report six individual government funds in four types: the general fund, three special revenue funds, a capital projects fund, and a debt service fund:

*The General Fund* accounts for the Administration, Transit, and Trails Program activities of the general Government. The general Government provides administrative support services (the Administrative Program), public commuter transit services (the Transit Program), and maintains the Authority-owned railroad right-of way for pedestrian, equestrian and other recreational uses (the Trails and Corridor Management Program).

*The Service Contract Special Revenue Fund* accounts for revenue and operating activity for additional services based on contractual agreement. These services are provided in certain areas within the overall Authority service area. In the current year, the Authority had contractual agreements for Aspen Skiing Company Skier Shuttles, Ride Glenwood Springs, City of Aspen local bus service, and the Garfield County Traveler Program.

*The Bus Shelter and Park and Ride Special Revenue Fund* accounts for vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation. Additionally, by resolution, Garfield County has dedicated certain development fees to construct bus shelter and park and ride improvements in unincorporated Garfield County.

**Overview of the Financial Statements (continued)**

*The Mid Valley Trails Special Revenue Fund* accounts for Eagle County sales tax funded capital trails projects within the Roaring Fork Valley boundaries of Eagle County. Through intergovernmental agreement, in return for membership, Eagle County dedicated a half cent sales tax collected in the Roaring Fork Valley to the Authority. 10% of the tax collected must be used to fund trail projects. Resolution 2002-14 adopted the Mid Valley Trails Committee as an Authority committee.

*The Capital Projects Fund* accounts for all expenditure activity for a variety of Capital Projects related to transit assets and infrastructure such as the Bus Rapid Transit (BRT) project and the AMF Re-commissioning project. Projects funded through bond proceeds contain expenditures that are certain and specific in accordance with State and Federal tax law as identified by Bond Counsel. In 2018, no projects were appropriated for this Fund.

*The Debt Service Fund* accounts for all principal and interest expenditures for the Series 2009A&B bonds, Series 2012A bonds, Series 2013A&B loans and interest earned as required by resolution. The 2009A bonds and 2013A loan are tax-exempt. The 2009B bonds are Build America Bonds. The 2012A bonds and 2013B loan are Qualified Energy Conservation Bonds. This fund also accounts for all activity related to the required reserves for the bonds and interest earned as required by resolution.

The Authority's financial statements can be found on Section C of this report.

*The Notes to the Financial Statements* provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements.

The Notes to the Financial Statements can be found in Section D of this report.

*Supplementary Information* concerning the Authority is also presented in addition to the basic financial statements and notes. This information can be found at section E of this report.

*Statutory Information* concerning the Authority is also presented in addition to the basic financial statements, notes, and supplementary information. This information can be found at section F of this report.



*A VelociRFTA BRT Bus heads Up Valley on an early morning commute*

**Financial Analysis of the Authority**

**Roaring Fork Transportation Authority's Net Position  
(in thousands)**

	<b>2018</b>	<b>2017</b>	<b>\$ dif</b>	<b>% dif</b>
<b>Assets:</b>				
Current assets	\$ 37,030	\$ 25,376	11,654	45.9%
Inventory and prepaid expenditures	957	903	54	6.0%
Capital assets, net	94,694	98,829	(4,135)	-4.2%
<b>Total Assets</b>	<b>132,681</b>	<b>125,108</b>	<b>7,573</b>	<b>6.1%</b>
<b>Deferred Outflows of Resources:</b>				
Deferred refunding charge, net of amortization	55	70	(15)	-21.4%
<b>Total Deferred Outflows of Resources</b>	<b>55</b>	<b>70</b>		
<b>Liabilities:</b>				
Current liabilities and LT Debt due within a year	6,648	5,368	1,280	23.8%
Accrued compensated absences	1,903	1,878	25	1.3%
Non-current liabilities	41,030	43,124	(2,094)	-4.9%
<b>Total Liabilities</b>	<b>49,581</b>	<b>50,370</b>	<b>(789)</b>	<b>-1.6%</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable property tax revenue	8,459	-	8,459	0.0%
<b>Total Deferred Inflows of Resources</b>	<b>8,459</b>	<b>-</b>		
<b>Net Position:</b>				
Net investment in capital assets	51,605	53,720	(2,115)	-3.9%
Restricted	5,091	4,575	516	11.3%
Unrestricted	18,001	16,513	1,488	9.0%
<b>Total Net Position</b>	<b>\$ 74,697</b>	<b>\$ 74,808</b>	<b>(111)</b>	<b>-0.1%</b>

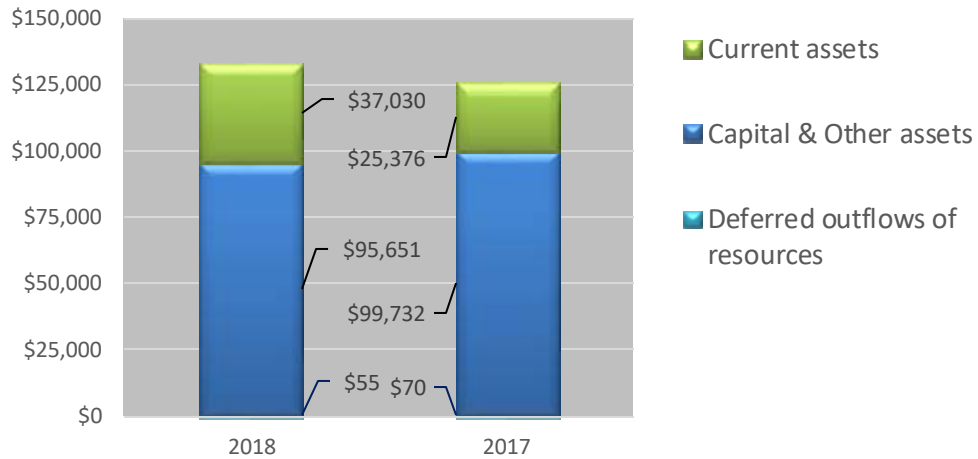
As of December 31, 2018, the following trends were noted:

- *Current assets compared to current liabilities* – \$37.0 million and \$25.4 million of current assets were available to meet \$6.6 million and \$5.4 million of current liabilities due within a year for 2018 and 2017, respectively. The \$11.6 million net increase in current assets was primarily due to the increase in accounts receivable, property taxes receivable, due from other funds and due from other governments; the \$1.3 million increase in current liabilities was primarily due to an increase in accounts payable, amounts due to other funds, and accrued expenses.
- *Inventory and prepaid expenditures* – The \$54,000 net increase is attributable to an increase in prepaid expenditures.
- *Capital assets, net* – \$94.7 million of net capital assets were used to provide transit and trails services. The decrease was primarily due to an increase in annual depreciation for assets placed in service in 2017, including bus replacements and related improvements.
- *Non-current liabilities* – \$2.0 million decrease reflects the continued principal payments on existing debt.
- *Deferred Inflow of Resources – Unavailable property tax revenue* - \$8.5 million increase is from the November 2018 General Election, whereas eligible voters approved ballot measure 7A, which imposes a uniform mill levy of 2.65 mills for the 2018 tax year to be collected in 2019.
- *Total net position*– \$111,000 decrease was primarily due to the one-time reversal of the Federal Alternative Fuel Excise Tax Credit in 2018

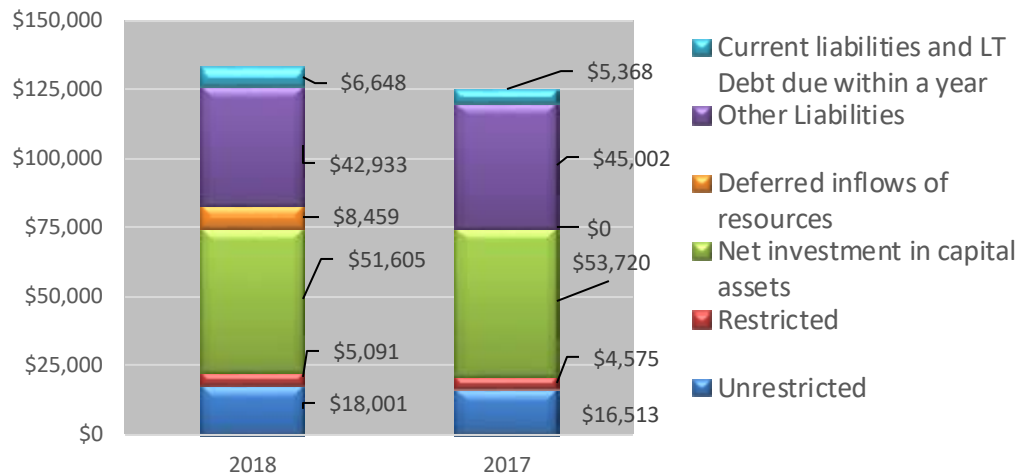
Details regarding the Authority's assets and liabilities can be found on Page C1.

**Financial Analysis of the Authority (continued)**

**Assets and Deferred Outflows of Resources (in thousands)**



**Liabilities, Deferred Inflows of Resources, and Net Position (in thousands)**



**Financial Analysis of the Authority (continued)**

**Roaring Fork Transportation Authority's Change in Net Position  
(in thousands)**

	<u>2018</u>	<u>2017</u>	<u>\$ dif</u>	<u>% dif</u>
<b>Revenues:</b>				
Sales and use tax	\$ 23,124	\$ 22,153	971	4.4%
Service contracts	10,699	10,171	528	5.2%
Operating revenue	5,265	4,939	326	6.6%
Capital grant revenue	981	1,433	(452)	-31.5%
Operating grant revenue	1,244	1,244	-	0.0%
Local government capital contributions	535	211	324	153.6%
Local government operating contributions	1,736	1,999	(263)	-13.2%
Other income	1,707	1,706	1	0.1%
Investment income	332	167	165	98.8%
<b>Total Revenue</b>	<u>\$ 45,623</u>	<u>\$ 44,023</u>	1,600	3.6%

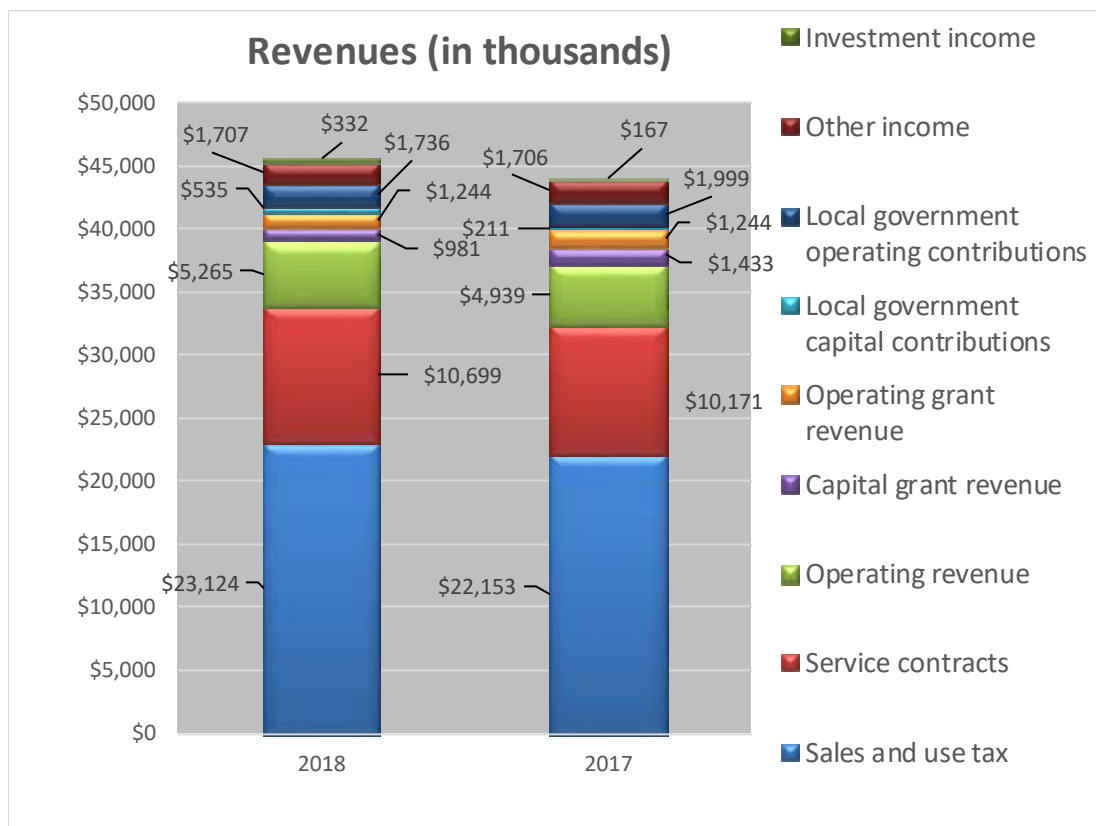
For the Year Ended December 31, 2018, the following trends were noted:

- All of the member jurisdictions, including Pitkin County, the City of Aspen, the Town of Snowmass Village, the Town of Basalt, Eagle County, the Town of Carbondale, the City of Glenwood Springs and the Town of New Castle, generated sales tax revenue increases.
- Service contract revenue (cost reimbursement contracts) increased as a result of higher service levels and operating costs compared with the prior year.
- Operating revenue (transit fares and advertising revenue) increased primarily due to increased Maroon Bells Bus Tours and seasonal zone pass sales.
- Operating grant revenues for 2018 and 2017 remain unchanged at \$1.2 million. Capital grants can vary from year to year. In 2018, the Authority received \$981,000 of capital grants:
  - \$894,000 from a Colorado Department of Transportation (CDOT) FASTER Grants for two (2) replacement buses
  - \$81,000 from Garfield County Federal Mineral Lease District Grant for the acquisition of two (2) Traveler vans
  - \$6,000 from the Colorado Department of Natural Resources Federal Recreational Trails Program Grant for the Rio Grande Trail Soft Surface project

**Financial Analysis of the Authority (continued)**

- Local government contributions included operating and capital contributions which vary from year to year. In 2018, the Authority received \$2.3 million of local government contributions:
  - \$944,956 from the Elected Officials Transportation Committee (EOTC) of which \$650,556 was for the “no-fare” Aspen-Snowmass regional bus service and \$294,400 was for the enhanced service connections between Brush Creek and Snowmass Village Mall,
  - \$731,000 from Garfield County and \$20,000 from the City of Rifle for continued Grand Hogback I-70 Corridor bus service,
  - \$40,000 from Garfield County for the Traveler’s Program,
  - \$534,725 from the City of Glenwood Springs in restricted funds for the future purpose of reestablishing rail for either freight or commuter purposes or to acquire property interest underlying the Corridor.

Details regarding the Authority’s revenues and expenditures can be found on Page C2.



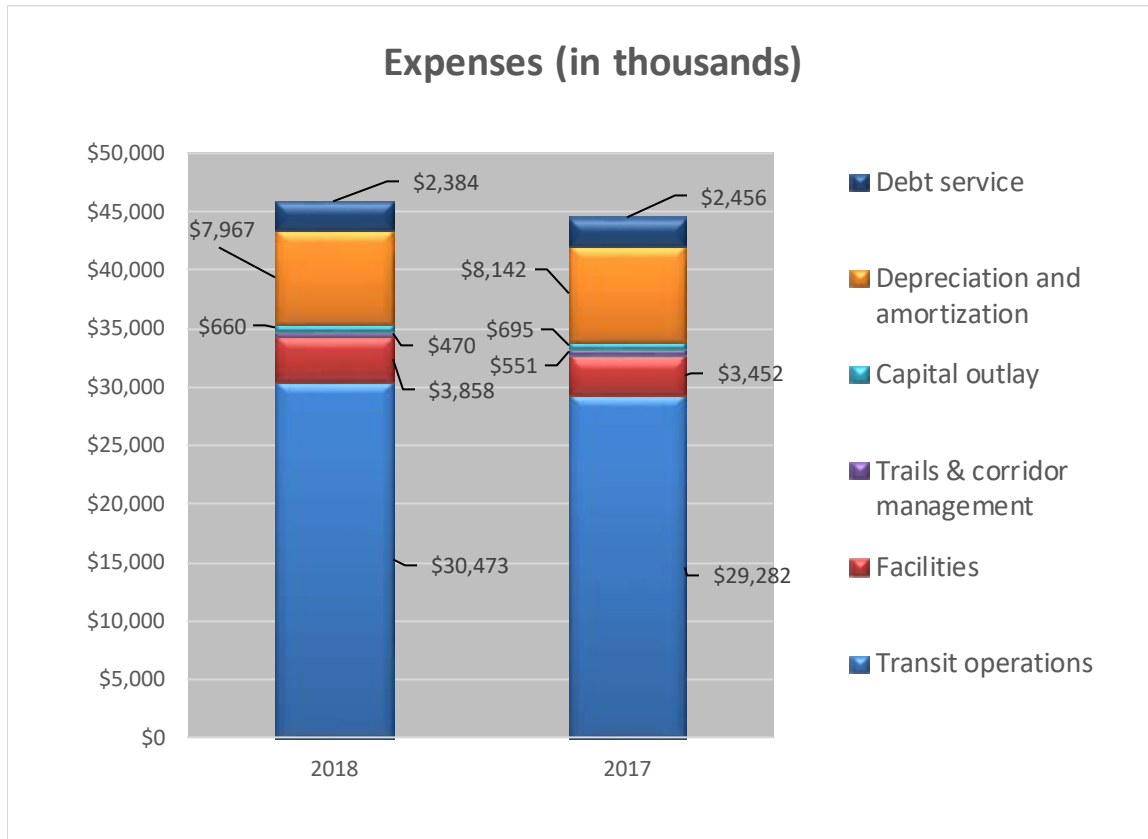
**Financial Analysis of the Authority (continued)**

	<b>2018</b>	<b>2017</b>	<b>\$ dif</b>	<b>% dif</b>
<b>Expenditure:</b>				
Transit operations	\$ 30,473	\$ 29,282	1,191	4.1%
Facilities	3,858	3,452	406	11.8%
Trails & corridor management	470	551	(81)	-14.7%
Capital outlay	660	695	(35)	-5.0%
Depreciation and amortization	7,967	8,142	(175)	-2.1%
Debt service	2,384	2,456	(72)	-2.9%
<b>Total Expenditure</b>	<u>45,812</u>	<u>44,578</u>	1,234	2.8%
<b>Other Financing Sources (Uses):</b>				
Transfer to other funds	(2,632)	(3,164)	532	-16.8%
Transfer from other Funds	2,632	3,164	(532)	-16.8%
Bond premium	3	4	(1)	-25.0%
Bond discount	(7)	(7)	-	0.0%
Gain (loss) on disposal of assets	(16)	-	(16)	0.0%
Insurance recovery	98	-	98	0.0%
<b>Total Other Financing Sources (Uses)</b>	<u>78</u>	<u>(3)</u>	81	-2700.0%
<b>Change in Net Position</b>	<u>(111)</u>	<u>(558)</u>	447	-80.1%
<b>Net Position - Beginning of Year</b>	74,808	75,366	(558)	-0.7%
<b>Net Position - End of Year</b>	<u>\$ 74,697</u>	<u>\$ 74,808</u>	(111)	-0.1%

For the Year Ended December 31, 2018, the following trends were noted:

- Transit Operations expenditure increase was primarily due to increased labor costs for bus operators and mechanics, and operating and maintenance costs.
- Facilities expenditure increase was due to increased labor, operating and maintenance expenditures related to facilities, employee housing, bus stops, and park and rides.
- Trails & Corridor Management expenditures decreased due to the updates on the Access Control Plan completed in 2017.
- Capital outlay decrease was attributed to timing of capital projects.
- Depreciation expenditures decreased due to eighteen (18) buses that became fully depreciated in 2018.
- Debt service expenditure decrease was due to the net impact of the final payments made on the 2007 Capital Bus Lease and the 2014 Administrative Vehicle lease for four (4) vehicles in 2017, offset by one new lease entered in 2018.

**Financial Analysis of the Authority (continued)**



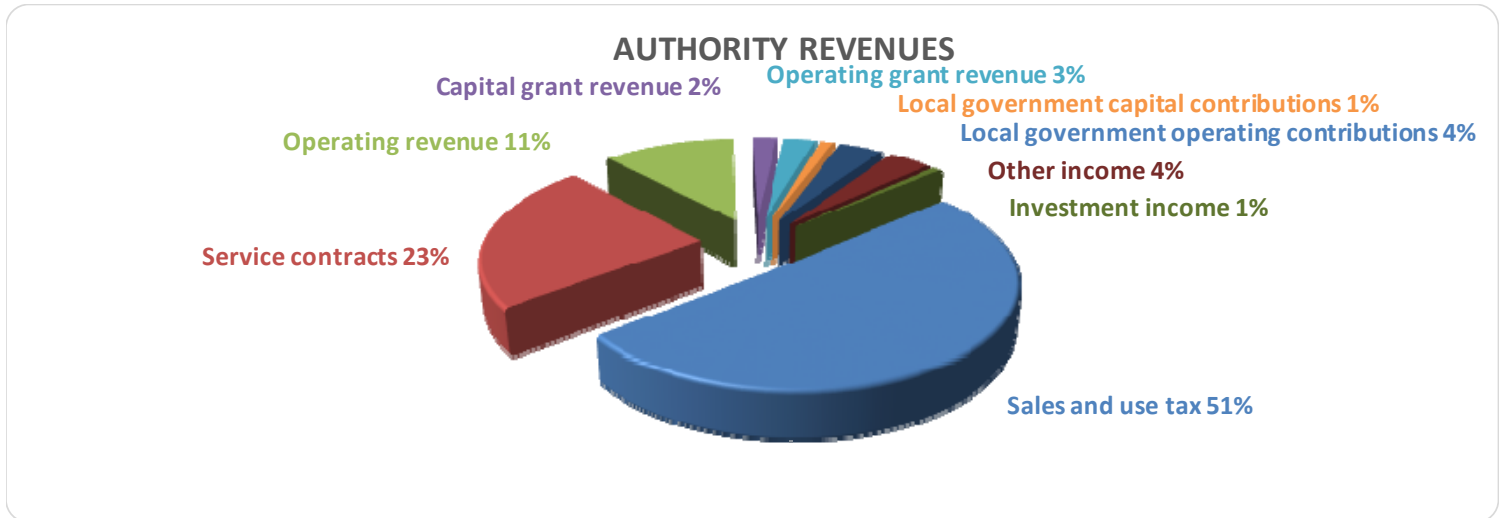
The Authority receives revenues from various sources to fund the Administration, Transit and Trails Programs.

- Regional transit services are primarily funded through Sales and Use Tax and Operating revenues. Sales and Use Tax and Fees have been dedicated in various amounts by all member jurisdictions to fund regional services (see Notes to the Financial Statements, section V.B. Intergovernmental Agreement);
- Service contract revenue (cost allocation contracts) provides reimbursement of operating expenditures and a capital contribution for the services provided. The services provided under contract are typically within a limited area. See page B15 for a transit service area map. These services are identified as local circulator services. (see Notes to the Financial Statement, section V.D. Service Agreements);
- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, Colorado and State Highway 82 between Glenwood Springs and Aspen, Colorado. See page B15 for a transit service area map;
- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received \$1.2 million in operating grants;
- Local Jurisdictions usually provide operating contributions and may provide capital contributions depending on the project or capital asset;

**Financial Analysis of the Authority (continued)**

- Other income includes the following: Fees, Miscellaneous, Other capital contributions, Rental, Build America Bonds credit for interest expenditures paid on the related Series 2009B and Series 2010A bonds, and Qualified Energy Conservation Bonds credit for interest expenditures paid on the related Series 2012A bonds and Series 2013A Loan;

The following chart depicts the Authority's 2018 revenues by percentage:



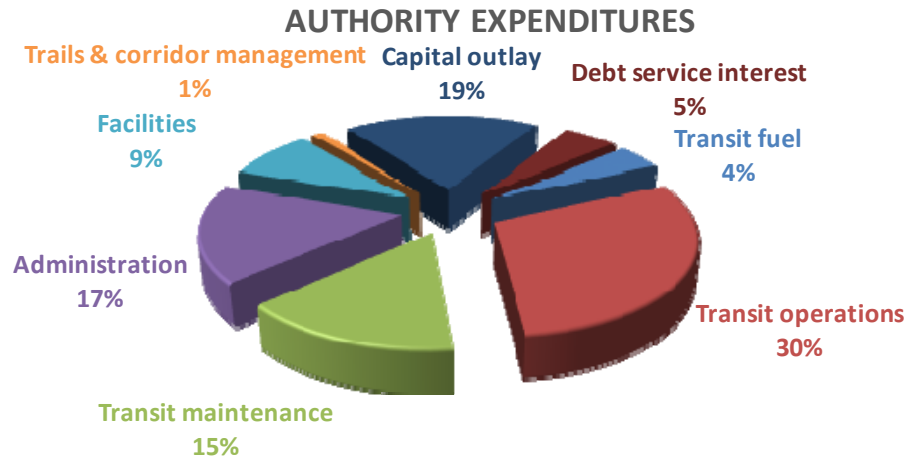
Details regarding the Authority's revenue sources can be found on Pages C2.

The Authority records the General Government activities as follows:

- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO (including Procurement), Finance, Human Resources and Risk Management, Information Technology and Planning (including Marketing);
- The Trails and corridor management line item includes the activities of The Trails and Corridor Management Program and Department;
- The Transit Program is reported on four line items: Transit operations, maintenance, fuel, and facilities. Each line item, except for fuel, includes the activities of the respective Department.

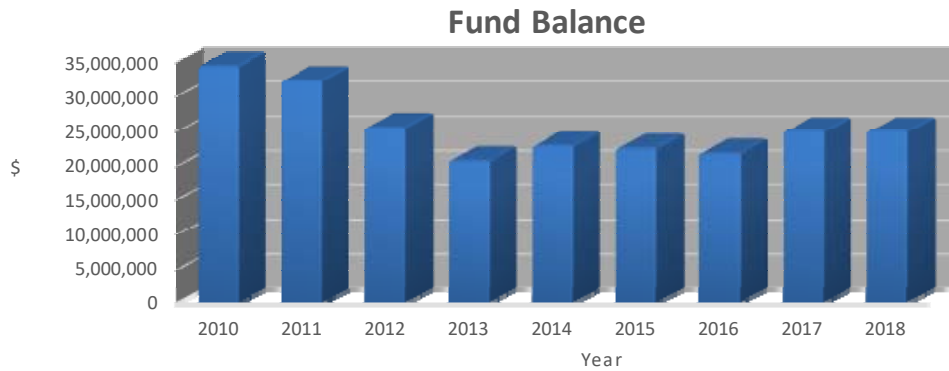
**Financial Analysis of the Authority (continued)**

The following chart depicts the Authority's 2018 expenditures:



Details regarding the Authority's expenditures can be found on Page C2.

The following chart shows fund balances for the past several years:



### *Financial Analysis of the Authority (continued)*

As of December 31, 2018, the Authority's total fund balance was approximately \$25.1 million.

- The 2018/2017 increase was due to sales and use tax revenues exceeding estimates and savings throughout the organization, including transit fuel (related to the Alternative Fuel Excise Tax Credit from 2017 which was received and recorded in 2018), insurance, employee benefits, and facilities.
- The 2017/2016 increase was due to sales and use tax revenues exceeding estimates, and savings throughout the organization, including transit fuel, insurance & other employee benefits, transit operating and maintenance, and facilities.
- The 2016/2015 decrease was primarily due to the completion of Phases III and Phases IV of the AMF Recommissioning Project in 2016.
- The 2015/2014 decrease was primarily due to the timing of the capital investment in the AMF Recommissioning Project.
- The 2014/2013 increase was due to higher sales tax revenues and unexpended capital budget.
- The 2013/2012 decrease continued to be the result of the capital investment in the BRT Project and the AMF Re-commissioning Project.
- The 2012/2011 decrease was due to the ongoing BRT Project expenditures.
- The 2011/2010 increase was primarily due to the timing of the VSS capital grant revenues.

#### *Major Capital Asset events*

Approximately \$1.7 million was expended on one (1) new over-the road transit bus and two (2) low floor transit buses, and \$582,000 was expended on bus refurbishments. Approximately \$144,000 was expended on two (2) new Traveler's vans.

Approximately \$652,000 was expended on improvements to RFTA facilities, \$630,000 was expended on planning and outreach primarily related to the Destination 2040 plan. \$125,000 was expended on the Preliminary Design and Planning for the multi-phased GMF Expansion Project, and \$206,000 was expended on information technology equipment and software.

#### *Major Debt events*

At the November 2018 General Election, eligible voters approved ballot measure 7A which imposes a uniform mill levy of 2.65 mills and authorizes \$74.675 million of bonding authority to fund the Authority's Destination 2040 Plan. Additional debt information is available in the Notes to the Financial Statements, section IV.F. Other Liabilities.

#### *Long term Financial Plan*

The Authority's long-term goal is to be financially sustainable by maintaining operating and capital reserves in accordance with Management's policies and to maintain a long-range financial forecast to communicate and plan for future opportunities and issues.

The Authority uses fund accounting to ensure and demonstrate compliance with accounting and related legal requirements.

**Financial Analysis of the Authority (continued)**

The General Fund had an unassigned fund balance of \$2.6 million, while total fund balance reached \$22.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.2% of total general fund expenditures, while total fund balance represents 77.2% of that same amount.

The fund balance increased by \$2.1 million compared to an increase of \$397,000 reflected in the budget. This \$1.7 million improvement was attributable to total revenues exceeding budget by 2% (primarily through sales and use tax, transit fares, and investment income) and savings throughout the organization, including transit fuel (primarily attributable to the timing of the Federal Alternative Fuel Excise Tax Credit from 2017 which was received and recorded in 2018), labor (due to position vacancies), general liability insurance claims, and facilities operating and maintenance expenditures.

The Service Contract Special Revenue Fund had a total fund balance of zero as the fund accounts for contractual services where revenue covers operating activity.

The Bus Shelter and Park and Ride Special Revenue Fund had a total fund balance of \$97,000, all of which is restricted by enabling legislation for bus shelter and park and ride expenditure activities.

The Mid Valley Trails Special Revenue Fund had a total fund balance of \$166,000, all of which is restricted by enabling legislation to fund trail projects within the Roaring Fork Valley boundaries of Eagle County. The net increase in fund balance was \$39,000.

The Capital Projects Fund had a total fund balance of zero. The net decrease in fund balance was \$5,700. The Authority transferred \$5,700 of unused capital expenditures related to the AMF Re-commissioning Project to the General Fund.

The Debt Service Fund had a total fund balance of \$2.5 million representing the required reserves for the Series 2009 and 2012 bonds and 2013 loans and interest earned as required by resolution. The fund received a Build America Bonds credit of \$468,000 on the Series 2009B Build America Bonds, received a Qualified Energy Conservation Bond credit of \$147,000 on the Series 2012A QECBs, received a Qualified Energy Conservation Bond credit of \$38,000 on the Series 2013B Sales Tax Revenue Loans, and a transfer from the General Fund for the remaining balance. Expenditures included \$1.8 million of debt service interest expenditures related to these bonds.

**General Fund Budgetary Highlights**

The Authority’s revenues came in over budget by \$708,000. Expenditures were \$911,000 under budget. Significant budget variances were as follows

<b>Description</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Reason</b>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 22,511,000	\$ 23,067,346	\$ 556,346	Better than anticipated/budgeted revenues
Operating Revenues	5,021,000	5,156,184	135,184	Better than anticipated pass sales and increase Maroon Bells ridership
<b>Expenditures:</b>				
Transit Fuel	\$ 1,433,758	\$ 1,095,449	\$ (338,309)	Savings due to Alternative Fuel Tax Credit received in 2018 for 2017 usage
Administration	5,519,677	5,238,038	(281,639)	Savings in labor cost due to position vacancies and general liability insurance
Facilities	2,418,018	2,210,857	(207,161)	Savings in operating and maintenance
<b>Other Financing Sources / (Uses)</b>				
Transfer to other funds	\$ (2,757,871)	\$ (2,626,144)	\$ 131,727	Reduction in transfer amount due to savings Bus Stops & PNR operating and maintenance and increased investment income in Debt Service Fund to pay annual debt service payments
Lease proceeds	150,000	28,885	(121,115)	Savings due to purchase of vehicle instead of capital lease

**Subsequent Year’s Budget**

- The Authority ended the year with a combined ending fund balance of \$25.1 million. The 2019 amended budget anticipates a net increase of \$1.9 million in the General Fund, net decrease of \$58,000 in the Special Revenue Funds, and no changes to the Debt Service Fund.
- At the November 2018 General Election, eligible voters approved ballot measure 7A which imposes a uniform mill levy of 2.65 mills and authorizes \$74.675 million of bonding authority to fund the Authority’s Destination 2040 Plan to address the region’s current and projected future mobility demands over the next 20 years. The 2019 adopted budget includes \$8.5 million in property tax revenues and the implementation of regional transit service enhancements and planning and design costs for various capital projects included in the Destination 2040 Plan.

**Request for Information**

This financial report is designed to provide a general overview of the Authority’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Roaring Fork Transportation Authority, Attention: Finance, 0766 Industry Way Carbondale, Colorado 81623.

Below is a map of the Authority's commuter transit service area which includes the I-70 Corridor between Rifle and Glenwood Springs and the Highway 82 Corridor between the Glenwood Springs and Aspen. Additionally, the Authority-owned railroad right-of-way runs adjacent to Highway 82 and connects with the Pitkin County trail near Aspen.





**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Balance Sheet/Statement of Net Position**  
**December 31, 2018**

	Funds Financial Statements						Total	Adjustments	Statement of Net Position
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	Capital Projects Fund	Debt Service Fund			
<b>Assets:</b>									
Cash and cash equivalents - unrestricted	\$ 4,457,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,457,176	\$ -	\$ 4,457,176
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	54,650	54,650
Investments	12,683,236	-	65,425	161,806	-	2,499,347	15,409,814	-	15,409,814
Accounts receivable	211,531	-	-	-	-	-	211,531	98,427	309,958
Property taxes receivable	8,458,804	-	-	-	-	-	8,458,804	-	8,458,804
Due from other funds	2,050,767	84,610	79,042	-	-	-	2,214,419	-	2,214,419
Due from other governments	4,023,059	2,059,867	37,862	3,797	-	-	6,124,585	-	6,124,585
Prepaid expenses	157,710	-	-	-	-	-	157,710	-	157,710
Inventory	799,565	-	-	-	-	-	799,565	-	799,565
Other assets, net of amortization	-	-	-	-	-	-	-	85,038	85,038
Capital assets	-	-	-	-	-	-	-	167,088,677	167,088,677
Accumulated depreciation	-	-	-	-	-	-	-	(72,479,443)	(72,479,443)
<b>Total Assets</b>	<b>32,841,848</b>	<b>2,144,477</b>	<b>182,329</b>	<b>165,603</b>	<b>-</b>	<b>2,499,347</b>	<b>37,833,604</b>	<b>94,847,349</b>	<b>132,680,953</b>
<b>Deferred Outflows of Resources:</b>									
Deferred refunding costs, net of amortization	-	-	-	-	-	-	-	55,115	55,115
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,115</b>	<b>55,115</b>
<b>Liabilities:</b>									
Accounts payable	841,254	84,610	79,043	-	-	-	1,004,907	-	1,004,907
Due to other funds	163,652	2,050,767	-	-	-	-	2,214,419	-	2,214,419
Accrued expenses	1,072,870	9,100	6,082	-	-	-	1,088,052	35,210	1,123,262
Accrued compensated absences	-	-	-	-	-	-	-	1,903,417	1,903,417
Accrued interest	-	-	-	-	-	-	-	189,712	189,712
Non-current liabilities:									
Due within one year	-	-	-	-	-	-	-	2,114,829	2,114,829
Due longer than one year	-	-	-	-	-	-	-	41,030,146	41,030,146
<b>Total Liabilities</b>	<b>2,077,776</b>	<b>2,144,477</b>	<b>85,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,307,378</b>	<b>45,273,314</b>	<b>49,580,692</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable property tax revenue	8,458,804	-	-	-	-	-	8,458,804	-	8,458,804
<b>Total Deferred Inflows of Resources</b>	<b>8,458,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,458,804</b>	<b>-</b>	<b>8,458,804</b>
<b>Fund Balance/Net Position:</b>									
<b>Fund Balance:</b>									
Non-spendable fund balance	957,275	-	-	-	-	-	957,275	(957,275)	
Restricted fund balance	2,328,846	-	97,204	165,603	-	2,499,347	5,091,000	(5,091,000)	
Committed fund balance	16,371,907	-	-	-	-	-	16,371,907	(16,371,907)	
Unassigned fund balance	2,647,240	-	-	-	-	-	2,647,240	(2,647,240)	
<b>Total Fund Balance</b>	<b>\$ 22,305,268</b>	<b>\$ -</b>	<b>\$ 97,204</b>	<b>\$ 165,603</b>	<b>\$ -</b>	<b>\$ 2,499,347</b>	<b>\$ 25,067,422</b>	<b>(25,067,422)</b>	
<b>Net Position:</b>									
Net investment in capital assets								51,604,412	51,604,412
Restricted								5,091,000	5,091,000
Unrestricted								18,001,160	18,001,160
<b>Total Net Position</b>								<b>\$ 74,696,572</b>	<b>\$ 74,696,572</b>

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

**Roaring Fork Transportation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities**  
**For the Year Ended December 31, 2018**

	Funds Financial Statements						Total	Adjustments	Statement of Activities
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	Capital Projects Fund	Debt Service Fund			
<b>Revenues:</b>									
Sales and use tax revenue	\$ 23,067,346	\$ -	\$ -	\$ 56,665	\$ -	\$ -	\$ 23,124,011	\$ -	\$ 23,124,011
Service contracts	-	10,699,115	-	-	-	-	10,699,115	-	10,699,115
Operating revenue	5,156,184	109,089	-	-	-	-	5,265,273	-	5,265,273
Capital grant revenue	980,771	-	-	-	-	-	980,771	-	980,771
Operating grant revenue	1,214,370	30,000	-	-	-	-	1,244,370	-	1,244,370
Local government capital contributions	534,725	-	-	-	-	-	534,725	-	534,725
Local government operating contributions	1,735,956	-	-	-	-	-	1,735,956	-	1,735,956
Other income	545,921	-	482,626	-	-	653,942	1,682,489	24,150	1,706,639
Investment income	262,530	-	1,929	2,872	-	65,154	332,485	-	332,485
<b>Total Revenues</b>	<b>33,497,803</b>	<b>10,838,204</b>	<b>484,555</b>	<b>59,537</b>	<b>-</b>	<b>719,096</b>	<b>45,599,195</b>	<b>24,150</b>	<b>45,623,345</b>
<b>Expenditures/Expenses:</b>									
Transit fuel	1,095,449	658,522	-	-	-	-	1,753,971	228,373	1,982,344
Transit operations	9,065,210	4,753,456	-	-	-	-	13,818,666	25,673	13,844,339
Transit maintenance	4,745,087	2,133,365	-	-	-	-	6,878,452	-	6,878,452
Administration	5,238,038	2,509,846	-	19,665	-	-	7,767,549	-	7,767,549
Facilities	2,210,857	931,746	715,530	-	-	-	3,858,133	-	3,858,133
Trails & corridor management	469,039	-	-	1,000	-	-	470,039	-	470,039
Capital outlay	4,562,517	-	15,750	-	-	-	4,578,267	(3,917,920)	660,347
Depreciation and amortization	-	-	-	-	-	-	-	7,967,035	7,967,035
Debt service:									
Principal	937,896	-	-	-	-	1,130,000	2,067,896	(2,067,896)	-
Interest	555,039	-	-	-	-	1,819,784	2,374,823	9,416	2,384,239
<b>Total Expenditures/Expenses</b>	<b>28,879,132</b>	<b>10,986,935</b>	<b>731,280</b>	<b>20,665</b>	<b>-</b>	<b>2,949,784</b>	<b>43,567,796</b>	<b>2,244,681</b>	<b>45,812,477</b>
<b>Excess of Revenues Over Expenditures/ Expenses</b>	<b>4,618,671</b>	<b>(148,731)</b>	<b>(246,725)</b>	<b>38,872</b>	<b>-</b>	<b>(2,230,688)</b>	<b>2,031,399</b>	<b>(2,220,531)</b>	<b>(189,132)</b>
<b>Other Financing Sources (Uses):</b>									
Transfer to other funds	(2,626,144)	-	-	-	(5,730)	-	(2,631,874)	-	(2,631,874)
Transfer from other funds	5,730	148,731	246,725	-	-	2,230,688	2,631,874	-	2,631,874
Bond premium	-	-	-	-	-	-	-	2,462	2,462
Bond discount	-	-	-	-	-	-	-	(7,241)	(7,241)
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	(15,612)	(15,612)
Lease proceeds	28,885	-	-	-	-	-	28,885	(28,885)	-
Insurance recovery	64,766	-	-	-	-	-	64,766	33,661	98,427
<b>Total Other Financing Sources (Uses)</b>	<b>(2,526,763)</b>	<b>148,731</b>	<b>246,725</b>	<b>-</b>	<b>(5,730)</b>	<b>2,230,688</b>	<b>93,651</b>	<b>(15,615)</b>	<b>78,036</b>
<b>Change in Fund Balance/Net Position</b>	<b>2,091,908</b>	<b>-</b>	<b>-</b>	<b>38,872</b>	<b>(5,730)</b>	<b>-</b>	<b>2,125,050</b>	<b>(2,236,146)</b>	<b>(111,096)</b>
<b>Fund Balance/Net Position:</b>									
Beginning of Year	20,213,360	-	97,204	126,731	5,730	2,499,347	22,942,372	-	74,807,668
End of Year	\$ 22,305,268	\$ -	\$ 97,204	\$ 165,603	\$ -	\$ 2,499,347	\$ 25,067,422	-	\$ 74,696,572

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 21,591,000	\$ 22,511,000	\$ 23,067,346	\$ 556,346
Operating revenue	5,021,000	5,021,000	5,156,184	135,184
Capital grant revenue	1,686,000	1,036,724	980,771	(55,953)
Operating grant revenue	1,214,370	1,214,370	1,214,370	-
Local government capital contributions	-	534,725	534,725	-
Local government operating contributions	1,733,191	1,733,191	1,735,956	2,765
Other income	551,440	551,440	545,921	(5,519)
Investment income	100,000	187,000	262,530	75,530
<b>Total Revenues</b>	<u>31,897,001</u>	<u>32,789,450</u>	<u>33,497,803</u>	<u>708,353</u>
<b>Expenditures:</b>				
Transit fuel	1,433,758	1,433,758	1,095,449	338,309
Transit operations	9,406,361	9,074,612	9,065,210	9,402
Transit maintenance	4,694,727	4,696,041	4,745,087	(49,046)
Administration	5,523,519	5,519,677	5,238,038	281,639
Facilities	2,083,741	2,418,018	2,210,857	207,161
Trails & corridor management	540,120	540,120	469,039	71,081
Capital outlay	4,593,700	4,595,022	4,562,517	32,505
Debt service:				
Principal	957,930	957,930	937,896	20,034
Interest	555,041	555,041	555,039	2
<b>Total Expenditures</b>	<u>29,788,897</u>	<u>29,790,219</u>	<u>28,879,132</u>	<u>911,087</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,108,104</u>	<u>2,999,231</u>	<u>4,618,671</u>	<u>1,619,440</u>
<b>Other Financing Sources / (Uses)</b>				
Transfer to other funds	(2,757,871)	(2,757,871)	(2,626,144)	131,727
Transfer from other funds	-	5,730	5,730	-
Lease proceeds	150,000	150,000	28,885	(121,115)
Insurance recovery	-	-	64,766	64,766
<b>Total Other Financing Sources / (Uses)</b>	<u>(2,607,871)</u>	<u>(2,602,141)</u>	<u>(2,526,763)</u>	<u>75,378</u>
<b>Change in Fund Balance</b>	<u>\$ (499,767)</u>	<u>\$ 397,090</u>	2,091,908	<u>\$ 1,694,818</u>
<b>Fund Balance:</b>				
Beginning of Year			20,213,360	
End of Year			<u>\$ 22,305,268</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Service Contracts Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive (Negative)</b>
<b>Revenues:</b>				
Service contracts	\$ 10,927,132	\$ 10,979,132	\$ 10,699,115	\$ (280,017)
Operating revenue	-	-	109,089	109,089
Operating grant revenue	30,000	30,000	30,000	-
<b>Total Revenues</b>	<u>10,957,132</u>	<u>11,009,132</u>	<u>10,838,204</u>	<u>(170,928)</u>
<b>Expenditures:</b>				
Transit fuel	663,342	666,842	658,522	8,320
Transit operations	10,370,521	4,916,064	4,753,456	162,608
Transit maintenance	32,000	2,133,365	2,133,365	-
Administration	40,000	2,509,846	2,509,846	-
Facilities	-	931,746	931,746	-
<b>Total Expenditures</b>	<u>11,105,863</u>	<u>11,157,863</u>	<u>10,986,935</u>	<u>170,928</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(148,731)</u>	<u>(148,731)</u>	<u>(148,731)</u>	<u>-</u>
<b>Other Financing Sources / (Uses)</b>				
Transfers from other funds	148,731	148,731	148,731	-
<b>Total Other Financing Sources / (Uses)</b>	<u>148,731</u>	<u>148,731</u>	<u>148,731</u>	<u>-</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year			-	
End of Year			<u>\$ -</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Bus Shelter/PNR Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>				
Other income	\$ 512,000	\$ 512,000	\$ 482,626	\$ (29,374)
Investment income	-	-	1,929	1,929
<b>Total Revenues</b>	<u>512,000</u>	<u>512,000</u>	<u>484,555</u>	<u>(27,445)</u>
<b>Expenditures:</b>				
Facilities	822,400	822,400	715,530	106,870
Capital outlay	-	-	15,750	(15,750)
<b>Total Expenditures</b>	<u>822,400</u>	<u>822,400</u>	<u>731,280</u>	<u>91,120</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(310,400)</u>	<u>(310,400)</u>	<u>(246,725)</u>	<u>63,675</u>
<b>Other Financing Sources / (Uses)</b>				
Transfers from Other Funds	310,400	310,400	246,725	(63,675)
<b>Total Other Financing Sources / (Uses)</b>	<u>310,400</u>	<u>310,400</u>	<u>246,725</u>	<u>(63,675)</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year			97,204	
End of Year			<u>\$ 97,204</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Mid Valley Trails Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 50,000	\$ 50,000	\$ 56,665	\$ 6,665
Investment income	-	-	2,872	2,872
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>59,537</u>	<u>9,537</u>
<b>Expenditures:</b>				
Administration	21,500	21,500	19,665	1,835
Trails & corridor management	28,500	28,500	1,000	27,500
<b>Total Expenditures</b>	<u>50,000</u>	<u>50,000</u>	<u>20,665</u>	<u>29,335</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>38,872</u>	<u>38,872</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>38,872</u>	<u>\$ 38,872</u>
<b>Fund Balance:</b>				
Beginning of Year			126,731	
End of Year			<u>\$ 165,603</u>	

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



**NOTES TO THE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**

**I. Summary of Significant Accounting Policies**

The Roaring Fork Transit Agency was formed by an intergovernmental agreement between the City of Aspen and Pitkin County in 1983. In November of 2000, the electorate of the Roaring Fork Valley, subject to an intergovernmental agreement authorized by participating entities, approved the establishment of the Roaring Fork Transportation Authority (the "Authority"). The function of the Authority is to create, operate, and maintain a public transportation system and a multi-purpose non-motorized trail network that serves the residents and visitors of the Roaring Fork and Colorado River Valley with environmentally friendly, convenient, safe, efficient and economical transportation. The Authority's service area encompasses six towns and two counties that include the City of Aspen, Town of Basalt, Town of Carbondale, Eagle County, City of Glenwood Springs, Town of New Castle, Pitkin County and Town of Snowmass Village. The Authority's regional transit services are supported by dedicated sales tax collections by governments within the service area, contributions, and fares.

The Authority's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The Authority is governed by a Board of Directors which is comprised of eight members and eight alternates who consist of two elected officials from each participating governmental entity. The Board is responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes. As required by GAAP, the financial statements of the reporting entity include those of the Authority. Additionally, a second Authority Board, the Mid Valley Trails Board administers 20% (0.10%) of the Eagle County sales tax dedicated to the Authority. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Authority since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**B. Government-wide and Fund Financial Statements**

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business (i.e., relying to a significant extent on fees and charges for support) type activities. Currently, the Authority performs only governmental activities. Neither fiduciary nor component units that are fiduciary in nature are included.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported as unrestricted net position. The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The fund focus is on current available resources and budget compliance.

The Authority reports six funds:

- **General Fund** – accounts for all activities of the general government except those accounted for in the special revenue, capital projects, debt service, and reserve funds.
- **Service Contract Special Revenue Fund** – reports revenue and operating activity for additional services based on contractual agreement.
- **Bus Shelter and Park and Ride Special Revenue Fund** – reports vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation.
- **Mid Valley Trails Special Revenue Fund** – reports transactions restricted to trail activities in accordance with the June 2002 resolution where the Authority adopted the Eagle County Mid Valley Trails Committee which administers all aspects of appropriating the funds and the Authority provides accounting of the funds and other services as requested by the Committee.
- **Capital Projects Fund** – reports all expenditures related to the Aspen Maintenance Facility Recommissioning Project for assets and infrastructure using proceeds from Series 2010A bonds and 2013B loan.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- **Debt Service Fund** – reports all principal and interest expenditures for the Series 2009A \$6.5 million bond issuance, Series 2009B \$21 million Build America Bonds issuance, 2012A \$6.65 million Qualified Energy Conservation Bond issuance, Series 2013A sales tax revenue loan, Series 2013B taxable sales tax revenue loan, interest earned, and the required reserves for these bonds

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**2. Current Financial Focus and Modified Accrual Basis (continued)**

Sales tax, fees, and licenses associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents – unrestricted are defined as amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Authority.

Cash and cash equivalents – restricted are defined as certain proceeds from debt issuance with limited use by applicable debt covenants.

The Authority has adopted a formal investment policy to manage its safety of principal, liquidity to meet all operating requirements, and yield. The following is a summary of relevant guidelines from the policy:

- **Investment Types** – All investments will be made in accordance with the Colorado Revised Statutes as follows: C.R.S. 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. 24-75-601, et. seq. Funds - Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-702, Local governments – authority to pool surplus funds.
- **Diversification** – The investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- **Maturity** – Investment maturities shall be based on the anticipated cash flow requirements of the Authority. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five (5) years. The Authority adopts weighted average maturity limitations (which often range from 90 days to 3 years). Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide with the expected use of funds.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the Authority considers all accounts to be collectible.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and a deferred inflow of resources

**4. Inventory**

Inventory consists of fuel and bus equipment parts and is recorded at the lower of cost or market.

**5. Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**6. Compensated Absences**

The Authority allows its employees to accumulate sick and vacation leave, based on the employee's length and hours of service, and compensates overtime in the form of overtime pay or compensatory time off.

Accrued compensated absences may be carried over to the following year, with a maximum accrual of 300 hours for vacation time, 160 hours for compensatory time, and no maximum accrual for sick time. Upon an employee's separation from service from the Authority, the Authority pays the full amount of accrued vacation time and accrued compensatory time. Accrued sick time is also paid out, up to a maximum of 480 accrued hours, of 33% of sick leave balance, less 80 hours.

At year end, the estimated value of accumulated compensated absence leave, including the Authority's portion of employment costs, is \$1,903,417.

**7. Capital Assets**

Capital assets, which include land, buildings, building improvements, equipment, and vehicles, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of three years for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**7. Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest, if any, incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	3 - 10
Vehicles	7 - 12

Depreciation is not taken on assets in the first year of service.

**8. Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has one item which qualifies for reporting in this category: deferred charges on refunding. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**9. Categories and Classification of Fund Balance**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Authority classifies governmental fund balances as follows:

- 1. Non-spendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
  - **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- 2. Spendable Fund Balance:**
  - **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority's Board of Directors. For details on the Authority's budget process, refer to Note III.A.
  - **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.
  - **Unassigned** – includes residual positive fund balance within the General Fund which has not been classified within the other categories mentioned above. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**9. Categories and Classification of Fund Balance (continued)**

The Authority does not have a formal minimum fund balance policy. However, the Authority's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board.

The following are fund definitions:

- **General Fund** – The general fund is used to account for and report all financial resources not accounted for and reported in another fund.
- **Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
- **Capital Projects Funds** – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **Debt Service Funds** – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements is in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Restricted and Unrestricted Resources**

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. The Authority adds capital assets net of depreciation of \$94,609,234. Another element of this reconciliation adds long-term debt relating to Pitkin County, Colorado’s Series 2010A&B sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. Additional long-term debt includes Series 2009A&B bonds, Series 2012A bonds, Series 2013A&B loans and various capital leases. The Authority also has deferred refunding costs of \$55,115 relating to all the aforementioned debt. Finally, the Authority recognizes a long-term accrued compensated absences liability of \$1,903,417.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between Net change in fund balance – Governmental funds and Changes in net position – Governmental activities as reported in the government-wide Statement of Activities. The Authority reduces capital outlay in the amount of \$3,917,920 for assets which have been capitalized, and debt principal payments of \$2,067,896 applied to long-term debt liabilities. The Authority also adds depreciation and amortization expense of \$7,967,035.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

In the fall of each year, the Authority’s Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds is adopted on a basis consistent with U.S. GAAP. The Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2018.

- (1) On or before October 15th, the Authority submitted to the Board a recommended budget that details the revenues necessary to meet the Authority's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15th.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgets and Budgetary Accounting (continued)**

- (3) After adoption of the initial budget resolution, the Authority may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

All appropriations lapse at year end. During the year, six supplemental appropriation resolutions were adopted by the Authority. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the 2018 appropriations were increased (decreased) as follows:

<b>Resolution</b>	<b>General Fund</b>	<b>SRF Service Contracts</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Original Appropriation</b>				\$ 47,474,815
<i>Changes to annual appropriations:</i>				
Resolution No. 2018-02	\$ 1,925,606	\$ -	\$ -	1,925,606
Resolution No. 2018-08	610,384	-	-	610,384
Resolution No. 2018-10	27,355	52,000	-	79,355
Resolution No. 2018-15	6,404,971	-	-	6,404,971
Resolution No. 2018-21	600,000	-	5,730	605,730
Resolution No. 2019-05	(9,566,994)	-	-	(9,566,994)
<i>Total changes to annual appropriations</i>	<u>\$ 1,322</u>	<u>\$ 52,000</u>	<u>\$ 5,730</u>	<u>59,052</u>
<b>Final Appropriation</b>				<u>\$ 47,533,867</u>

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has restricted \$1,004,934 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2018.

The ballot question authorizing the creation of the Authority in 2000 allows the Authority to treat all amounts received from taxes, contributions and otherwise and earnings thereon as a voter approved revenue change.

The Authority's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of collateral must be at least equal to the aggregate uninsured deposits.

At year end, the Authority had the following investments and maturities:

	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Less than one year</b>	<b>Less than five years</b>
<b>Deposits:</b>				
Cash on Hand	Not Rated	\$ 39,595	\$ 39,595	\$ -
Checking	Not Rated	665,824	665,824	-
Short Term Investment Accounts	Not Rated	3,751,756	3,751,756	-
Deposits held by Pitkin County Treasurer	Not Rated	54,650	54,650	-
Local Government Investment Pools	AAAm	15,409,815	15,409,815	-
<b>Total</b>		<u>\$ 19,921,640</u>	<u>\$ 19,921,640</u>	<u>\$ -</u>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

The local government investment pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The pool is measured at the net asset value. The Authority has no regulatory oversight for the pool. As of December 31, 2018, a significant portion of the government's short-term investments were in COLOTRUST and was rated AAAM by Standard and Poor's.

*Interest Rate Risk:* As a means of limiting its exposure to interest rate risk, the Authority diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

*Credit Risk:* State law and Authority policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk:* The Authority diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured or issued by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Authority funds must provide the Authority a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

*Custodial Credit Risk - Deposits:* In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may be returned to it. The Authority's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under PDPA. The FDIC insures the first \$250,000 of the Authority's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

*Custodial Credit Risk – Investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are made in the name of the Authority. Marketable securities are held by either (1) a third-party custodian as evidenced by safekeeping receipts or (2) a broker-dealer in a customer account that is insured by the Securities Investor Protection Corporation and supplemental insurance for the maximum held in such account.

**B. Receivables**

Accounts receivable is due primarily from pass sales and other governmental contributions in 2018. Due from other Governments consists of amounts due from the Federal and State Government and other local entities, including sales and use tax. The Authority has recorded no allowance for doubtful accounts at December 31, 2018 and anticipates the collection of all receivables.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/18</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,158,782	\$ 599,103	\$ (258,708)	\$ 1,499,177
Land and improvements	19,958,190	-	-	19,958,190
<b>Total Capital Assets, Not Being Depreciated</b>	<u>21,116,972</u>	<u>599,103</u>	<u>(258,708)</u>	<u>21,457,367</u>
Capital assets, being depreciated:				
Buildings	5,916,422	-	-	5,916,422
Improvements other than buildings	62,628,962	146,565	-	62,775,527
Equipment	74,042,305	3,430,960	(533,904)	76,939,361
<b>Total Capital Assets Being Depreciated</b>	<u>142,587,689</u>	<u>3,577,525</u>	<u>(533,904)</u>	<u>145,631,310</u>
Less accumulated depreciation for:				
Buildings	(4,684,762)	(106,350)	-	(4,791,112)
Improvements other than buildings	(12,363,219)	(2,617,018)	-	(14,980,237)
Equipment	(47,917,953)	(5,243,667)	453,526	(52,708,094)
<b>Total Accumulated Depreciation</b>	<u>(64,965,934)</u>	<u>(7,967,035)</u>	<u>453,526</u>	<u>(72,479,443)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>77,621,755</u>	<u>(4,389,510)</u>	<u>(80,378)</u>	<u>73,151,867</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 98,738,727</u>	<u>\$ (3,790,407)</u>	<u>\$ (339,086)</u>	<u>\$ 94,609,234</u>

**D. Interfund Transfers**

Interfund balances as of December 31, 2018 are comprised of the following interfund transfers:

	<u>Transfer In:</u>				<u>Total</u>
	<u>General Fund</u>	<u>SRF Service Contracts</u>	<u>SRF Bus Shelter/PNR</u>	<u>Debt Service Fund</u>	
<b>Transfer Out:</b>					
General Fund	\$ -	\$ 148,731	\$ 246,725	\$ 2,230,688	\$ 2,626,144
Capital Projects Fund	5,730	-	-	-	5,730
<b>Total</b>	<u>\$ 5,730</u>	<u>\$ 148,731</u>	<u>\$ 246,725</u>	<u>\$ 2,230,688</u>	<u>\$ 2,631,874</u>

The General Fund transfers to the Service Contract Special Revenue Fund represent its contribution on behalf of its members participating in the Traveler Program. The General Fund transfer to the Bus Shelter/PNR Special Revenue Fund was to cover a shortfall, and the General Fund transfers to the Debt Service Fund were to cover debt service requirements. The transfer from the Capital Projects Fund to the General Fund was to return savings from budgeted projects.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Non-spendable, Restriction and Commitment of Fund Balances**

At December 31, 2018, the fund balance of the Authority's General Fund was restricted and committed for the following:

Non-spendable for inventory & prepaids	\$	957,275
Restricted for TABOR reserve		1,004,934
Restricted for Grant reserves		787,832
Restricted for Capital project		536,080
Committed for Transit		6,291,285
Committed for Trails		922,086
Committed for Facilities		2,163,343
Committed for Operating reserves		6,995,193
<b>Total</b>	<b>\$</b>	<b><u>19,658,028</u></b>

Funds restricted for emergencies are required by Colorado's TABOR amendment. Funds are non-spendable for inventories and prepaid expenses as they are not readily spendable and, therefore, are not included in unassigned fund balance. Additional amounts have been committed for specific purposes by the Authority as indicated.

Funds restricted for capital project represent a restriction of funds due to an intergovernmental agreement with the City of Glenwood Springs for the purposes of either reestablishing a freight rail, for commuter or freight purposes, or to acquire, in fee simple, private property interests underlying the corridor.

Funds restricted for grant reserves represent a restriction of funds due to Department of Local Affairs grant funds received for 6 CNG MCI Commuter Coach Buses, which were purchased using a lease purchase financial agreement. Over a 10-year period, the restriction shall be removed on one-tenth of the grant amount, making those funds an unrestricted resource.

At December 31, 2018, the fund balance of the Debt Service Fund was restricted for the following:

Restricted for debt	\$	2,499,347
<b>Total</b>	<b>\$</b>	<b><u>2,499,347</u></b>

Funds restricted for debt are reserve requirements by the Series 2009A&B, 2012A bonds, and 2013A&B loans.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities**

**1. Sales Tax Revenue Bonds**

The original intergovernmental agreement forming the Authority allows Pitkin County, Colorado (the "County") to reduce the sales tax paid to the Authority by the principal and interest payments on the County's outstanding transit debt, the Series 1998 and 2001 Sales Tax Revenue Bonds. The transit debt was originally issued in order to provide capital for the Roaring Fork Transit Agency. Upon formation of the Authority, the obligation for payment of transit debt, along with specific Agency assets were transferred to the Authority. On December 22, 2010, the County issued additional transit debt on behalf of the Authority: \$2,530,000 of Taxable Sales Tax Revenue Build America Bonds, Series 2010A and \$5,830,000 of Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B.

Series 2010A bonds carry an interest rate of 6.689% to 6.939% with final maturity date of 2040. Series 2010B tax-exempt bonds carry an interest rate of 2.0% to 4.25% with final maturity date of 2026. These bonds are currently the two Sales Tax Revenue Bonds outstanding and held by Pitkin County.

In July 2009, the Authority issued Tax-Exempt Sales and Use Tax Revenue Bonds, Series 2009A to finance asset and infrastructure expenditures for the BRT Project. The Series 2009A bonds carry an interest rate of 2.0% to 4.0% with final maturity date of 2020.

In July 2009, the Authority issued Taxable Sales and Use Tax Revenue Bonds (Build America Bonds – Direct Payment to Issuer), Series 2009B to finance the asset and infrastructure expenditures for the BRT Project. The Series 2009B bonds carry an interest rate of 6.6% to 6.8% with final maturity date of 2039.

In August 2012, the Authority issued Taxable Sales and Use Tax Revenue Bonds (Qualified Energy Conservation Bonds – Direct Payment to Issuer), Series 2012A to finance the Roaring Fork Transportation Authority Green Community Program, including the Compressed Natural Gas infrastructure and safety modifications. The Series 2012A bonds carry an interest rate of 0.79% to 4.50% with final maturity date of 2032.

**2. Sales Tax Revenue Loans**

In November 2013, the Authority entered into a \$2,000,000 sales tax revenue loan agreement and promissory note with Banc of America Public Capital Corp, Series 2013A loan, to finance the acquisition, construction, and equipping vehicle maintenance and other facilities; the acquisition of buses and transit vehicles; and providing road improvements related to the regional transportation system and intelligent transportation system and intelligent transportation system components for the BRT system. The loan carries a fixed interest rate of 3.48% with a final maturity date of 2028.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**2. Sales Tax Revenue Loans (continued)**

In November 2013, the Authority entered into a \$1,300,000 taxable sales tax revenue (Qualified Energy Conservation Bonds – Direct Payment to Issuer) loan agreement and promissory note with Banc of America Leasing & Capital, LLC, Series 2013B loan, to finance the Roaring Fork Transportation Green Community Program including energy efficient upgrades, improvements and renovations at the Aspen Maintenance Facility. The loan carries a fixed interest rate of 4.96% with a final maturity date of 2030.

**3. Capital Leases**

In 2008, the Authority signed a lease for an employee housing complex totaling \$2,300,000. The lease carries an interest rate of 4.39% with final maturity of 2028. The employee housing financing was a private placement and subject to the following covenants. The Authority is required each year to have revenues not less than 110% of the amount required to pay all annual payments in the year; additionally, revenues for the immediately preceding year are equal to at least 125% of the maximum annual payments required to be paid in any succeeding year.

In 2011, the Authority signed a lease with Alpine Bank for the acquisition of commercial real estate, located at 1340 Main Street in Carbondale, CO. The lease carries an interest rate of 4.5% and has an original principal amount, at inception of the lease, of \$1,000,000 with a final maturity of 2031.

In 2015, the Authority signed a lease for a solar panel array totaling \$1,453,285. The lease carries an initial interest rate of 5.5% with final maturity of 2035. In 2020, the interest rate is subject to change if the interest rate is determined to be excluded from gross income for federal income tax purposes to the lender, then the interest rate shall be reduced 4.25%, if not then the interest rate will increase to 6.75%. The Authority has the option to purchase the leased solar panel array on or after 5 years of service at a price as outlined in the agreement.

In 2016, the Authority signed a lease for an operations vehicle totaling \$30,581. The lease carries an interest rate of 5.95% with a final maturity of 2019.

In 2016, the Authority signed a lease for two facilities vehicles totaling \$73,425. The lease carries an interest rate of 5.95% with a final maturity of 2019.

In 2016, the Authority signed a lease for an operations vehicle totaling \$32,855. The lease carries an interest rate of 5.95% with a final maturity of 2019.

In 2016, the Authority signed leases for six buses totaling \$4,440,264. The lease carries an interest rate of 1.87% with a final maturity of 2028.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**3. Capital Leases (continued)**

In 2017, the Authority signed a lease for an operations vehicle totaling \$31,861. The lease carries an interest rate of 5.75% with a final maturity of 2020.

In 2018, the Authority signed a lease for an operations vehicle totaling \$28,885. The lease carries an interest rate of 6.95% with a final maturity of 2021.

**4. Authorized Unissued Debt**

In November 2008, qualified electors of the Authority approved the issuance of up to \$44,555,000 in bonds to finance the costs of the Authority's Regional Transportation Improvement Plan. After the issuances of the Series 2009A, Series 2009B, and Series 2012A sales tax bonds and the Series 2013A and 2013B sales tax loans, the Authority has \$7,105,000 of authorized unissued debt as of December 31, 2018.

In November 2018 the Authority's electorate approved increasing ad valorem property taxes at a rate of 2.65 Mills. The electorate also approved issuing \$74.675 Million in revenue bonds to be used for, but not limited to:

- Bus rapid transit and local bus service improvements to reduce congestion along highway 82
- Mobility enhancements for pedestrians, bicyclist and transit users
- Construction of the lower valley trail
- Improved access and maintenance for the Rio Grande trail
- Construction and maintenance of park and rides, bus stops and other transit and transportation facilities
- Purchase of new buses, including electrification of buses for emission and noise reductions

At December 31, 2018, the Authority's total authorized but unissued debt is \$81,780,000.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**5. Changes in Debt**

The Authority had the following changes in its outstanding debt:

	<u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/18</u>	<u>Due within one year</u>
Bonds payable:					
Sales tax revenue bonds:					
Series 2009A	\$ 1,920,000	\$ -	\$ (615,000)	\$ 1,305,000	\$ 640,000
Series 2009B	21,310,000	-	-	21,310,000	-
Series 2010A	2,530,000	-	-	2,530,000	-
Series 2010B	3,610,000	-	(350,000)	3,260,000	360,000
Series 2012A	5,290,000	-	(340,000)	4,950,000	340,000
Loans payable:					
Sales tax revenue loans,					
Series 2013A	1,665,000	-	(115,000)	1,550,000	110,000
Taxable sales tax revenue loans,					
Series 2013B	1,115,000	-	(60,000)	1,055,000	60,000
Capital leases:					
2008 Parker House	1,444,000	-	(111,817)	1,332,183	116,826
1340 Main Street, Carbondale	779,165	-	(41,700)	737,465	43,643
2015 Solar Array	1,350,261	-	(45,929)	1,304,332	48,557
2016 Ford Explorer	15,265	-	(7,412)	7,853	7,853
2016 Ford F150 and F250	36,651	-	(17,796)	18,855	18,855
2017 Ford Explorer	16,400	-	(7,963)	8,437	8,437
2016 CNG Buses	4,079,026	-	(340,003)	3,739,023	346,416
2017 Ford Explorer	23,216	-	(7,310)	15,906	7,731
2018 Ford Explorer	-	28,885	(7,964)	20,921	6,511
Total non-current liabilities	<u>45,183,984</u>	<u>28,885</u>	<u>(2,067,894)</u>	<u>43,144,975</u>	<u>2,114,829</u>
Compensated absences	1,877,744	25,673	-	1,903,417	-
<b>Long-term liabilities</b>	<u><u>\$ 47,061,728</u></u>	<u><u>\$ 54,558</u></u>	<u><u>\$ (2,067,894)</u></u>	<u><u>\$ 45,048,392</u></u>	<u><u>\$ 2,114,829</u></u>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**6. Future Debt Payments**

The following schedule shows the future debt payments of the Authority for all outstanding debt at year end:

Year	2008 Capital Lease-Parker House		2009A Sales/Use Tax Rev. Bonds		2009B Sales/Use Tax Rev. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 116,826	\$ 56,151	\$ 640,000	\$ 52,200	\$ -	\$ 1,429,186
2020	122,059	50,918	665,000	26,600	-	1,429,186
2021	127,527	45,450	-	-	840,000	1,429,186
2022	133,239	39,738	-	-	875,000	1,373,628
2023	139,208	33,769	-	-	915,000	1,315,756
2024 - 2028	693,324	70,648	-	-	5,195,000	5,617,765
2029 - 2033	-	-	-	-	5,560,000	3,822,266
2034 - 2038	-	-	-	-	5,015,000	2,044,362
2039 - 2043	-	-	-	-	2,910,000	198,171
<b>Total</b>	<b>\$ 1,332,183</b>	<b>\$ 296,674</b>	<b>\$ 1,305,000</b>	<b>\$ 78,800</b>	<b>\$ 21,310,000</b>	<b>\$ 18,659,506</b>

Year	2010A Sales/Use Tax Rev. Bonds		2010B Sales/Use Tax Rev. Bonds		1340 Main Street, Carbondale	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ -	\$ 173,032	\$ 360,000	\$ 122,769	\$ 43,643	\$ 32,733
2020	-	173,032	370,000	111,519	45,676	30,700
2021	-	173,032	385,000	99,494	47,804	28,572
2022	-	173,032	395,000	86,019	50,031	26,345
2023	-	173,032	410,000	71,206	52,363	24,014
2024 - 2028	275,000	856,128	1,340,000	113,200	300,761	81,119
2029 - 2033	800,000	670,235	-	-	197,187	12,988
2034 - 2038	995,000	372,270	-	-	-	-
2039 - 2043	460,000	48,226	-	-	-	-
<b>Total</b>	<b>\$ 2,530,000</b>	<b>\$ 2,812,019</b>	<b>\$ 3,260,000</b>	<b>\$ 604,207</b>	<b>\$ 737,465</b>	<b>\$ 236,471</b>

Year	2012A Sales/Use Tax Rev. Bonds		2013A Sales/Use Tax Rev. Loan		2013B Taxable Sales/Use Tax Rev. Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 340,000	\$ 192,664	\$ 110,000	\$ 53,940	\$ 60,000	\$ 52,328
2020	340,000	184,266	120,000	50,112	70,000	49,352
2021	340,000	174,304	130,000	45,936	70,000	45,880
2022	340,000	163,832	140,000	41,412	75,000	42,408
2023	340,000	152,850	150,000	36,540	75,000	38,688
2024 - 2028	1,760,000	556,850	900,000	97,440	470,000	132,184
2029 - 2033	1,490,000	168,750	-	-	235,000	17,608
<b>Total</b>	<b>\$ 4,950,000</b>	<b>\$ 1,593,516</b>	<b>\$ 1,550,000</b>	<b>\$ 325,380</b>	<b>\$ 1,055,000</b>	<b>\$ 378,448</b>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**6. Future Debt Payments (continued)**

Year	2015 Capital Lease - Solar Array		2016 Capital Lease - Vehicle		2016 Capital Lease - Vehicles	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 48,557	\$ 71,502	\$ 7,853	\$ 467	\$ 18,855	\$ 1,122
2020	51,007	69,983	-	-	-	-
2021	50,349	80,886	-	-	-	-
2022	53,905	77,330	-	-	-	-
2023	57,712	73,524	-	-	-	-
2024 - 2028	355,769	300,407	-	-	-	-
2029 - 2033	500,444	155,731	-	-	-	-
2034 - 2038	186,589	10,264	-	-	-	-
<b>Total</b>	<b>\$ 1,304,332</b>	<b>\$ 839,627</b>	<b>\$ 7,853</b>	<b>\$ 467</b>	<b>\$ 18,855</b>	<b>\$ 1,122</b>

Year	2017 Capital Lease - Vehicle		2016 Capital Lease - Buses		2017 Capital Lease - Vehicle	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 8,437	\$ 502	\$ 346,416	\$ 66,961	\$ 7,731	\$ 915
2020	-	-	352,950	60,427	8,175	470
2021	-	-	359,607	53,770	-	-
2022	-	-	366,390	46,987	-	-
2023	-	-	373,300	40,077	-	-
2024 - 2028	-	-	1,940,360	92,078	-	-
2029 - 2033	-	-	-	-	-	-
<b>Total</b>	<b>\$ 8,437</b>	<b>\$ 502</b>	<b>\$ 3,739,023</b>	<b>\$ 360,300</b>	<b>\$ 15,906</b>	<b>\$ 1,385</b>

Year	2018 Capital Lease - Vehicle		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 6,511	\$ 1,454	\$ 2,114,829	\$ 2,307,926
2020	6,963	1,001	2,151,830	2,237,566
2021	7,447	518	2,357,734	2,177,028
2022	-	-	2,428,565	2,070,731
2023	-	-	2,512,583	1,959,456
2024 - 2028	-	-	13,230,214	7,917,819
2029 - 2033	-	-	8,782,631	4,847,578
2034 - 2038	-	-	6,196,589	2,426,896
2039 - 2043	-	-	3,370,000	246,397
<b>Total</b>	<b>\$ 20,921</b>	<b>\$ 2,973</b>	<b>\$ 43,144,975</b>	<b>\$ 26,191,397</b>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**V. Other Information**

**A. Legal Claims**

During the normal course of business, the Authority incurs claims and other assertions against it from various agencies and individuals. Management of the Authority and their legal counsel feel none of these claims or assertions, after coverage applying appropriate insurance coverage are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2018.

**B. Intergovernmental Agreement**

The creation of the Authority was formed by an intergovernmental agreement, dated September 12, 2000 which authorized ballot questions which were ultimately approved by the appropriate electorate of the City of Aspen, Town of Basalt, Town of Carbondale, Eagle County, the City of Glenwood Springs, Pitkin County, and the Town of Snowmass Village (the "Participating Entities"). The Authority was created pursuant to Colorado Revised Statutes [Title 43, Article 4, Part 6] known as the Colorado Rural Transportation Authority Law. The Town of New Castle became a member pursuant to an intergovernmental agreement and election held on November 2, 2004 approved by the electorate.

Included in the intergovernmental agreement is a requirement to provide funding through an allocation of sales tax received in the Participating Entities. Effective January 1, 2009 the sales tax sharing agreements have been amended and approved by the Authority's electorate to the following:

- **New Castle** – 0.8% sales and use tax.
- **City of Glenwood Springs** – 1.0% sales and use tax.
- **Town of Carbondale** – 1.0% sales and use tax.
- **Town of Basalt** – 0.8% sales and use tax.
- **Eagle County** – 0.5% sales and use tax on the portion of sales and use tax collected within the Town of Basalt and 0.6% within the Unincorporated Eagle County within precincts 7,8,24 and 25. A minimum of 20% (0.1%) of the first 0.5% sales and use tax proceeds of this tax shall be used for trails construction and maintenance within the aforementioned precincts. The 0.1% sales tax dedicated to trails construction and maintenance is recorded in the Mid Valley Trails special revenue fund.
- **Pitkin County** (including the **City of Aspen** and the **Town of Snowmass Village**) – 0.8104% of a 0.5% sales tax and 0.4813% of a 1% sales tax for an equivalent total of a 0.8865% sales tax and 0.4% sales and use tax within Unincorporated Pitkin County.
- **City of Aspen** – 0.4% sales and use tax.
- **Town of Snowmass Village** – 0.4% sales and use tax.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**V. Other Information (continued)**

**C. Service Agreements**

The Authority has the following extended local service contracts reported in a separate special revenue fund:

- **Aspen Skiing Company Skier Shuttles** – The Authority operates skier shuttles on behalf of Aspen Skiing Company. Shuttles are free and open to the public. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.
- **Ride Glenwood Springs** – The Authority operates local service on behalf of the City of Glenwood Springs, Colorado. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority's financial statements.
- **City of Aspen** –The Authority operates local service for the City of Aspen shuttles. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority's financial statements. A portion of the proceeds of the Pitkin County mass transit sales tax, parking revenues and the 0.5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.
- **The Traveler** – The Authority operates Senior Services in Garfield County and Americans with Disabilities Act services in Glenwood Springs and Carbondale. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service contract revenue on the Authority's financial statements.

**D. Union Agreement**

The Authority executed an agreement with Amalgamated Transit Union Local 1774, AFL-CIO (the "Union"), effective January 1, 2016 through December 31, 2018. Under the agreement, the Union is the exclusive collective bargaining representative for all full-time year-round bus operators who are covered by the agreement. The Authority executed another agreement with the Union, effective January 1, 2019 through December 31, 2021.

**E. Contingent Liabilities**

The Authority maintains a line of credit of \$1 million from Alpine Bank with annual renewals in December of each year. In December 2018, the Authority renewed the \$1 million line of credit. No draws were made on the line of credit; therefore, no obligation exists at December 31, 2018.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**V. Other Information (continued)**

**F. Employee Benefits**

The Authority carried a traditional medical insurance through Anthem. Vision Service is carried through Vision Service Plan, Inc. The Authority also provides dental, short-term and long-term disability to its full-time employees.

In compliance with the provisions of COBRA, all Authority employees may continue their health insurance for a period of 18 months due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the insurance carrier for premiums from the termination date of coverage and monthly thereafter. No cost to the Authority is recognized as employees reimburse 100% of their premium cost.

**G. Retirement Plans**

**1. Deferred Compensation Plan – Section 457**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A participant is allowed to contribute up to the lesser of \$18,500 or the participant's includible compensation. Participants over age 50 are eligible to contribute up to an additional \$6,000, due to a catch-up provision by the plan. The Authority makes no contributions to the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the plan participant and, therefore, the plan's investment concentration varies between participants. The Authority has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority is neither the trustee nor the administrator for the plan. The plan is administered by the Colorado County Officers and Employees Retirement Association.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2018**  
**(Continued)**

**V. Other Information (continued)**

**G. Retirement Plans (continued)**

**2. Retirement Plan - Section 401(a)**

In 2005, the Authority established a defined contribution money purchase plan under Code Section 401 of the Internal Revenue code. The plan is administered by Empower Retirement.

The Plan is governed by a plan document and amendment requires approval by the Retirement Plan Board. The Retirement Plan Board is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor; however, has no liability for losses under the plan.

The Plan sponsor is the only contributor to the Plan. All Authority employees receive a 12.55% contribution to the Plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority's total and covered payroll for 2018 was \$17,837,000 and approximately \$16,287,000 respectively. The Authority's expenses to the plan were approximately \$2,044,000 for 2018.

The Authority's contributions start vesting at 50% and increase by 10% for each year of service. After 5 years of services, employees become fully vested in the Plan.

The Authority shall first use forfeited amounts to pay expenses of administering the plan, and then shall be used to reduce the Authority's contributions for the plan year in which the forfeitures arose. In 2018, the Authority used \$20,786 in forfeitures to pay plan expenses. There was no liability outstanding as of December 31, 2018.

**H. Risk Management**

The Authority is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Authority purchases commercial insurance to mitigate these risks.

**I. Subsequent Event**

The Authority is expecting to issue Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019, in 2019. The purpose of the Series 2019 Bonds is to refund the Series 2009B Build America Bonds and Series 2013A Loan while also issuing new money bonds for the remaining \$7,105,000 of authorized unissued debt approved by voters in November 2008. Proceeds from the sale of the new money bonds are anticipated to be used for financing the acquisition, construction, installation, and equipping of various capital projects.

## 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 RFTA serves. 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 some information does not reflect subsequent adverse national, state, or local economic or demographic trends or statistical changes. Certain of the information contained in this APPENDIX, therefore, may not be indicative of economic and demographic conditions as they currently exist or may not provide a reliable basis for projections conditions which may be experienced in the future. Further, other economic and demographic information not presented herein may be available concerning the area in which RFTA serves 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 RFTA or its officers, employees, or advisors.*

#### Population

The following table sets forth population statistics for the Cities of Aspen and Glenwood Springs, the Towns of Basalt, Carbondale, New Castle and Snowmass Village, and Eagle, Garfield and Pitkin Counties (the “Counties”).

The portion of unincorporated Eagle County within the boundaries of RFTA encompasses only voting precincts 7, 8, 24 and 25 in the far southwestern corner of the county, including the unincorporated community of El Jebel and a portion of the town of Basalt, and the population thereof contains less than 10,000 of the county’s total population set forth in the table below. Prospective purchasers should be aware that certain economic and demographic information presented herein regarding Eagle County should be considered in light of the fact that the principal economic and population centers of Eagle County, including, Vail, Avon, Eagle, and Gypsum, are located in the Vail Valley in the central portion of the county, outside of RFTA’s boundaries, and are not subject to the Sales and Use Tax. RFTA’s service area is separated from such Eagle County economic and population centers by the roadless Holy Cross Wilderness and near-roadless areas to the west thereof. The presence of these mountainous areas increases distance and travel time between RFTA’s service area and such economic and population centers, somewhat isolating the service area from these communities. Certain of the data presented herein is only available, however, at the county-wide level and cannot be accurately attributed solely to the area within RFTA’s boundaries or service area.

Garfield County itself is not a member of RFTA and the unincorporated portions thereof are outside RFTA's boundaries. The following tables nevertheless contain information regarding Garfield County because two of the three largest economic and population centers, Glenwood Springs and Carbondale, are members, and because the RFTA extends to the Town of Rifle, the third of such largest economic and population centers.

**Population**

<b>Year</b>	<b>Aspen</b>	<b>Glenwood Springs</b>	<b>Basalt</b>	<b>Carbondale</b>	<b>New Castle</b>	<b>Snowmass Village <sup>1</sup></b>
1970	2,437	4,106	419	726	499	--
1980	3,678	4,637	529	2,084	563	999
1990	5,049	6,561	1,128	3,004	679	1,449
2000	5,914	7,736	2,681	5,196	1,984	1,822
2010	6,658	9,614	3,857	6,427	4,518	2,826
2017 <sup>2</sup>	6,879	9,977	4,200	6,826	4,821	2,903

<b>Year</b>	<b>Garfield County <sup>3</sup></b>	<b>Eagle County <sup>3</sup></b>	<b>Pitkin County</b>
1970	14,821	7,498	6,185
1980	22,514	13,320	10,338
1990	29,974	21,928	12,661
2000	43,791	41,659	14,872
2010	56,389	52,197	17,148
2017 <sup>2</sup>	59,167	54,662	17,875

<sup>1</sup> The Town of Snowmass Village was incorporated in 1977.

<sup>2</sup> Estimate.

<sup>3</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

Source: U.S. Department of Commerce, Bureau of the Census; State of Colorado, Division of Local Government, Demographic Section

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## Housing Units

The following table sets forth a comparison of housing units within the Cities of Aspen and Glenwood Springs, the Towns of Basalt, Carbondale, New Castle and Snowmass Village, and the Counties.

	<b>Housing Units</b>		
	<b>2000</b>	<b>2010</b>	<b>2017 <sup>1</sup></b>
Aspen (City of)	4,354	5,929	6,091
Glenwood Springs (City of)	3,353	4,113	4,177
Basalt (Town of)	1,218	1,912	2,067
Carbondale (Town of)	1,821	2,468	2,566
New Castle (Town of)	731	1,718	1,793
Snowmass Village (Town of)	1,734	2,355	2,405
Eagle County <sup>2</sup>	22,111	31,312	32,465
Garfield County <sup>2</sup>	17,336	23,309	23,930
Pitkin County	10,096	12,953	13,397

<sup>1</sup> Estimate.

<sup>2</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

Source: U.S. Department of Commerce, Bureau of the Census and the Colorado Department of Local Affairs

## Income

The following tables set forth historical median household income, the percentage of households by classification of household income and per capita personal income for the Counties, the State and the United States.

### Median Household Effective Buying Income <sup>1</sup>

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Eagle County <sup>2</sup>	\$60,173	\$66,265	\$67,444	\$65,790	\$72,385
Garfield County <sup>2</sup>	47,400	48,380	50,699	53,442	58,511
Pitkin County	58,964	62,493	63,742	64,664	62,718
Colorado	49,949	52,345	54,718	57,732	59,227
United States	45,448	46,738	48,043	50,620	52,468

<sup>1</sup> As calculated on January 1 of each year.

<sup>2</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

Source: The Nielsen Company, *Site Reports*, 2015-2018; Environics Analytics, *Spotlight Claritas Reports* 2019

**Percent of Households by Effective Buying Income—2019 <sup>1</sup>**

	<b>Less Than \$25,000</b>	<b>\$25,000- \$49,999</b>	<b>\$50,000- \$99,999</b>	<b>\$100,000- \$149,999</b>	<b>\$150,000 or more</b>
Eagle County <sup>2</sup>	8.62%	21.44%	42.00%	16.75%	11.20%
Garfield County <sup>2</sup>	15.44	26.64	39.36	11.63	6.92
Pitkin County	13.42	25.15	36.53	13.50	11.40
Colorado	16.96	24.82	37.20	12.22	8.81
United States	21.39	26.37	34.54	10.10	7.60

<sup>1</sup> As calculated on January 1. Totals may not equal 100% due to rounding.

<sup>2</sup> See “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population.”

Source: Environics Analytics, *Spotlight Claritas Reports* 2019

**Per Capita Personal Income**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Eagle County <sup>1</sup>	\$ 55,274	\$ 60,948	\$ 66,442	\$ 68,105	\$ 70,384
Garfield County <sup>1</sup>	44,957	50,311	55,978	53,172	55,305
Pitkin County	102,940	126,741	131,562	136,025	143,812
Colorado	47,308	50,746	52,228	52,372	54,646
United States	44,826	47,025	48,940	49,831	51,640

<sup>1</sup> See “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population.”

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

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## Building Permit Activity

Glenwood Springs serves as the major center for business and professional services within the RFTA service area. The economy of the area is based on tourism, agriculture, warehousing, and light industry. Development within RFTA's service area consists primarily of single family residential and commercial development. The following tables set forth building permit activity for Cities of Aspen, Basalt, Carbondale and Glenwood Springs, the Towns of New Castle and Snowmass Village, and Eagle, Garfield and Pitkin Counties. The Cities and Towns collect and report permit information in varying formats.

### History of Building Permit Activity in the City of Aspen

Year	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2014	202	\$ 54,213,177	337	\$136,500,247
2015	157	41,552,409	362	109,894,601
2016 <sup>1 2</sup>	195	110,170,999	385	233,741,015
2017	160	120,324,199	330	130,095,683
2018	109	42,281,836	288	128,267,915
2019 <sup>3</sup>	41	27,047,701	108	34,547,372

<sup>1</sup> Starting in 2016, permit numbers and valuation are based on issued permits. Prior years' data are based on permit applications.

<sup>2</sup> Includes valuations for Hospital permits.

<sup>3</sup> Building permits issued through May 14, 2019.

Source: City of Aspen Community Development Department

### History of Estimated Building Activity in the City of Glenwood Springs<sup>1</sup>

Year	Residential		Commercial	
	Permits	Valuation	Permits	Valuation
2014	1	\$ 4,812	2	\$ 2,208,600
2015	9	1,606,342	4	4,602,700
2016	4	1,981,580	6	20,058,475
2017	8	3,381,457	1	394,816
2018	8	42,912,476	2	525,000
2019 <sup>2</sup>	3	15,439,001	0	0

<sup>1</sup> Represents permits for new construction only.

<sup>2</sup> Building permits issued through July 29, 2019.

Source: City of Glenwood Springs Building Department

### History of Building Permit Activity in the Town of Basalt

	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2014	2	\$17,366,172	5	\$ 4,849,350
2015	1	10,000	3	1,518,000
2016	1	7,184,960	3	3,320,000
2017	1	2,250,000	7	8,216,297
2018	3	14,611,271	14	14,988,528
2019 <sup>1</sup>	1	1,713,942	4	5,560,000

<sup>1</sup> Building permits issued through May 1, 2019.  
Source: Town of Basalt Community Development Department

### History of Building Permit Activity in the Town of Carbondale

Year	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2014	3	\$3,243,145	19	\$ 8,890,183
2015	3	3,663,185	19	7,621,390
2016	--	--	14	8,093,545
2017	--	--	19	5,663,970
2018	--	--	20	6,897,581
2019 <sup>1</sup>	2	7,646,020	16	19,941,871

<sup>1</sup> Building permits issued through May 30, 2019.  
Source: Town of Carbondale Building Department

### History of Building Permit Activity in the Town of New Castle

Year	Residential Construction		Multi Family Construction	
	Number of Permits	Value	Number of Permits	Valuation
2014	6	\$1,119,393	10	\$1,381,468
2015	11	1,723,068	4	643,477
2016	12	2,292,462	17	2,435,545
2017	10	1,595,951	15	2,069,512
2018	9	2,286,807	12	1,524,972
2019 <sup>1</sup>	1	317,730	4	549,102

<sup>1</sup> Building permits issued through July 3, 2019.  
Source: Town of New Castle Building Department

**Building Permit Issuances in the Town of Snowmass Village <sup>1</sup>**

<b>Year</b>	<b>Residential Permits</b>	<b>Commercial Permits</b>	<b>Total Permits Issued</b>	<b>Valuation</b>
2014	112	23	136	\$ 64,399,027
2015	106	15	117	41,186,849
2016	90	16	106	43,471,648
2017	97	25	122	196,749,138
2018	103	15	118	40,401,433
2019 <sup>2</sup>	38	5	43	17,124,837

<sup>1</sup> Includes permits issued for new construction, additions, and remodels.

<sup>2</sup> Building permits issued through May 3, 2019.

Source: Town of Snowmass Village, Community Development

**History of Estimated Building Permits Issued  
in Unincorporated Eagle County <sup>1</sup>**

<b>Year</b>	<b>Permits</b>	<b>Valuation</b>
2014	494	\$ 95,723,134
2015	593	121,333,829
2016	680	119,499,389
2017	744	121,642,668
2018	690	156,563,412
2019 <sup>1</sup>	338	68,946,391

<sup>1</sup> Includes permits issued for new construction, additions and remodels.

<sup>2</sup> Building permits issued through June 30, 2019.

Source: Eagle County Building Department.

**History of Estimated Building Permits Issued  
for New Structures in Unincorporated Garfield County**

<b>Year</b>	<b>Single Family Permits</b>	<b>Valuation</b>	<b>Commercial Permits</b>	<b>Valuation</b>
2014	39	\$10,117,560	58	\$ 4,555,056
2015	79	21,679,919	41	11,269,058
2016	76	20,020,104	33	5,182,691
2017	81	22,456,111	22	4,290,079
2018	74	18,331,363	23	3,451,917
2019 <sup>1</sup>	31	7,874,428	5	5,191,501

<sup>1</sup> Building permits issued through June 30, 2019.

Source: Garfield County Building and Planning Department.

## History of Building Permit Activity Unincorporated Pitkin County

Year	Non-residential Construction <sup>1</sup>		Residential Construction <sup>1</sup>	
	Number of Buildings	Value	Number of Units	Value
2014	42	\$18,933,914	111	\$153,293,227
2015	45	36,648,478	115	135,802,987
2016	24	5,640,783	74	53,380,172
2017	32	6,794,907	112	141,755,806
2018	44	9,732,974	89	117,270,706
2019 <sup>2</sup>	10	2,832,658	15	16,611,007

<sup>1</sup> Includes permits issued for new construction, additions and remodels.

<sup>2</sup> Building permits issued working totals through Q1 2019.

Source: Pitkin County Community Development.

### Foreclosure Activity

The following table sets forth foreclosure activity in the Counties.

#### Foreclosures Filed

Year	Eagle County <sup>1</sup>	Percent Change	Garfield County <sup>1</sup>	Percent Change	Pitkin County	Percent Change
2014	103	--	150	--	28	--
2015	82	(20.39)%	87	(42.00)%	23	(17.86)%
2016	68	(17.07)	87	0.00	17	(26.09)
2017	57	(16.18)	73	(16.09)	14	(17.65)
2018	53	(7.02)	85	(16.44)	17	21.43
2019 <sup>2</sup>	24	--	33	--	7	--

<sup>1</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

<sup>2</sup> Foreclosures filed through July 9, 2019.

Sources: Eagle, Garfield and Pitkin County Public Trustees Offices

### Retail Sales

The retail trade sector employs a large portion of the various communities and the County's work force and is important to the area's economy. According to the Department of Revenue, the department is currently experiencing a system problem that prevents the creation of retail sales reports and historical retail sales data subsequent to 2015; therefore, retail sales data has not been provided herein.

## Employment

The following tables set forth historical labor force estimates and the most recent employment statistics by industry for the Counties.

### Total Business Establishments and Employment—Eagle County <sup>1</sup>

Industry <sup>2</sup>	Annual 2017		Annual 2018		Annual Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	14	54	15	51	1	(3)
Mining	7	16	9	19	2	3
Utilities	8	60	6	52	-2	(8)
Construction	632	3,255	641	3,343	9	88
Manufacturing	59	388	63	391	4	3
Wholesale Trade	127	413	130	437	3	24
Retail Trade	366	3,605	362	3,666	-4	61
Transportation and Warehousing	81	661	82	743	1	82
Information	42	246	40	241	-2	(5)
Finance and Insurance	126	471	129	478	3	7
Real Estate and Rental and Leasing	387	1,690	392	1,653	5	(37)
Professional and Technical Services	500	1,271	515	1,350	15	79
Management of Companies and Enterprises	28	102	30	104	2	2
Administrative and Waste Services	256	2,092	256	2,216	0	124
Educational Services	33	279	32	289	-1	10
Health Care and Social Assistance	168	2,292	177	2,390	9	98
Arts, Entertainment and Recreation	89	3,560	85	3,492	-4	(68)
Accommodation and Food Services	275	7,645	280	7,973	5	328
Other Services, Except Public Administration	235	1,040	238	1,030	-3	(10)
Non-classifiable <sup>3</sup>	--	--	--	--	--	--
Government	<u>50</u>	<u>3,263</u>	<u>48</u>	<u>3,342</u>	<u>-2</u>	<u>79</u>
Total	<u>3,482</u>	<u>32,403</u>	<u>3,529</u>	<u>33,265</u>	<u>47</u>	<u>862</u>

<sup>1</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

<sup>2</sup> Information provided herein reflects only those employers who are subject to State unemployment insurance law.

<sup>3</sup> 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

**Total Business Establishments and Employment—Garfield County <sup>1</sup>**

Industry <sup>2</sup>	Annual 2017		Annual 2018		Annual Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	41	207	39	186	(2)	(21)
Mining	70	1,026	65	1,094	(5)	68
Utilities	16	283	17	266	1	(17)
Construction	528	3,058	534	3,284	6	226
Manufacturing	62	419	59	440	(3)	21
Wholesale Trade	90	674	93	662	3	(12)
Retail Trade	258	3,100	255	3,080	(3)	(20)
Transportation and Warehousing	74	559	73	551	(1)	(8)
Information	32	153	34	152	2	(1)
Finance and Insurance	87	527	87	524	0	(3)
Real Estate and Rental and Leasing	152	686	152	731	0	45
Professional and Technical Services	330	1,122	347	1,191	17	69
Management of Companies and Enterprises	22	143	22	151	0	8
Administrative and Waste Services	154	1,251	157	1,207	3	(44)
Educational Services	30	287	29	283	(1)	(4)
Health Care and Social Assistance	171	2,684	188	2,766	17	82
Arts, Entertainment and Recreation	45	565	50	560	5	(5)
Accommodation and Food Services	195	3,112	202	3,149	7	37
Other Services, Except Public Administration	198	740	196	720	2	(20)
Non-classifiable <sup>3</sup>	--	--	--	--	--	--
Government	<u>69</u>	<u>5,174</u>	<u>68</u>	<u>5,261</u>	<u>(1)</u>	<u>87</u>
Total	<u>2,621</u>	<u>25,770</u>	<u>2,666</u>	<u>26,258</u>	<u>45</u>	<u>488</u>

<sup>1</sup> See “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population.”

<sup>2</sup> Information provided herein reflects only those employers who are subject to State unemployment insurance law.

<sup>3</sup> 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

**Total Business Establishments and Employment—Pitkin County**

Industry <sup>1</sup>	Annual 2017		Annual 2018		Annual Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	11	116	10	111	(1)	(5)
Mining <sup>2</sup>	--	--	--	--	--	--
Utilities <sup>2</sup>	--	--	--	--	--	--
Construction	167	725	163	708	(4)	(17)
Manufacturing	15	125	14	127	(1)	2
Wholesale Trade	23	88	23	82	0	(6)
Retail Trade	223	1,314	231	1,408	8	94
Transportation and Warehousing	19	250	18	267	(1)	17
Information	40	157	39	158	(1)	1
Finance and Insurance	63	245	66	241	3	(4)
Real Estate and Rental and Leasing	245	1,313	252	1,291	7	(22)
Professional and Technical Services	288	758	303	807	15	49
Management of Companies and Enterprises	38	77	41	74	3	(3)
Administrative and Waste Services	114	948	111	1,032	(3)	84
Educational Services	16	269	15	287	(1)	18
Health Care and Social Assistance	73	370	79	380	6	10
Arts, Entertainment and Recreation	64	2,277	64	2,260	0	(17)
Accommodation and Food Services	158	4,259	165	4,186	7	(73)
Other Services, Except Public Administration	224	749	221	758	3	9
Non-classifiable <sup>2</sup>	--	--	--	--	--	--
Government	<u>22</u>	<u>2,323</u>	<u>22</u>	<u>2,345</u>	<u>0</u>	<u>22</u>
Total	<u>1,805</u>	<u>16,371</u>	<u>1,839</u>	<u>18,534</u>	<u>34</u>	<u>2,163</u>

<sup>1</sup> Information provided herein reflects only those employers who are subject to State unemployment insurance law.

<sup>2</sup> 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 Force Estimates**

Year	Garfield County <sup>1</sup>		Eagle County <sup>1</sup>		Pitkin County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2014	31,180	5.3%	32,403	4.2%	11,028	4.9%	2,802,528	5.0%
2015	30,501	4.1	32,784	3.1	10,749	3.8	2,828,876	3.9
2016	31,024	3.4	33,758	2.7	10,747	3.3	2,896,771	3.2
2017	31,560	2.8	34,845	2.2	10,995	3.0	2,992,412	2.7
2018	32,479	3.2	36,207	2.7	11,363	3.8	3,096,358	3.3
2019 <sup>2</sup>	33,394	3.4	38,444	2.5	11,537	2.6	3,123,470	3.4

<sup>1</sup> See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."

<sup>2</sup> Labor force estimates through April 30, 2019.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

The following table sets forth selected major employers in the area. No independent investigation has been made of and there can be no representation as to the stability or financial condition of the entities listed below, or the likelihood that they will maintain their status as major employers in the area.

### 2017 Selected Major Employers in the Area<sup>1</sup>

Firm	Product or Service	Estimated Employees
Aspen Skiing Company	Ski Areas/Resort	3,400
Valley View Hospital	Hospital	859
Grand River Health	Healthcare	520
Grand River Hospital District	Healthcare	440
Little Nell Hotel	Hotel	400
Roaring Fork Transportation Authority	Transportation/ Government	351
St. Regis Aspen	Hotel	350
Aspen (City of)	Government	322
Pitkin County	Government	303
Colorado Mountain College	College	300

<sup>1</sup> Excludes certain employers in Eagle County that are not located in RFTA's service area. See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Population."  
Source: 2017 CAFRs Eagle, Garfield and Pitkin Counties.

### Tourism

Year round tourism and skiing related businesses account for a significant portion of the employment and earned income of area residents. The area provides a variety of winter activities including skiing, ice fishing, camping, Nordic skiing, ice skating snowmobiling, and snowshoeing. Summer activities include golfing, bicycling, boating, fishing, rafting and kayaking, horseback riding, camping, hiking, and cultural activities. Major tourist attractions within the area include: the Hot Springs Lodge and Pool located in the City of Glenwood Springs, open year round, which is one of the largest naturally heated outdoor mineral pools in the world; the Colorado and Roaring Fork Rivers, which provide for white water rafting and fishing; and the two million acre White River National Forest which offers hiking, camping, hunting, snowmobiling, and downhill and cross country skiing

***The Ski Industry in the State.*** Colorado Ski Country USA ("CSCUSA"), is the not-for-profit trade association representing 24 of Colorado's 34 ski and snowboard resorts. Among the areas not included in CSCUSA's statistics are the Vail Resorts and its four ski areas of Vail, Beaver Creek, Keystone and Breckenridge. On June 11, 2018, CSCUSA reported that skier visits for the 2017/2018 ski season totaled approximately 7.1 million visitors at its 24 member ski resorts. Although skier visits were down approximately 2% from the 2016/2017 season, the total is just slightly ahead of the five-year average.

There are five major ski areas in RFTA's service area including Aspen Mountain, Aspen Highlands, Buttermilk, Snowmass, and Sunlight. In addition, Vail, Beaver Creek and Powderhorn ski resorts are within approximately 90 minute drives from Glenwood Springs, presuming normal road and traffic conditions.

***Pitkin County Ski Industry.*** The ski industry in Pitkin County has expanded from a one mountain operation in 1946 to four mountains today. The ski area operator is the Aspen Skiing Company ("ASC"). Its operation includes Aspen Highlands, Aspen Mountain, Buttermilk and Snowmass. In

addition to the four on-mountain ski and snowboard operations, ASC operates two hotels, Little Nell Hotel and the Limelight Lodge in Aspen, a private residences club, restaurants, and retail and rental shops.

*Development.* As reported by ASC, located at the base of Snowmass Ski Area in the heart of Snowmass Village, Colo., Snowmass Base Village (“SBV”) is a \$600 million mountain-resort development, currently the largest under construction in North America. This approximately 10-year project will add lodging, residences and amenities to the world-class resort. Completion of the first phase of SBV construction was slated for November 2018, with the grand opening being held in mid-December 2018, and includes the Limelight Hotel, ski-in/ski-out residences, public events plaza with ice skating rink and community building.

*Garfield County Ski Industry.* Garfield County is home to Sunlight Mountain Resort (“Sunlight”). Sunlight offers more than 680 acres of skiable terrain and a nice mix of beginner, intermediate, and expert terrain, skiers and snowboarders of all ability levels. Sunlight also offers approximately 29 kilometers of groomed cross country and snowshoe trails.

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**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

\_\_\_\_\_, 2019

Roaring Fork Transportation Authority  
Carbondale, Colorado

RBC Capital Markets, LLC  
Denver, Colorado

\$ \_\_\_\_\_<sup>\*</sup>  
**ROARING FORK TRANSPORTATION AUTHORITY**  
**(in the State of Colorado)**  
**SALES AND USE TAX**  
**REVENUE REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2019**

Ladies and Gentlemen:

We have acted as bond counsel to the Roaring Fork Transportation Authority (in the State of Colorado) (the “Authority”), in connection with the Authority’s Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019 (the “Bonds”), dated the date of their issuance, in the original principal amount of \$\_\_\_\_\_. The Bonds mature on the dates, are subject to optional and mandatory sinking fund redemption, bear interest at the rates, and are transferable and payable in the manner and subject to the conditions and limitations provided in the resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the Authority on June 13, 2019 (including the Sale Certificate executed by the Sale Delegate of the Authority pursuant thereto, the “Bond Resolution”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Bond Resolution.

We have examined the Constitution and laws of the State of Colorado (the “State”), the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions 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 representations of the Authority contained in the Bond Resolution and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon and in reliance on the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bond Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.
2. The Bonds in the principal amount stated above have been duly authorized, executed and delivered by the Authority and are valid and binding special, limited obligations of the Authority payable

solely from the sources provided therefor in the Bond Resolution on the terms, and subject to the conditions, stated in the Bond Resolution.

3. The Bond Resolution irrevocably pledges for payment of the Bonds, and grants a first lien (but not necessarily an exclusive first lien) for such purpose on, the Pledged Revenues. The pledge of and lien on Pledged Revenues is on a parity with the pledge of and lien thereon of the Parity Lien Bonds, including without limitation any Parity Lien Bonds issued in the future, as set forth in the Bond Resolution.

4. Interest on the Bonds 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 Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under State of Colorado statutes existing on the date hereof, interest on the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate and transfer tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution 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 and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of the powers delegated to it by the Constitution of the United States.

As bond counsel, we are passing only upon those matters expressly set forth in the numbered opinions above, and we express no opinion herein with respect to any other matter including, without limitation, the accuracy, completeness or sufficiency of any information used in connection with the purchase or sale of the Bonds or the validity or enforceability of any document or instrument not expressly set forth in the numbered opinions above.

This opinion is delivered based and in reliance upon our examination of the laws, documents and other items described in the second paragraph hereof on the date hereof and we have no obligation to supplement or update this opinion based on or with respect to changes in such laws, documents or other items or with respect to any other event that occurs after the date hereof.

The Authority is our sole client in this transaction and we have not been engaged by, nor have we undertaken to advise any other party or to opine as to matters not specifically covered herein. This opinion letter is solely for the benefit of the addressees hereof and may not be circulated, quoted or relied upon by any party other than the addressees without our prior written consent, except that a copy may be included in the closing transcripts for the Bonds. The inclusion of RBC Capital Markets, LLC (the "Underwriter") as an addressee to this opinion does not create or imply an attorney-client relationship between Kutak Rock LLP and the Underwriter in connection with the Bonds.

Respectfully submitted,

## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, New York and DTC’s book-entry-only system has been obtained from DTC, and RFTA and Underwriter take no responsibility for the accuracy thereof.*

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

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

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

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

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

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

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

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

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**APPENDIX G**

**SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY**

[Attached.]

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**MUNICIPAL BOND DEBT  
SERVICE RESERVE  
INSURANCE POLICY (SA)**

ISSUER: @@ISSUER\_NAME@@,  
@@STATE\_NAME@@

Policy No: @@POLICY\_NO@@

MEMBER: @@MEMBER\_COMPANY@@,  
@@STATE\_NAME@@

Effective Date: @@CLOSING\_DATE@@

BONDS: @@ISSUE\_NAME@@  
@@SERIES@@

Risk Premium: S@@RSP@@  
Member Surplus Contribution: S@@MSC@@  
Total Insurance Payment: S@@TIP@@

MAXIMUM POLICY LIMIT:  
S@@DSRF\_POLICY\_LIMIT@@

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to

reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. **“Business Day”** means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. **“Debt Service Reserve Agreement”** means the Debt Service Reserve Agreement, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. **“Due for Payment”** means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. **“Nonpayment”** means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. **“Nonpayment”** shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. **“Notice”** means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy or other acceptable electronic delivery, from and signed by the Trustee or the Paying Agent, which notice shall be in a form and substance satisfactory to BAM and shall specify and include (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions, (e) the date such claimed amount becomes or became Due for Payment, (f) representations and agreements regarding the assignment and subrogation rights of BAM, and (g) such other provisions as BAM may reasonably require. A form of such Notice can be obtained from BAM upon request. **“Owner”** means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof,

except that "Owner" shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "**Policy Limit**" means the lesser of (i) Maximum Policy Limit set forth above and (ii) the dollar amount of the debt service reserve fund (or the portion thereof) required to be maintained for the Bonds by the Security Documents from time to time (the "Reserve Account Requirement"). The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Account Requirement applicable to the Bonds, as provided in the Security Documents. "**Security Documents**" means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement or any similar document and any additional or supplemental document executed in connection with the Bonds. "**Term**" means the period from and including the Effective Date until the Termination Date. "**Termination Date**" means the earlier to occur of (i) the date on which the Bonds are no longer outstanding under the Security Documents and (ii) @@MATURITY\_DATE@@.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

## Schedule

### Notices (Unless Otherwise Specified by BAM)

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27<sup>th</sup> floor

New York, New York 10281

Telecopy: 212-235-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]  
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. \_\_\_\_\_ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy, or if not defined therein, in the Debt Service Reserve Agreement.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Debt Service Reserve Agreement and, as of the date hereof, the Policy Limit is \$ \_\_\_\_\_, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_

Name:

Title: