



Town Council Regular Meeting
Tuesday, September 8, 2026, 7:00 PM
Town Hall Council Chambers
150 Ski Hill Road
Breckenridge, Colorado

THE TOWN OF BRECKENRIDGE CONDUCTS HYBRID MEETINGS. This meeting will be held in person at Breckenridge Town Hall and will also be broadcast live over Zoom. Join the live broadcast available by computer or phone: <https://us02web.zoom.us/j/83517414335> (Telephone: 1-719-359-4580; Webinar ID: 835 1741 4335). If you need special assistance in order to attend any of the Town's public meetings, please notify the Town Clerk's Office at (970) 547-3127, at least 72 hours in advance of the meeting.

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I. CALL TO ORDER, ROLL CALL

II. APPROVAL OF MINUTES

- A. TOWN COUNCIL MINUTES - AUGUST 25, 2026

III. APPROVAL OF AGENDA

IV. COMMUNICATIONS TO COUNCIL

- A. PUBLIC COMMENT (NON-AGENDA ITEMS ONLY; 3-MINUTE TIME LIMIT PLEASE)
- B. BRECKENRIDGE TOURISM OFFICE UPDATE

V. CONTINUED BUSINESS

- A. SECOND READING OF COUNCIL BILLS, SERIES 2026
 - 1. COUNCIL BILL NO. 9, SERIES 2026 — AN ORDINANCE AMENDING TITLE 7, CHAPTER 1, SECTION 2 OF THE BRECKENRIDGE TOWN CODE, TO MODIFY SECTION 1204.5 “STANDING IN DELIVERY ZONE” OF THE PREVIOUSLY ADOPTED 2024 MODEL TRAFFIC CODE

VI. NEW BUSINESS

- A. FIRST READING OF COUNCIL BILLS, SERIES 2026
 - 1. COUNCIL BILL NO. 10, SERIES 2026 — AN ORDINANCE CONCERNING THE REFUNDING OF CERTAIN OUTSTANDING CERTIFICATES OF PARTICIPATION, SERIES 2016, AND IN CONNECTION THEREWITH AUTHORIZING THE REFUNDING PROJECT, APPROVING THE CONVEYANCE OF CERTAIN LEASED PROPERTY, AND THE EXECUTION AND DELIVERY OF A SITE LEASE, A LEASE PURCHASE AGREEMENT, AND OTHER DOCUMENTS RELATED THERETO
- B. RESOLUTIONS, SERIES 2026
- C. OTHER
 - 1. RUNWAY PHASE 2 DECISION

VII. PLANNING MATTERS

- A. PLANNING COMMISSION DECISIONS

VIII. REPORT OF TOWN MANAGER AND STAFF

IX. REPORT OF MAYOR AND COUNCIL MEMBERS

- A. CAST/MMC
- B. BRECKENRIDGE OPEN SPACE ADVISORY COMMITTEE
- C. BRECKENRIDGE TOURISM OFFICE
- D. BRECKENRIDGE HISTORY
- E. BRECKENRIDGE CREATIVE ARTS
- F. CML ADVISORY BOARD UPDATE
- G. SOCIAL EQUITY ADVISORY COMMISSION
- H. ARTS & CULTURE MASTER PLAN STEERING COMMITTEE

X. OTHER MATTERS

XI. SCHEDULED MEETINGS

- A. SCHEDULED MEETINGS FOR SEPTEMBER, OCTOBER AND NOVEMBER

XII. ADJOURNMENT

EXECUTIVE SESSION CERTIFICATE

Town of Breckenridge)
County of Summit)
State of Colorado)

I, Kelly Owens, the duly elected, qualified and acting Mayor of the Town of Breckenridge, hereby certifies as follows:

As part of the town council regular meeting on Tuesday, August 25, 2026 at 5:50 pm, Council Member Gerard moved to convene an executive session pursuant to Paragraph 4(a) of Section 24-6-402, C.R.S to discuss the purchase, acquisition, lease, transfer, or sale of real, personal, or other property interest; Paragraph 4(b) of Section 24-6-402, C.R.S for a conference with the Town Attorney for the purpose of receiving legal advice on specific legal questions; and Paragraph 4(e) of Section 24-6-402, C.R.S for determining positions relative to matters that may be subject to negotiations, developing strategies for negotiations, and instructing negotiators. Council Member Beckerman seconded the motion.

The Mayor stated a motion had been made to go into executive session pursuant to Section 24-6-402, C.R.S Paragraph 4(a), Paragraph 4(b) and Paragraph 4(e).

The subject of the executive session as stated in the motion included:
(i) Instruct negotiators regarding real property in the Upper Blue Basin
(ii) Receive legal advice regarding legal obligations related to Snowberry Lane

A roll call vote was taken and all were in favor of the motion.

Council Member Beckerman made a motion to adjourn and Council Member Gerard seconded the motion. All were in favor of the motion and the executive session was adjourned at 6:44 p.m. Mayor Owens stated Council came out of executive session, no decisions had been made, and Council had instructed negotiators.

This certificate shall be included before the minutes of the regular Town Council meeting of Tuesday, August 25th, 2026.

ATTEST: TOWN OF BRECKENRIDGE

Mae Watson, Town Clerk

Kelly Owens, Mayor

As Town Attorney, I hereby attest that it is my opinion that the portion of the discussion in executive session which was not recorded constitutes a privileged attorney-client communication that is not required to be recorded pursuant to C.R.S. §24-6-402(2)(d.5)(II)(B).

ATTEST:

Keely Ambrose, Town Attorney

I) CALL TO ORDER, ROLL CALL

Mayor Kelly Owens called the meeting of August 25, 2026, to order at 7:00pm. The following members answered roll call: Emily Lutke, Dick Carleton, Steve Gerard, Jay Beckerman, Carol Saade, and Mayor Kelly Owens. Marika Page was absent.

II) APPROVAL OF MINUTES

There were no changes or corrections to the Town Council meeting minutes of August 11th, 2026. Mayor Owens declared they would stand approved as presented.

III) APPROVAL OF AGENDA

Town Manager Shannon Haynes stated there were no changes to the agenda.

IV) COMMUNICATIONS TO COUNCIL

A) PUBLIC COMMENT (NON-AGENDA ITEMS ONLY; 3-MINUTE TIME LIMIT)

Mayor Kelly Owens opened public comment.

Richard Himmelstein, a local resident, presented a concept for developing workforce housing units on his property at 10944 Highway 9 if he could partner with the Town for water service.

Colleen Contestabile, a local resident, expressed concerns about ALPRs and Flock Safety cameras, stating she supports police resources but does not believe this technology is an appropriate use of funding. She raised issues about Flock being a for-profit company with broad data-use rights and no federal or state oversight. She noted that residents cannot opt out of data collection and were not adequately informed or included in decisions about camera placement or contracts. She asked Town Council to improve communication between law enforcement and the community and to ensure public participation before the Flock contract renewal in March 2027.

Anne Madaris, a local worker, stated support for Colleen's comments and raised concerns about the limited availability of permitted parking for workers and residents in Breckenridge. She described frequent difficulty finding parking despite holding a permit and noted recent construction impacts in Wellington Lot. She suggested solutions including gated access for permit lots, adding towing as an enforcement measure, and expanding employee and resident parking into the South Gondola lots or the parking structure. She emphasized that permit holders should reliably be able to park near where they live and work.

Kathy Angotti, a local resident, thanked the Council for the Housing Helps program and shared a personal story illustrating its impact. She explained that she had sold her longtime home to the Town for Housing Helps. She recounted how, through her volunteer work, she later discovered that the unit had become stable housing for a local family facing serious hardship, including a child undergoing cancer treatment. She expressed gratitude for the program and encouraged the Town to continue supporting it.

Tim Casey, a local resident, and shared additional examples of the positive impact of the Housing Helps program. He noted that the Town purchased the other half of the duplex previously referenced, and both units are now part of the Housing Helps inventory. He also described how a friend was able to sell a Kennington Place unit to the Town through a smooth and fair process, and that the unit was subsequently purchased by a local Breckenridge golf course worker, helping another longtime community member remain in Breckenridge. He emphasized that Housing Helps is a cost-effective tool that utilizes existing infrastructure and encourages the Town to continue the program.

JB Katz described selling her unit to the Town through the Housing Helps program, which later allowed a local ski patrol supervisor to purchase the home. She praised the program for effectively distributing deed-restricted units throughout the community and helping long-time local workers remain in Breckenridge. She expressed concern that funding for the program appears to be waning and encouraged the Town to reinvest and continue supporting Housing Helps as robustly as in the past.

Summer Starr, a local resident stated don't implement flock cameras because people will hate you if you do.

Dalton Jackson expressed general concern about the ongoing lack of clarity surrounding Flock camera usage and noted that many community members feel frustrated and uninformed. He commented that holding meetings during weekday work hours makes participation difficult for those most invested in the issue. He stated that public sentiment about the cameras is clear and widespread, and he urged the Town to address the community's concerns and improve transparency.

Kas Pruce, local resident, expressed concerns about the expanding capabilities of ALPR technology. She noted that while Flock cameras currently capture license plates and vehicle traits, other companies have developed more invasive technologies capable of identifying device signals inside vehicles. She cautioned that such advancements raise privacy risks, especially since these tech companies operate without meaningful oversight. Kas questioned where the Town will draw the line as technology evolves and warned that profit-driven companies may erode public privacy under the guise of safety. She urged the Council to consider the long-term implications of adopting and expanding ALPR systems.

With no additional public comments, Mayor Owens closed public comment.

Mayor Owens thanked speakers and noted that some Council members will attend the September 10 meeting at the Senior Center and that the ALPR topic will return to the Council agenda for discussion at a future meeting. Mayor Owens stated the Council and staff have heard the community's concerns, that the Police Department has been actively researching the issue, and that the Town will work toward an appropriate solution.

V) CONTINUED BUSINESS

A) SECOND READING OF COUNCIL BILLS, SERIES 2026

1) COUNCIL BILL NO. 8, SERIES 2026 — AN ORDINANCE AMENDING TITLE 9, CHAPTER 1, POLICY 24 (ABSOLUTE) THE SOCIAL COMMUNITY, REGARDING EMPLOYEE HOUSING IMPACT MITIGATION FOR EXTERIOR FOOD AND BEVERAGE AREAS, POLICY 37 (ABSOLUTE) SPECIAL AREAS, REGARDING RIVERWALK COMPATIBLE IMPROVEMENTS, POLICY 47 (ABSOLUTE) FENCES, GATES AND GATEWAY ENTRANCE MONUMENTS, REGARDING FENCES WITHIN THE RIVERWALK SPECIAL AREA, AND CHAPTER 15, SIGNS ON PRIVATE PROPERTY, REGARDING SIGNAGE WITHIN THE RIVERWALK SPECIAL AREA, OF THE BRECKENRIDGE TOWN CODE.

Mayor Owens read the title into the record.

Mark Truckey, Director of Community Development, presented a Council Bill for second reading which would eliminate employee housing mitigation requirements for exterior food and beverage areas throughout the Town. Truckey noted it makes some additional provisions for signage, screen fencing, and storage sheds in the Riverwalk Special Area.

Mayor Owens opened public comment.

With no public comments, Mayor Owens closed public comment.

Council Member Gerard moved to approve COUNCIL BILL NO. 8, SERIES 2026 — AN ORDINANCE AMENDING TITLE 9, CHAPTER 1, POLICY 24 (ABSOLUTE) THE SOCIAL COMMUNITY, REGARDING EMPLOYEE HOUSING IMPACT MITIGATION FOR EXTERIOR FOOD AND BEVERAGE AREAS, POLICY 37 (ABSOLUTE) SPECIAL AREAS, REGARDING RIVERWALK COMPATIBLE IMPROVEMENTS, POLICY 47 (ABSOLUTE) FENCES, GATES AND GATEWAY ENTRANCE MONUMENTS, REGARDING FENCES WITHIN THE RIVERWALK SPECIAL AREA, AND CHAPTER 15, SIGNS ON PRIVATE PROPERTY, REGARDING SIGNAGE WITHIN THE RIVERWALK SPECIAL AREA, OF THE BRECKENRIDGE TOWN CODE. Council Member Carleton seconded the motion.

The motion passed 6-0. Council Member Page was absent.

VI) NEW BUSINESS

A) FIRST READING OF COUNCIL BILLS, SERIES 2026

1) COUNCIL BILL NO. 9, SERIES 2026 — AN ORDINANCE AMENDING TITLE 7, CHAPTER 1, SECTION 2 OF THE BRECKENRIDGE TOWN CODE, TO MODIFY SECTION 1204.5 "STANDING IN DELIVERY ZONE" OF THE PREVIOUSLY ADOPTED 2024 MODEL TRAFFIC CODE

Mayor Owens read the title into the record.

Jessie Burley, Sustainability and Parking Manager, presented a Council Bill for first reading that updates the delivery zone program. She explained that the amendments are intended to improve operational efficiency, align the program with the existing e-delivery system, clarify eligibility and time limits, update fees, establish enforcement penalties, and confirm the Police Chief's authority to designate permits. Staff recommended adoption on first reading.

Mayor Owens opened public comment.

With no public comments, Mayor Owens closed public comment.

Council Member Gerard moved to approve COUNCIL BILL NO. 9, SERIES 2026 — AN ORDINANCE AMENDING TITLE 7, CHAPTER 1, SECTION 2 OF THE BRECKENRIDGE TOWN CODE, TO MODIFY SECTION 1204.5 "STANDING IN DELIVERY ZONE" OF THE PREVIOUSLY ADOPTED 2024 MODEL TRAFFIC CODE. Council Member Beckerman seconded the motion.

The motion passed 6-0. Council Member Page was absent.

- B) RESOLUTIONS, SERIES 2026
1) RESOLUTION NO. 16, SERIES 2026 — A RESOLUTION APPROVING ENGAGEMENT AGREEMENT WITH BUTLER SNOW LLP
Mayor Owens read the title into the record.

Laura MacInnes, Finance Director, and Keely Ambrose, Town Attorney, presented a resolution to engage outside counsel for a potential refunding of the Town's 2016 Certificates of Participation (COPs), originally issued for the \$10 million Huron Landing project. The COPs become callable in October, and refinancing will proceed only if sufficient savings can be achieved. Because COP issuance and refunding involve highly technical and specialized legal work, staff requested authorization to hire outside counsel.

Council Member Gerard moved to approve RESOLUTION NO. 16, SERIES 2026 — A RESOLUTION APPROVING ENGAGEMENT AGREEMENT WITH BUTLER SNOW LLP. Council Member Lutke seconded the motion.

The motion passed 6-0. Council Member Page was absent.

- 2) RESOLUTION NO. 17, SERIES 2026 — A RESOLUTION APPROVING SETTLEMENT AGREEMENT TO RESOLVE MW GOLDEN ET AL. LITIGATION
Mayor Owens read the title into the record.

Keely Ambrose, Town Attorney, presented a resolution that would approve a settlement agreement with contractor M.W. Golden over defective heating systems in the Uller Apartments. The Town had provided supplemental heating and incurred related costs, all of which are largely recovered through the settlement. She noted significant staff and legal effort in achieving this outcome.

Council Member Gerard moved to approve RESOLUTION NO. 17, SERIES 2026 — A RESOLUTION APPROVING SETTLEMENT AGREEMENT TO RESOLVE MW GOLDEN ET AL. LITIGATION. Council Member Carleton seconded the motion.

The motion passed 6-0. Council Member Page was absent.

- C) OTHER

VII) PLANNING MATTERS

- A) PLANNING COMMISSION DECISIONS
Planning Decisions were approved as presented.

VIII) REPORT OF TOWN MANAGER AND STAFF

Town Manager Shannon Haynes asked council members to sign up for the council recap and there will be a tour of the Gary Roberts Water Treatment Plant and the Comp Plan Immersive Experience on September 22nd.

Mark Truckey provided an overview of the Comp Plan and Immersive Experiences on September 22nd and 23rd for the public in the audience.

IX) REPORT OF MAYOR AND COUNCIL MEMBERS

- A) CAST/MMC
No report.

- B) BRECKENRIDGE OPEN SPACE ADVISORY COMMISSION
Council Member Beckerman reported on a site visit to Cucumber Gulch to review non-toxic treatment trials for reed canary grass, with results expected after another year. He noted progress toward a potential non-toxic solution.

- C) BRECKENRIDGE TOURISM OFFICE
No Report.

- D) BRECKENRIDGE HISTORY
Council Member Lutke reported that a youth history presentation, held in partnership with the Aspen Historical Society, will take place tomorrow at the Breck Welcome Center, with sign-ups available on the Breck History website. Work continues on the Mountain Pride Cabin project. She also noted that July visitor numbers are up 21% year-over-year, with museums performing particularly well.

- E) BRECKENRIDGE CREATIVE ARTS
Council Member Gerard reported ongoing work to refine Breck Creative Arts’ hybrid operating model and noted a successful four-day Breckenridge Fine Arts Festival. BCA is gathering post-festival survey feedback. Council Member Gerard noted announced the first event of the winter music series is a performance by Houndmouth on November 7.

- F) CML ADVISORY BOARD UPDATE
No Report.

- G) SOCIAL EQUITY ADVISORY COMMISSION
No Report.

- H) ARTS & CULTURE MASTER PLAN STEERING COMMITTEE
Council Member Beckerman stated the next meeting is scheduled for 16th or 17th to discuss result and next steps.

X) OTHER MATTERS

Mayor Owens noted kids have returned to school and thanked the recreation staff for summer child programming.

XI) SCHEDULED MEETINGS

SCHEDULED MEETINGS FOR SEPTEMBER, OCTOBER, NOVEMBER

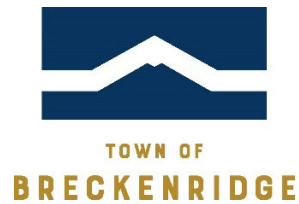
XII) ADJOURNMENT

With no further business to discuss, the meeting adjourned at 7:38 pm. Submitted by Mae Watson, Town Clerk.

ATTEST:

Mae Watson, Town Clerk

Kelly Owens, Mayor



Memo

To: Town Council
From: Jessie Burley, Sustainability + Parking Manager
Date: 9/1/26 (for 9/8/26 Council Meeting)
Subject: Town Code Amendments to Model Traffic Code to Address Delivery Zones (Second Reading)

Town Council Goals

☒ More Boots & Bikes, Less Cars	☐ Leading Environmental Stewardship
☐ Deliver a Balanced Year-Round Economy	☐ Hometown Feel & Authentic Character
☒ Organizational Need	

Summary

The attached ordinance proposes updates to Section 1204.5 of the Town's Model Traffic Code to modernize the delivery zone permitting program. These amendments improve operational efficiency, align the code with established E-Delivery policies, authorize updated fee and enforcement structures, and reflect Town Council direction received during the July 28th and August 11th worksessions. Staff presented the ordinance for first reading at the August 25, 2026 Regular Town Council Meeting. There are no additional changes since first reading; the second reading is presented as originally approved.

Background

Breckenridge maintains 10 designated delivery zones in the downtown core to support safe and efficient business operations. The current delivery zone permit system is administratively burdensome, under-recovers costs, and is inconsistent with both the E-Delivery program and current practice. Ordinance updates are needed to clarify eligibility, streamline administration, and ensure curbside spaces are managed effectively for active loading and unloading.

Staff presented recommended changes during two Council worksessions and after a discussion with the Business Vitality Working Group. Council provided feedback and the attached ordinance incorporates that direction.

Key Ordinance Updates

The ordinance includes the following changes:

- **Permit Eligibility:** Allows delivery zone permits for businesses holding a valid BOLT license; removes "commercial carrier" requirement.
- **Permit Use:** One permit per business, valid for one active vehicle at a time. Multiple vehicles using the same permit constitutes a violation.
- **Time Limits:** Codifies a 30-minute active loading/unloading limit.
- **Fee Update:** Increases annual permit fee from \$25 to \$250 beginning November 1, 2026 (new permit year) to partially offset maintenance, management, and enforcement costs.
- **Enforcement:** Establishes an escalating fine structure - \$100 for the first offense; +\$50 for each subsequent offense.
- **Issuance Authority:** Authorizes the Police Chief to delegate permit issuance and enforcement responsibilities to designated staff or contracted partners (e.g., Breck Park).
- **Program Flexibility:** Allows adjustments to designations and administrative rules based on curb performance needs.

Financial Implications

Based on staff research, the current cost of administering and maintaining the 10 existing delivery zones is as follows:

- Annual maintenance: **\$26,858**
 - Concrete, asphalt, striping, signage
- Annual enforcement: **\$66,000**
 - 5% of three Community Service Officers + 5% of BreckPark staff

Annual maintenance and enforcement costs for the Town's delivery zones significantly exceed current revenue generated under the existing \$25 fee. State statute authorizes the Town to recover fees associated with the maintenance and upkeep of designated parking spaces. The updated \$250 fee will provide partial program cost recovery.

Equity Considerations

The permitting and fee structure is designed to be fair, predictable, and proportional to actual system usage. In discussing with the Business Vitality Work Group, staff engaged with a subset of impacted users. We have not identified disparities and believe expanding permit eligibility increases access.

Recommendation

Staff recommends approval of the ordinance on second reading.

1 (a)

2 COUNCIL BILL NO. 9

3
4 Series 2026

5
6 Additions To The Current Breckenridge Town Code Are
7 Indicated By **Bold + Double Underline**; Deletions By ~~Strikeout~~
8

9 **AN ORDINANCE AMENDING TITLE 7, CHAPTER 1, SECTION 2 OF THE**
10 **BRECKENRIDGE TOWN CODE, TO MODIFY SECTION 1204.5 “STANDING IN**
11 **DELIVERY ZONE” OF THE PREVIOUSLY ADOPTED 2024 MODEL TRAFFIC CODE**
12

13 WHEREAS, Section 5.13 of the Breckenridge Town Charter authorizes the Town
14 Council to adopt published codes by reference, and sets forth the procedures to be followed in
15 connection therewith; and
16

17 WHEREAS, the current Town of Breckenridge Traffic Code is based on the 2024 edition
18 of the Model Traffic Code For Colorado (the “MTC”), published by the Colorado Department of
19 Transportation; and
20

21 WHEREAS, with the passage of Ordinance 2, Series 2025, the Town Council adopted the
22 MTC and made additions and modifications to the MTC via Title 7 Chapter 1 Section 2 of the
23 Breckenridge Town Code; and
24

25 WHEREAS, one such addition was the addition of section 1204.5 entitled “Standing In
26 Delivery Zone”; and
27

28 WHEREAS, the Town Council now wishes to amend Section 1204.5 to reflect updated
29 procedures, fees, and enforcement mechanisms of the Standing In Delivery Zone code addition.
30

31 NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN
32 OF BRECKENRIDGE, COLORADO:
33

34 Section 2. Section 1204.5 entitled “Standing in Delivery Zone”, an addition to the MTC
35 reflected in Section 7-1-2 of the Breckenridge Town Code, is amended to read as follows:

36 **1204.5 Standing In Delivery Zone.**

37 (a) No person shall stand a vehicle for any purpose or length of time in a place officially
38 marked as a delivery zone, except pursuant to a valid permit issued by the police chief
39 pursuant to subsection (b) of this section.

(b) The police chief is authorized to issue non-transferable permits for the purpose of authorizing qualified persons to temporarily stand a vehicle in a place officially marked as a delivery zone. The following rules shall apply to the issuance of a delivery zone permit pursuant to this section:

1. The police chief shall collect a fee for the purpose of reimbursing the town for costs related to the administrative administration, maintenance, management, and enforcement costs of processing the permit application of the delivery zone program. Effective November 1, 2026, ~~the permit fee for 2020 beginning~~ shall be twenty five two hundred and fifty dollars (\$250.00) for each such permit. The permit fee for future years shall be established from time to time as part of the annual budget adopted by the town council. No portion of such permit fee shall be refundable, nor shall any permit issued under this section be transferable.

~~2. A permit may be issued only to a commercial delivery service that delivers to multiple locations within the town on a daily or weekly basis.~~

~~23.~~ No delivery zone permit shall be issued to any person who does not have a valid business and occupational license issued pursuant to title 4, chapter 1 of the town code. Each permittee shall maintain a valid business and occupational license throughout the term of the permit.

3. Permits will be issued in the name of the business listed on the associated business and occupation license and may be utilized by any vehicle operated by the associated permittee; provided, however, only one vehicle associated with the permittee may occupy or utilize any designated delivery zone at a given time. The presence of multiple vehicles utilizing the same permit shall constitute a violation of this Section 1204.5.

~~4. A permit shall be hung from the rear view mirror or placed on the dashboard of a vehicle at all times while such vehicle is standing in a place officially marked as a delivery zone.~~ A permittee's vehicle shall only occupy a delivery zone for the purpose of active loading and/or unloading of goods and people. Each active loading or unloading session shall be limited to a maximum duration of thirty (30) minutes. Any continued presence of a permittee's vehicle or equipment beyond

1 thirty (30) minutes without ongoing, good-faith loading or unloading activity shall
2 constitute a violation of this Section 1204.5.

3 5. The police chief is authorized to designate one or more delivery zones within the
4 town, and to alter, amend, or change such designations from time to time as the police
5 chief determines to be necessary or appropriate based upon the usage of the designated
6 delivery zones and the needs of those persons holding permits issued pursuant to this
7 section.

8 6. A permit shall be valid only in those delivery zones indicated ~~by~~on the face of the
9 permit. It shall be a violation of subsection (a) of this section for the holder of a permit
10 to stand a vehicle in any delivery zone other than the delivery zone(s) indicated ~~on the~~
11 ~~face of~~ by the permit.

12 7. A permit shall be valid for a period of one (1) year, unless sooner revoked by the
13 police chief as provided in ~~S~~subsection ~~98~~.

14 8. Violations of this Section 1204.5, and the rules related hereto, may result in
15 monetary fines imposed at the discretion of the police chief and its designees. Fines
16 shall be assessed as follows: one hundred dollars (\$100.00) for the first violation
17 and an additional fifty dollars (\$50.00) for each subsequent violation. Nothing in
18 this Section 1204.5 limits the enforcing party's discretion to determine whether and
19 when to issue fines for any violation.

20 ~~8.9.~~ A permit may be revoked by the police chief, after a hearing, if, during the term of
21 the permit, the police chief determines that the permittee has violated: (i) any of the
22 terms and conditions of this section; or (ii) any of the terms and conditions of the
23 permit. Any action to revoke a license issued under this section shall generally comply
24 with the requirements for administrative hearings set forth in title 1, chapter 19 of the
25 town code.

26 10. For purposes of this Section 1204.5, the police chief shall have the authority to
27 delegate and designate other qualified personnel or entities to exercise any
28 administrative or enforcement powers, duties, or responsibilities granted to the
29 police chief under this Section 1204.5. Any such delegation or designation shall be
30 made at the police chief's discretion and may be modified or revoked at any time.

Delegated parties shall possess all powers necessary to carry out the administrative or enforcement responsibilities assigned to them pursuant to this Section 1204.5.

11. The police chief, or its designee, is authorized to promulgate rules and regulations to assist in the implementation and monitoring of this Section 1204.5.

Section 3. Except as specifically amended hereby, the Breckenridge Town Code, and the various secondary codes adopted by reference therein, shall continue in full force and effect.

Section 4. The amendment of Section 2, Chapter 1, Title 7 of the Breckenridge Town Code, as provided for in this ordinance, shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of the Town of Breckenridge Traffic Code prior to this ordinance becoming effective.

Section 5. The Town Council hereby finds, determines and declares that this ordinance is necessary and proper to provide for the safety, preserve the health, promote the prosperity, and improve the order, comfort and convenience of the Town of Breckenridge and the inhabitants thereof.

Section 6. The Town Council hereby finds, determines and declares that it has the power to adopt this ordinance pursuant to: (i) Section 42-4-110(1)(a), C.R.S.; (ii) Section 31-15-103, C.R.S. (concerning municipal police powers); (iii) Section 31-15-401, C.R.S.(concerning municipal police powers); (iv) the authority granted to home rule municipalities by Article XX of the Colorado Constitution; and (v) the powers contained in the Breckenridge Town Charter.

Section 7. This ordinance shall be published as provided by Section 5.9 of the Breckenridge Town Charter.

Section 8. The ordinance shall not become effective with respect to any state highway located within the corporate limits of the Town of Breckenridge until it has been approved by the Colorado Department of Transportation pursuant to Sections 42-4-110(1)(e) and 43-2-135(1)(g), C.R.S.

INTRODUCED, READ ON FIRST READING, APPROVED AND ORDERED
PUBLISHED IN FULL this 25th day of August, 2026. A Public Hearing shall be held at the regular meeting of the Town Council of the Town of Breckenridge, Colorado on the 8th day of September, 2026, at 7:00 P.M., or as soon thereafter as possible in the Municipal Building of the Town.

TOWN OF BRECKENRIDGE, a Colorado
municipal corporation

By: _____

Kelly Owens, Mayor

ATTEST:

Mae Watson
Town Clerk

COPIES OF THE MODEL TRAFFIC CODE FOR COLORADO, 2024 EDITION, ADOPTED
BY REFERENCE AND AMENDED IN THIS ORDINANCE ARE AVAILABLE FOR
INSPECTION IN THE OFFICE OF THE TOWN CLERK, 150 SKI HILL ROAD,
BRECKENRIDGE, COLORADO 80424, MONDAY THROUGH FRIDAY, DURING
NORMAL BUSINESS HOURS, HOLIDAYS EXCEPTED.



Memo

To: Town Council
From: Laura MacInnes, Director of Finance
Keely Ambrose, Town Attorney
Date: September 2, 2026 (for September 8, 2026 work session)
Subject: Ordinance Concerning the Refunding of Certain Outstanding Certificates of Participation

Town Council Goals (Check all that apply)

☐ More Boots & Bikes, Less Cars	☐ Leading Environmental Stewardship
☐ Deliver a Balanced Year-Round Economy	☐ Hometown Feel & Authentic Character
☒ Organizational Need	

Summary

Staff recommends that Council approve an ordinance concerning the refunding of certain outstanding certificates of participation (COP).

Background

In 2016, the Town of Breckenridge financed the Huron Landing Development with a Certification of Participation (COP) for \$10,060,000, of which \$4,575,000 is currently outstanding. The COP is callable as of December 2026 and can be refunded on a tax-exempt basis up to 90 days prior. The refunding process would also allow us to potentially remove certain Town assets from being encumbered by leases related to the COPs and would result in savings to the Town.

Public outreach/engagement

The memo, ordinance and documents for the COP refunding are part of the work session packet and are available for public inspection between now and the second reading, if Council approves the proposed ordinance on first reading. No additional public outreach has occurred.

Financial Implications

The Town will only move forward with refunding if it creates financial savings for the Town. This savings will be net of any costs that would be incurred to complete the refunding. Staff will continue to monitor interest rates and only proceed if staff determines that appropriate savings can be achieved. Approval of the ordinance will constitute Town Council approval of the draft COP documents on file with the Town Clerk, allow for execution of the documents by the Town Manager and Finance Director, and allow for any minor changes that must be made in order for the COPs to be issued.

Equity Lens

Savings achieved by refunding the COP leaves more Town resources to meet other Town goals.

Staff Recommendation

Staff recommends the Council approve the ordinance concerning the refunding of certain outstanding certificates of participation on first reading and set a public hearing for second reading.

Mission: The Town of Breckenridge protects, maintains, and enhances our sense of community, historical heritage, and alpine environment. We provide leadership and encourage community involvement.

ORDINANCE NO. ____
SERIES 2026

AN ORDINANCE CONCERNING THE REFUNDING OF CERTAIN OUTSTANDING CERTIFICATES OF PARTICIPATION, SERIES 2016, AND IN CONNECTION THEREWITH AUTHORIZING THE REFUNDING PROJECT, APPROVING THE CONVEYANCE OF CERTAIN LEASED PROPERTY, AND THE EXECUTION AND DELIVERY OF A SITE LEASE, A LEASE PURCHASE AGREEMENT, AND OTHER DOCUMENTS RELATED THERETO.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BRECKENRIDGE, COLORADO:

Section 1. Recitals.

A. The Town of Breckenridge, in Summit County, Colorado (the “Town”), is a duly organized and existing home rule municipality of the State of Colorado (the “State”), created and operating pursuant to Article XX of the State Constitution and the Town’s Home Rule Charter (the “Charter”).

B. Pursuant to Section 11.10 of the Charter, the Town Council of the Town (the “Council”) is authorized to enter into lease-purchase and installment-purchase agreements as a means of acquiring any real or personal property for public purposes.

C. Pursuant to Section 15.4 of the Charter, the Council is authorized to lease, for such time as the Council shall determine, real or personal property to or from any person, firm or corporation, public and private, governmental or otherwise.

D. Pursuant to Title 1, Chapter 11 of the Town’s municipal code, any real estate leases which are longer than one year shall be approved by ordinance.

E. For the purpose of financing the cost of various public improvements of the Town and refunding the Town’s then-outstanding Certificates of Participation, Series 2005 (collectively, the “2016 Project”), the Town entered into a Site Lease Agreement dated as of March 10, 2016 (the “2016 Site Lease”), with UMB Bank, n.a., solely in its capacity as trustee under the 2016 Indenture described below (the “2016 Trustee”), pursuant to which the Town leased certain real property to the 2016 Trustee (the “2016 Leased Property”), and the Town leased the 2016 Leased Property back from the 2016 Trustee pursuant to a Lease Purchase Agreement dated as of March 10, 2016 (the “2016 Lease”), by and between the Town, as lessee, and the 2016 Trustee, as lessor.

F. In connection with the 2016 Project, the 2016 Trustee executed and delivered an Indenture of Trust dated as of March 10, 2016 (the “2016 Indenture”).

G. Pursuant to the 2016 Indenture, there were executed and delivered Certificates of Participation, Series 2016, in the original aggregate principal amount of \$10,060,000, of which \$4,575,000 is currently outstanding (the “2016 Certificates”).

H. The Council has determined, and hereby determines, that it is in the best interests of the Town and its inhabitants to exercise the Town’s option to prepay, refund, and defease any or all of the outstanding 2016 Certificates as set forth in the Sale Certificate, as provided in the 2016 Lease, and the payment of costs incidental thereto (the “Refunding Project”).

I. The Council has determined, and now hereby determines, that in order to finance the Refunding Project, it is in the best interest of the Town and its inhabitants that the Town lease certain property to UMB Bank, n.a., as trustee under an Indenture of Trust as further described herein (the “Trustee”) pursuant to a Site Lease Agreement between the Town, as lessor, and the Trustee, as lessee (the “Site Lease”), and lease back the Trustee’s interest in such leased property pursuant to the terms of a Lease Purchase Agreement (the “Lease”) between the Trustee, as lessor, and the Town, as lessee.

J. The Town owns, in fee title, certain property and the premises, buildings, and improvements located thereon, and any additional property of the Town (as more particularly described in the Lease) (the “Leased Property”).

K. The Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there is expected to be executed and delivered certain Refunding Certificates of Participation, Series 2026 (the “Certificates”) dated as of their date of delivery, that shall evidence proportionate interests in the right to receive certain Revenues (as defined in the Lease), shall be payable solely from the sources therein provided and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.

L. Pursuant to the Lease, and subject to the Town’s right to terminate the Lease and the other limitations provided therein, the Town will pay Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the Town to use and occupy the Leased Property.

M. The Town’s obligation under the Lease to pay Base Rentals and Additional Rentals shall be from year to year only; shall constitute currently budgeted expenditures of the Town; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or a multiple fiscal year direct or indirect debt or other financial obligation of the Town within the meaning of any constitutional, statutory, or Charter limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligations, nor a mandatory payment obligation of the Town in any fiscal year beyond a fiscal year during which the Lease is in effect.

N. The net proceeds of the Certificates, together with other legally available moneys of the Town, if any, are expected to be used to finance the Refunding Project.

O. There will be delivered in connection with the offering and sale of the Certificates an Official Statement (the “Official Statement”) in substantially the form of the

Preliminary Official Statement as approved by the Town Manager or Director of Finance (the “Finance Director”) of the Town.

P. The Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes (the “Supplemental Act”), provides that a public entity, including the Town, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act to the issuance of securities.

Q. There have been presented to the Council and are on file with the Town Clerk proposed forms of: (i) the Site Lease; (ii) the Lease; (iii) an Escrow Agreement between the Town and UMB Bank, n.a., as escrow agent (the “Escrow Agreement”); (iv) a Continuing Disclosure Certificate to be delivered by the Town (the “Continuing Disclosure Certificate”); and (v) the proposed form of the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the Certificates.

R. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

Section 2. Ratification and Approval of Prior Actions. All action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council or the officers, agents, or employees of the Council or the Town relating to the Site Lease, the Lease, the implementation of the Refunding Project, and the execution and delivery of the Certificates is hereby ratified, approved and confirmed.

Section 3. Finding of Best Interests. The Council hereby finds and determines, pursuant to the Constitution and laws of the State and the Charter, that the implementation of the Refunding Project, including the payment of the costs of issuance in connection therewith, and financing the costs thereof pursuant to the terms set forth in the Site Lease, the Lease, the Indenture, and the Escrow Agreement are necessary, convenient, and in furtherance of the Town’s purposes and are in the best interests of the inhabitants of the Town and that the fair value of the Leased Property does not exceed its Purchase Option Price (as defined in the Lease), and the Council hereby authorizes and approves the same.

Section 4. Supplemental Act Election; Parameters. The Council hereby elects to apply all of the provisions of the Supplemental Act to the Lease, the Site Lease and the Certificates, and in connection therewith delegates to the Mayor, any other member of the Council, the Town Manager, or the Finance Director the independent authority to make any determination delegable pursuant to Section 11-57-205(1)(a)(i) of the Supplemental Act in relation to the Lease and the Site Lease, and to execute a sale certificate (the “Sale Certificate”) setting forth such determinations, including without limitation, the term of the Site Lease, the rental amount to be paid by the Trustee pursuant to the Site Lease, the term of the Lease and the rental amount to be paid by the Town pursuant to the Lease, subject to the following parameters and restrictions:

- (a) the Site Lease Term shall end no later than December 31, 2045;
- (b) the Lease Term shall end no later than December 31, 2035;

(c) the aggregate principal amount of the Base Rentals payable by the Town under the Lease with respect to the Certificates shall not exceed \$4,250,000;

(d) the maximum annual repayment cost of Base Rentals payable by the Town shall not exceed \$600,000, and the total repayment cost shall not exceed \$5,500,000;

(e) the purchase price of the Certificates shall not be less than 98% of the aggregate principal amount; and

(f) the maximum net effective interest rate on the interest component of the Base Rentals relating to the Certificates shall not exceed 4.00%.

Pursuant to Section 11-57-205 of the Supplemental Act, the Council hereby delegates to each of the Mayor, the Town Manager or the Finance Director the authority to acknowledge any contract for the purchase of the Certificates between the Trustee and Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Certificates (the "Underwriter"), and to execute any agreement or agreements in connection therewith. In addition, each of the Mayor, the Town Manager or the Finance Director is hereby authorized to independently determine if obtaining an insurance policy for all or a portion of the Certificates is in the best interests of the Town, and if so, to select an insurer to issue an insurance policy, execute a commitment relating to the same and execute any related documents or agreements required by such commitment. Each of the Mayor, the Town Manager, or the Finance Director is also hereby authorized to determine if obtaining a reserve fund insurance policy for the Certificates is in the best interests of the Town, and if so, to select a surety provider to issue a reserve fund insurance policy and execute any related documents or agreements required by such commitment.

The Council hereby agrees and acknowledges that the proceeds of the Certificates will be used to finance the costs of the Refunding Project and to pay other costs of issuance.

Section 5. Approval of Documents. The Site Lease, the Lease, the Escrow Agreement, and the Continuing Disclosure Certificate are in all respects approved, authorized, and confirmed, and the Mayor of the Town is hereby authorized and directed for and on behalf of the Town to execute and deliver such documents in substantially the forms and with substantially the same contents as the proposed forms of such documents on file with the Town Clerk, provided that such documents may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this ordinance.

The Mayor, the Town Manager, the Town Clerk, the Finance Director, and other officers and employees of the Town are hereby independently authorized and directed to take all action necessary or appropriate to effect the provisions of this ordinance, including without limiting the generality of the foregoing, executing, attesting, authenticating and delivering for and on behalf of the Town, the Continuing Disclosure Certificate, and such other agreements, instruments, certificates and opinions as may be required to implement the transactions contemplated hereby, or as may otherwise be reasonably required by Special Counsel or the Underwriter of all or any portion of the Certificates, and the taking of such other action in cooperation with Special Counsel or the Underwriter as they may reasonably request to qualify the Certificates for offer and sale

under the securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate.

Section 6. Official Statement. The Town Manager and the Finance Director are each independently authorized to prepare or cause to be prepared and to deem final a Preliminary Official Statement, in substantially the form of the Official Statement prepared in connection with the execution and delivery of the Certificates of Participation, Series 2022, with such changes as are necessary to reflect current information regarding the Town, for use in connection with the offering and sale of the Certificates. The Town Manager and the Finance Director are each independently authorized to prepare or cause to be prepared, and the Mayor is authorized and directed to approve, on behalf of the Town, and execute a final Official Statement for use in connection with the offering and sale of the Certificates in substantially the form of the Preliminary Official Statement, but with such amendments, additions, and deletions as are in accordance with the facts and not inconsistent herewith. The execution of a final Official Statement by the Mayor shall be conclusively deemed to evidence the approval of the form and contents thereof by the Town. The distribution by the Underwriter of the Preliminary Official Statement and the final Official Statement to all interested persons in connection with the sale of the Certificates is hereby ratified, approved and authorized.

Section 7. Authorization to Execute Collateral Documents. The Mayor, the Town Manager, the Finance Director, and other appropriate officials or employees of the Town are hereby authorized to execute and deliver for and on behalf of the Town any and all certificates, documents, instruments, and other papers and to perform all other acts that they deem necessary or appropriate, in order to implement and carry out the transactions and other matters authorized by this ordinance. The Town Clerk is hereby authorized and directed to attest all signatures and acts of any official of the Town, if so required by any documents in connection with the matters authorized by this ordinance. The appropriate officers of the Town are authorized to execute on behalf of the Town agreements concerning the deposit and investment of funds in connection with the transactions contemplated by this ordinance. The execution of any instrument by the aforementioned officers or members of the Council shall be conclusive evidence of the approval by the Town of such instrument in accordance with the terms hereof and thereof.

The Mayor, the Town Clerk, the Town Manager, the Finance Director and all other employees and officials of the Town that are authorized or directed to execute any agreement, document, certificate, instrument or other paper in accordance with this ordinance (collectively, the "Authorized Documents") are hereby authorized to execute Authorized Documents electronically via facsimile or email signature. Any electronic signature so affixed to any Authorized Document shall carry the full legal force and effect of any original, handwritten signature. This provision is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. It is hereby determined that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 8. No General Obligation Debt. No provision of this ordinance, the Site Lease, the Lease, the Indenture, the Continuing Disclosure Certificate, the Certificates or the final Official

Statement shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory, or Charter provision, nor a mandatory charge or requirement against the Town in any ensuing fiscal year beyond the then current fiscal year. The Town shall not have any obligation to make any payment with respect to the Certificates except in connection with the payment of the Base Rentals and certain other payments under the Lease, which payments may be terminated by the Town in accordance with the provisions of the Lease. Neither the Lease nor the Certificates shall constitute a mandatory charge or requirement of the Town in any ensuing fiscal year beyond the then current fiscal year or constitute or give rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory or Charter debt limitation and shall not constitute a multiple fiscal year direct or indirect Town debt or other financial obligation whatsoever. No provision of the Lease or the Certificates shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the State Constitution. Neither the Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those budgeted and appropriated for the Town's then current fiscal year.

Section 9. Reasonableness of Rentals. The Council hereby determines and declares that the Base Rentals due under the Lease, in the maximum amounts authorized pursuant to Section 4 hereof, constitute the fair rental value of the Leased Property and do not exceed a reasonable amount so as to place the Town under an economic compulsion to renew the Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property pursuant to the Lease. The Council hereby determines and declares that the period during which the Town has an option to purchase the Leased Property (i.e., the entire maximum term of the Lease) does not exceed the remaining useful life of the Leased Property. The Council hereby further determines that the amount of rental payments to be received by the Town from the Trustee pursuant to the Site Lease is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease as provided therein.

Section 10. Exercise of Purchase Option; Direction to Trustee. In order to effect the Refunding Project, the Council has elected and hereby elects and declares its intent, on behalf and in the name of the Town, to exercise the Town's option to prepay, redeem, and discharge any or all of the outstanding 2016 Certificates as set forth in the Sale Certificate (the "Refunded Certificates") on the earliest applicable redemption date. The Town hereby irrevocably instructs the 2016 Trustee to give notice of refunding and defeasance to the Owners of the Refunded Certificates as soon as practicable in accordance with the provisions of the 2016 Indenture and the Escrow Agreement between the Town and the Trustee, as escrow agent.

Section 11. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the Town acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Certificates. Such recourse shall not be available either directly or indirectly through the Council or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Certificates and as a part of the consideration of their sale or purchase, any person purchasing or selling such certificate specifically waives any such recourse.

Section 12. Charter Controls. Pursuant to Article XX of the State Constitution and the Charter, all State statutes that might otherwise apply in connection with the provisions of this ordinance are hereby superseded to the extent of any inconsistencies or conflicts between the provisions of this ordinance and the Sale Certificate authorized hereby and such statutes. Any such inconsistency or conflict is intended by the Council and shall be deemed made pursuant to the authority of Article XX of the State Constitution and the Charter.

Section 13. Repealer. All bylaws, orders, resolutions and ordinances of the Town, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any other such bylaw, order, resolution or ordinance of the Town, or part thereof, heretofore repealed.

Section 14. Severability. If any section, subsection, paragraph, clause or provision of this ordinance or the documents hereby authorized and approved (other than provisions as to the payment of Base Rentals by the Town during the Lease Term, provisions for the quiet enjoyment of the Leased Property by the Town during the Lease Term and provisions for the conveyance of the Leased Property to the Town under the conditions provided in the Lease) shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance or such documents, the intent being that the same are severable.

Section 15. Effective Date, Recording and Authentication. A true copy of this ordinance shall be numbered and recorded in the official records of the Town, authenticated by the signatures of the Mayor and the Town Clerk, and published in accordance with the Charter and the Town's municipal code. In accordance with Section 5.9 of the Charter, this ordinance will take effect thirty days after final publication.

[The remainder of this page is intentionally left blank]

INTRODUCED, READ BY TITLE, APPROVED ON FIRST READING AND ORDERED TO BE PUBLISHED IN FULL WITH NOTICE OF PUBLIC HEARING THIS 8th DAY OF SEPTEMBER, 2026. A copy of this ordinance is available for inspection in the office of the Town Clerk.

(SEAL)

ATTEST:

TOWN OF BRECKENRIDGE, COLORADO

Town Clerk

Mayor

APPROVED IN FORM:

Town Attorney

INTRODUCED A SECOND TIME, READ BY TITLE, APPROVED ON SECOND READING FOLLOWING A PUBLIC HEARING, AND ORDERED TO BE PUBLISHED BY TITLE THIS 22ND DAY OF SEPTEMBER, 2026. A copy of this ordinance is available for inspection in the office of the Town Clerk.

(SEAL)

ATTEST:

TOWN OF BRECKENRIDGE, COLORADO

Town Clerk

Mayor

APPROVED IN FORM:

Town Attorney

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP
1801 California, Suite 5100
Denver, Colorado 80202
Attention: Kimberley K. Crawford, Esq.

SITE LEASE AGREEMENT

DATED AS OF [CLOSING DATE]

BETWEEN

**TOWN OF BRECKENRIDGE, COLORADO
AS LESSOR**

AND

**UMB BANK, N.A.,
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE,
AS LESSEE**

This **SITE LEASE AGREEMENT**, dated as of [CLOSING DATE] (this “Site Lease”), is by and between the **TOWN OF BRECKENRIDGE, COLORADO**, a home rule municipality duly organized and validly existing under the Constitution and laws of the State of Colorado (the “Town”), as lessor, and **UMB BANK, N.A.**, Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessee.

PREFACE

Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them herein and in the Lease Purchase Agreement, dated as of [____], 2026 (the “Lease”), between the Trustee, as lessor, and the Town, as lessee.

RECITALS

1. The Town is a duly organized and existing home rule municipality of the State of Colorado, created and operating pursuant to Article XX of the Constitution of the State of Colorado and the home rule charter of the Town (the “Charter”).
2. Pursuant to Section 11.10 of the Charter, the Town Council of the Town (the “Council”) is authorized to enter into lease-purchase and installment-purchase agreements as a means of acquiring any real or personal property for public purposes.
3. Pursuant to Section 15.4 of the Charter, the Council is authorized to lease, for such time as the Council shall determine, real or personal property to or from any person, firm or corporation, public and private, governmental or otherwise.
4. For the purpose of financing the cost of certain public improvements of the Town and to refund and defease the Town’s then-outstanding certificates of participation (collectively the “2016 Project”), the Town has previously entered into a Lease Purchase Agreement dated as of March 10, 2016 (the “2016 Lease”), by and between the Town, as lessee, and UMB Bank, n.a., as trustee and lessor (the “2016 Trustee”), whereby the Town leased from the Trustee certain real property and the buildings located thereon (the “2016 Leased Property”).
5. In connection with the 2016 Project, there was also executed and delivered an Indenture of Trust dated as of March 10, 2016 (the “2016 Indenture”) by the 2016 Trustee.
6. Pursuant to the 2016 Indenture, there were executed and delivered certain Certificates of Participation, Series 2016 in the original principal amount of \$10,060,000, of which \$4,575,000 is currently outstanding (the “2016 Certificates”).
7. The Council has determined, and now hereby determines, that it is in the best interests of the Town and its inhabitants that the Town exercise its option to prepay, refund and defease all of the outstanding 2016 Certificates maturing on and after December 1, 2027, as provided in the 2016 Lease (the “Refunding Project”).

8. The Town has determined that it is in the best interests of the Town and its residents and taxpayers to provide for the financing of the Refunding Project by entering into this Site Lease and the Lease with the Trustee.

9. Contemporaneously with the execution and delivery of this Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there is expected to be executed and delivered certain refunding certificates of participation (the “Certificates”) dated as of their date of delivery that shall evidence proportionate interests in the right to receive certain Revenues (as defined in the Lease), shall be payable solely from the sources therein provided and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.

10. The proceeds of the Certificates will be utilized for the Refunding Project, as well as for the payment of the costs of execution and delivery of the Certificates.

11. The Town owns, or will own, in fee title, certain real property and the buildings and improvements located thereon (as more particularly described in **Exhibit A** attached hereto, the “Leased Property”). To accomplish the Refunding Project, the Trustee will acquire a leasehold interest in the Leased Property from the Town pursuant to this Site Lease and will lease the Leased Property back to the Town pursuant to the Lease.

12. The Trustee and the Town intend that this Site Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the Trustee is leasing the Leased Property from the Town.

13. The Town proposes to enter into this Site Lease with the Trustee as material consideration for the Trustee’s agreement to lease the Leased Property to the Town pursuant to the Lease. The Trustee shall prepay in full its rental payments due under this Site Lease which rental payments shall be used by the Town to effect the Refunding Project, all pursuant to this Site Lease, the Lease and the Indenture.

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

Section 1. Site Lease and Terms. The Town hereby demises and leases to the Trustee and the Trustee hereby leases from the Town, on the terms and conditions hereinafter set forth, the Leased Property, subject to Permitted Encumbrances as described in **Exhibit B** hereto.

The term of this Site Lease shall commence on the date hereof and shall end on December 31, 20[] (the “Site Lease Termination Date”), unless such term is sooner terminated as hereinafter provided. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee’s leasehold interests in all of the Leased Property pursuant to Article 11 of the Lease as a result of the Town’s payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in Section 11.2 of the Lease, then the term of this Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee’s interest in this Site Lease, pursuant to Section 5 hereof, the Lease and the

Indenture, shall not extend beyond December 31, 20[___]. At the end of the term of this Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee's, sublessee's or assignees' respective interests in the Leased Property.

Section 2. Rental. The Trustee has paid to the Town and the Town hereby acknowledges receipt from the Trustee as and for rental hereunder, paid in advance, the sum of \$[____], as and for all rent due hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. The Town hereby determines that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of this Site Lease.

Section 3. Purpose. The Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the Town pursuant to the Lease and for such purposes as may be incidental thereto; provided that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the Town shall vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in this Site Lease, the Lease and the Indenture.

Section 4. Owner in Fee. The Town represents that (a) it is the owner in fee of the Leased Property, subject only to Permitted Encumbrances as described in **Exhibit B** hereto, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property. The Trustee acknowledges that it is only obtaining a leasehold interest in the Leased Property pursuant to this Site Lease.

Section 5. Sales, Assignments and Subleases. Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under this Site Lease or sublet all or any portion of the Leased Property, without the written consent of the Town.

In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in this Site Lease, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of this Site Lease, the Lease and the Indenture. The Town and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by this Site Lease, the Lease and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the Town, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage or encumber the Leased Property or any portion thereof during the term of this Site Lease.

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

of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

Section 6. Right of Entry. Subject to the terms of the documents described in Exhibit B, to the extent that the Lease is terminated and this Site Lease is still in effect, the Town reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Termination. The Trustee agrees, upon the termination of this Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the Town.

Section 8. Default. In the event the Trustee shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the Town may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, this Site Lease shall not be terminated except as described in Section 1 hereof.

Section 9. Quiet Enjoyment and Acknowledgment of Ownership. The Trustee at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy the Leased Property, subject to the provisions of the Lease and the Indenture, and the Town hereby acknowledges that the Trustee shall have a leasehold interest in all improvements or additions to be built on the Leased Property subject to this Site Lease, the Lease and the Indenture.

Section 10. Trustee's Disclaimer. It is expressly understood and agreed that (a) this Site Lease is executed by UMB Bank, n.a. solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

Section 11. Taxes; Maintenance; Insurance. During the Lease Term of the Lease and in accordance with the provisions of the Lease, including Sections 8.1 and 8.3 thereof, the Town covenants and agrees to pay any and all taxes, assessments or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, (b) this Site Lease is not terminated, and (c) the Trustee subleases all or any portion of the Leased Property or sells or assigns its interests in this Site Lease, the Trustee, or any purchaser, sublessee or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from this Site Lease) shall pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are

to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments or governmental charges, and to maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance hereunder during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, and (b) this Site Lease is not terminated, the Trustee, or any sublessee, purchaser or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as heretofore or hereafter amended), and (ii) property insurance in an amount not less than the full replacement value of the improvements and structures constituting the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the Trustee, any sublessee, purchaser or assignee and the Town as insureds. The Town and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser or assignee, and the Town, and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Nothing in the preceding paragraphs or in this Site Lease shall be interpreted or construed to require the Trustee to sublease all or any portion of the Leased Property or sell or assign its interests in this Site Lease, in the event that the Lease is terminated for any reason and this Site Lease is not terminated.

Section 12. Damage, Destruction or Condemnation. The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Town and the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 9 of the Lease.

Section 13. Hazardous Substances. Except for customary materials necessary for operation, cleaning and maintenance of the Leased Property, none of the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Town and the Trustee and all Hazardous

Substances, including customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property, provided unless the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, the Trustee shall have no responsibility under this Section to monitor or investigate whether the Leased Property complies with environmental laws or is subject to any Hazardous Substance. If the presence of Hazardous Substance on the Leased Property caused or permitted by the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the Town, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom (provided that the Trustee shall have no liability under this section unless it is in possession of the Leased Property and unless the presence of such Hazardous Substances is due to the Trustee's negligence or willful misconduct) then the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties hereto or assignees hereof that have not caused or permitted such contamination and are not so legally liable with respect to this Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the Town, shall be payable only if the cost of such defense has been annually appropriated by the Town. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the Town, the Trustee or any sublessee, purchaser or assignee is indemnifying any other person with respect to this Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by:

(a) the Trustee after the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the Town and the Trustee and promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

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

Section 14. Third Party Beneficiaries. It is expressly understood and agreed that the Owners of the outstanding Certificates are third party beneficiaries to this Site Lease and enforcement of the terms and conditions of this Site Lease, and all rights of action relating to such enforcement, shall be strictly reserved to the Town, as Lessor, and the Trustee, as Lessee, and their respective successors and assigns, and to the Owners of the Certificates. Except as hereinafter provided, nothing contained in this Site Lease shall give or allow any such claim or right of action

by any other or third person on this Site Lease. It is the express intention of the Town and the Trustee that any person other than the Town, the Trustee or the Owners of the Certificates receiving services or benefits under this Site Lease shall be deemed to be an incidental beneficiary only.

Section 15. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 16. No Merger. The Town and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease and that neither the execution and delivery of the Lease by the Trustee and the Town nor the exercise of any remedies under this Site Lease or the Lease shall operate to terminate or extinguish this Site Lease or the Lease, except as specifically provided herein and therein.

Section 17. Amendments. This Site Lease may only be amended, changed, modified or altered as provided in the Indenture.

Section 18. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by any party to the other parties shall be in writing and shall be sufficiently given and served upon the other parties if (i) delivered personally or (ii) if mailed by certified or registered mail, postage prepaid, or (iii) by private courier service which provides evidence of delivery, or (iv) sent by electronic transmission which produces evidence of transmission, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. All such communications will be addressed as follows:

If to the Trustee:

UMB Bank, n.a.
1800 Larimer Street, Suite 200
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services
Email: Jonathan.Fernandez@umb.com
Phone: (303) 764-3607

If to the Town:

Town of Breckenridge, Colorado
150 Ski Hill Road
P. O. Box 168
Breckenridge, Colorado 80424
Attention: Town Manager
Email: shannonh@townofbreckenridge.com
Phone: (970) 547-3166

Any party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 19. Recitals. The Recitals set forth in this Site Lease are hereby incorporated by this reference and made a part of this Site Lease.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 21. Execution. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Site Lease.

Section 22. Governing Law. This Site Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

Section 23. No Waiver of Governmental Immunity. No provision of this Site Lease shall act or be deemed to be a waiver by the Town of the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, et seq.

Section 24. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Site Lease on behalf of the Town, the Trustee or any Owner are not able to be physically present to manually sign this Site Lease or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Site Lease or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Signature page follows]

IN WITNESS WHEREOF, the Town and the Trustee have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

TOWN OF BRECKENRIDGE,
COLORADO, as Lessor

UMB BANK, N.A., solely in its capacity as
Trustee under the Indenture, as Lessee

By: _____
Mayor

By: _____
Senior Vice President

[SEAL]

ATTEST:

Town Clerk

EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY:

The Leased Property consists of the real property and the buildings and improvements located thereon as set forth below, as amended from time to time.

Legal Description:

EXHIBIT B

PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) this Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease; and (d) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease, as shown below and which do not interfere in any material way with the Leased Property.

The easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease are as follows:

1. Liens for ad valorem taxes and special assessments not then delinquent, if applicable.
2. This Site Lease.
3. The Lease.
4. All other encumbrances appearing of record on the date hereof.

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP
1801 California Street, Suite 5100
Denver, Colorado 80202
Attention: Kimberley K. Crawford, Esq.

Pursuant to Section 39-13-104(1)(j), C.R.S., this Lease Purchase Agreement is exempt from the documentary fee.

LEASE PURCHASE AGREEMENT

DATED AS OF [CLOSING DATE]

**BETWEEN
UMB BANK, N.A.,
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE IDENTIFIED HEREIN,
AS LESSOR**

AND

**TOWN OF BRECKENRIDGE, COLORADO,
AS LESSEE**

This Table of Contents is not a part of this Lease and is only for convenience of reference.

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This **LEASE PURCHASE AGREEMENT**, dated as of [CLOSING DATE] (this “Lease”), is by and between **UMB BANK, N.A.**, Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessor, and the **TOWN OF BRECKENRIDGE, COLORADO**, a Colorado home rule municipality (the “Town”), as lessee.

PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Lease.

RECITALS

1. The Town is a duly organized and existing home rule municipality of the State of Colorado, created and operating pursuant to Article XX of the Constitution of the State of Colorado and the home rule charter of the Town (the “Charter”).

2. Pursuant to Section 11.10 of the Charter, the Town Council of the Town (the “Council”) is authorized to enter into lease-purchase and installment-purchase agreements as a means of acquiring any real or personal property for public purposes.

3. Pursuant to Section 15.4 of the Charter, the Council is authorized to lease, for such time as the Council shall determine, real or personal property to or from any person, firm or corporation, public and private, governmental or otherwise.

4. For the purpose of financing the cost of certain public improvements of the Town and to refund and defease certain of the Town’s then-outstanding certificates of participation (collectively the “2016 Project”), the Town has previously entered into a Lease Purchase Agreement dated as of March 10, 2016 (the “2016 Lease”), by and between the Town, as lessee, and UMB Bank, n.a., as trustee and lessor (the “2016 Trustee”), whereby the Town leased from the Trustee certain real property and the buildings located thereon (the “2016 Leased Property”).

5. In connection with the 2016 Project, there was also executed and delivered an Indenture of Trust dated as of March 10, 2016 (the “2016 Indenture”) by the 2016 Trustee.

6. Pursuant to the 2016 Indenture, there were executed and delivered certain Certificates of Participation, Series 2016 in the original principal amount of \$10,060,000, of which \$4,575,000 is currently outstanding (the “2016 Certificates”).

7. The Council has determined, and now hereby determines, that it is in the best interests of the Town and its inhabitants that the Town exercise its option to prepay, refund and defease all of the outstanding 2016 Certificates maturing on and after December 1, 2027, as provided in the 2016 Lease (the “Refunding Project”).

8. The Council has determined that it is in the best interests of the Town and its inhabitants to provide for the financing of the Refunding Project by entering into the Site Lease and this Lease.

9. The Town owns, in fee title, certain real property and the premises, buildings and improvements located thereon (as more particularly described in **Exhibit A** attached hereto, the “Leased Property”).

10. To effectuate the Refunding Project, the Trustee will acquire a leasehold interest in the Leased Property by leasing the Leased Property from the Town pursuant to the Site Lease and will lease the Leased Property back to the Town pursuant to this Lease.

11. Contemporaneously with the execution and delivery of the Site Lease and this Lease, the Trustee will execute and deliver an Indenture of Trust (the "Indenture") pursuant to which there will be executed and delivered certain refunding certificates of participation (the "Certificates") that will be dated as of their date of delivery, will evidence proportionate interests in the right to receive certain Revenues, will be payable solely from the sources herein provided, and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which this Lease shall be in effect.

12. The net proceeds of the Certificates, together with any other available money of the Town, will be used to finance the Refunding Project.

13. The payment by the Town of Base Rentals and Additional Rentals hereunder in any future Fiscal Year is subject to specific Appropriations and the renewal by the Council of this Lease for such future Fiscal Year. The Base Rentals and Additional Rentals payable by the Town under this Lease shall constitute current expenditures of the Town.

14. Neither this Lease nor the payment by the Town of Base Rentals or Additional Rentals hereunder shall be deemed or construed as creating an indebtedness of the Town within the meaning of any provision of the Colorado Constitution, the Charter or the laws of the State of Colorado concerning or limiting the creation of indebtedness by the Town, and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the Town within the meaning of Article X, Section 20(4) of the Colorado Constitution or a mandatory charge or requirement against the Town in any ensuing Fiscal Year beyond the then current Fiscal Year. The obligation of the Town to pay Base Rentals and Additional Rentals hereunder shall be from year to year only, shall constitute currently budgeted expenditures of the Town, shall not constitute a mandatory charge or requirement in any ensuing budget year, nor a mandatory payment obligation of the Town in any ensuing Fiscal Year beyond any Fiscal Year during which this Lease shall be in effect. In the event that this Lease is not renewed, the sole security available to the Trustee, as lessor hereunder, shall be the Leased Property.

15. The Trustee is executing this Lease solely in its capacity as trustee under the Indenture, and subject to the terms, conditions and protections provided for therein. The Trustee is not liable for the obligations evidenced by the Certificates except from amounts held by it in its capacity as Trustee under the Indenture.

16. The Trustee and the Town intend that this Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the Town is leasing the Leased Property from the Trustee.

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

ARTICLE 1 DEFINITIONS

Section 1.1 Certain Funds and Accounts. All references herein to any funds and accounts shall mean the funds and accounts so designated which are established under the Indenture.

Section 1.2 Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Indenture, unless the context otherwise requires. Capitalized terms used herein shall have the following meanings under this Lease:

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

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

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of this Lease, the Site Lease or the Indenture, including the reasonable fees and expenses of any person or firm employed by the Town to make rebate calculations under the provisions of Section 3.04 of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to this Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under this Lease, and approved by the Town Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the Town Representative;

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

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

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

Additional Rentals shall not include Base Rentals.

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

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

“Base Rentals” means the rental payments payable by the Town during the Lease Term, which constitute payments payable by the Town for and in consideration of the right to possess and use the Leased

Property as set forth in **Exhibit C** (Base Rentals Schedule) hereto. Base Rentals does not include Additional Rentals.

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

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

“Certificates” means the “Refunding Certificates of Participation, Series 2026, evidencing Proportionate Interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of [CLOSING DATE], between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Breckenridge, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Continuing Disclosure Certificate” means the certificate executed by the Town of even date herewith which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease, this Lease, and the Escrow Agreement and related to the authorization, sale, execution and delivery of the Certificates, as further defined in the Indenture.

“Council” means the Town Council of the Town or any successor to its functions.

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

“CRS” means Colorado Revised Statutes.

“Escrow Account” means the “Town of Breckenridge, Colorado, Refunding Certificates of Participation, Series 2026, Escrow Account” created in the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of its date of execution and delivery, entered into with UMB Bank, n.a., as escrow agent.

“Event(s) of Lease Default” means any event as defined in Section 13.1 of this Lease.

“Event of Nonappropriation” means the termination and non-renewal of this Lease by the Town, determined by the Council’s failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in Section 6.4 of this Lease. An Event of Nonappropriation may also occur under certain circumstances described in Section 8.3(c) of this Lease. The term also means a notice under this Lease of the Town’s intention to not renew and therefore terminate this Lease or an event described in this Lease relating to the exercise by the Town of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

“Finance Director” means the Director of Finance of the Town, or his or her successor in functions, if any.

“Fiscal Year” means the Town’s fiscal year, which begins on January 1 of each calendar year and ends on December 31 of the same calendar year, or any other twelve month period which the Town or other appropriate authority hereafter may establish as the Town’s fiscal year.

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

“Hazardous Substance” means and includes: (a) the terms “hazardous substance,” “release” and “removal” which, as used herein, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term “hazardous substance” as used herein shall also include “hazardous waste” as defined in paragraph (5) of 42 U.S.C. §6903 and “petroleum” as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term “superfund” as used herein means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used herein shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Indenture” means the Indenture of Trust, dated as of [CLOSING DATE], entered into by the Trustee, as the same may be amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of this Lease and terminates on December 31, 2026.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) hereto.

“Lease” means this Lease Purchase Agreement, dated as of [CLOSING DATE], between the Trustee, as lessor, and the Town, as lessee, as the same may hereafter be amended.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in this Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in this Lease and in the Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the Town may exercise its option to renew this Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals hereunder, as provided in and subject to the provisions of this Lease. “Lease Term” refers to the time during which the Town is the lessee of the Leased Property under this Lease.

“Leased Property” means the real property and, except as hereinafter provided, the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to this Lease, together with any and all additions and modifications thereto and

replacements thereof, including without limitation, the easements, rights of way, covenants and other rights set forth in the documents listed on **Exhibit B** attached hereto, and any New Facility.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by this Lease or proceeds from any condemnation award, or proceeds derived from the exercise of any Lease Remedy or otherwise following termination of this Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the Town and the Trustee.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to this Lease in connection with the execution and delivery of Additional Certificates.

“Owners” means the registered owners of any Certificates and Beneficial Owners.

“Permitted Encumbrances,” with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of this Lease; (b) the Site Lease, this Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, this Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in this Lease; (d) any sublease of the Leased Property that is permitted pursuant to the terms and provisions of Section 12.2 hereof; and (e) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on **Exhibit B** hereto and which the Town Representative hereby certifies do not and will not interfere in any material way with the intended use of the Leased Property.

“Prepayment” means any amount paid by the Town pursuant to the provisions of this Lease as a prepayment of the Base Rentals due hereunder.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in **Exhibit C** (Base Rentals Schedule) hereto.

“Purchase Option Price” means the amount payable on any date, at the option of the Town, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided herein.

“Refunded Certificates” means the outstanding 2016 Certificates maturing on and after December 1, 2027.

“Refunding Project” means the exercise of the Town’s purchase option with respect to the leased property acquired with the proceeds of the Refunded Certificates and the payment, refunding and defeasance of the Refunded Certificates by depositing the net proceeds of the Certificates and other available moneys of the Town into the Escrow Account, and the payment of expenses incidental thereto, as provided in the Lease, the Indenture and the Escrow Agreement.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of this Lease.

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

“Site Lease” means the Site Lease Agreement, dated as of [CLOSING DATE], between the Town, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by The Bond Buyer, or any successor publication. So long as this Lease Term is in effect, the Town shall have the right to select Special Counsel.

“State” means the State of Colorado.

“Tax Certificate” means the Tax Compliance and Nno Arbitrage Certificate entered into by the Town with respect to this Lease.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Breckenridge, Colorado.

“Town Representative” means the Mayor, the Town Manager, the Finance Director or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under this Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor or Mayor Pro Tem.

“Trustee” means UMB Bank, n.a., acting in the capacity as trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

“2016 Leased Property” has the meaning ascribed to it in the recitals hereto.

“2016 Certificates” means Certificates of Participation, Series 2016, in the original principal amount of \$10,060,000, and currently outstanding in the aggregate principal amount of \$4,575,000, executed and delivered pursuant to the 2016 Indenture (as defined in the recitals hereto).

ARTICLE 2
REPRESENTATIONS AND COVENANTS; RELATIONSHIP
OF TOWN AND TRUSTEE

Section 2.1 Representations and Covenants of the Town. The Town represents and covenants to the Trustee, to the extent allowed by law and subject to renewal of this Lease and Appropriation as set forth in Article 6 hereof, as follows:

(a) The Town is a home rule municipal corporation duly organized and existing within the State under the Constitution and laws of the State and its Charter. The Town is authorized to enter into this Lease and the Site Lease and to carry out its obligations under this Lease, the Site Lease and the Escrow Agreement. The Town has duly authorized and approved the execution and delivery of this Lease, the Site Lease and all other documents related to the execution and delivery of this Lease and the Site Lease.

(b) The Town owns the Leased Property in fee title, and the Trustee has a leasehold interest in the Leased Property pursuant to the Site Lease.

(c) The leasing of the Leased Property to the Trustee pursuant to the Site Lease and the leasing or subleasing of the Leased Property from the Trustee, under the terms and conditions provided for in this Lease, and the implementation of the Refunding Project by the Town, are necessary, convenient and in furtherance of the Town's governmental purposes and are in the best interests of the citizens and inhabitants of the Town. The Town will apply the net proceeds derived from the proceeds of the Certificates to effectuate the Refunding Project pursuant to the terms and provisions of the Escrow Agreement.

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

(e) The Town agrees that, except for non-renewal and nonappropriation as set forth in Article 6 hereof, if the Town fails to perform any act which the Town is required to perform under this Lease, the Trustee may, but shall not be obligated to, perform or cause to be performed such act, and any reasonable expense incurred by the Trustee in connection therewith shall be an obligation owing by the Town (from moneys for which an Appropriation has been effected) to the Trustee and shall be a part of Additional Rentals, and the Trustee shall be subrogated to all of the rights of the party receiving such payment.

(f) There is no litigation or proceeding pending against the Town affecting the right of the Town to execute this Lease, the Site Lease or the Escrow Agreement, or the ability of the Town to make the payments required hereunder or to otherwise comply with the obligations contained herein, or which, if adversely determined, would, in the aggregate or in any case, materially adversely affect the property, assets, financial condition or business of the Town or materially impair the right or ability of the Town to carry on its operations substantially as now conducted or anticipated to be conducted in the future.

(g) Except for customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, the Town shall not cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Trustee, and all Hazardous Substances, including, customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept in or about the Leased Property. If the presence of any Hazardous Substance on the Leased Property caused or permitted by the Town results in contamination of the Leased Property, or if contamination of the Leased Property by any Hazardous Substance otherwise occurs for which the Town is legally liable for damage resulting therefrom, then the Town shall include as an Additional Rental any amount necessary to reimburse the Trustee for legal expenses incurred to defend (to the extent that an Appropriation for the necessary moneys has been effected by the Town) the Trustee from claims for damages, penalties, fines, costs, liabilities or losses. The reimbursement of the Trustee's legal expenses is not an indemnification. It is expressly understood that the Town is not indemnifying the Trustee and expenses of such defense shall constitute Additional Rentals. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by the Town results in any contamination of the Leased Property, the Town shall provide prior written notice to the Trustee and promptly take all actions at its sole expense (which expenses shall constitute Additional Rentals) as are necessary to effect remediation of the contamination in accordance with legal requirements.

(h) The Town covenants and agrees to comply with any applicable covenants and requirements of the Town set forth in the Tax Certificate.

Section 2.2 Representations and Covenants of the Trustee. The Trustee represents and covenants as follows:

(a) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or this Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) this Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under this Lease or the Site Lease and/or (iii) the Leased Property and any reversion therein or any of its or the Trustee's other rights under this Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in its or the Trustee's right, title and interest in, to and under this Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

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

(c) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute this Lease and the Site Lease or to execute the Indenture, and perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the Town on or prior to the date the Indenture is executed and delivered.

Section 2.3 Nature of Lease. The Town and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals hereunder shall constitute currently budgeted and appropriated expenditures of the Town and may be paid from any legally available funds. The Town's obligations under this Lease shall be subject to the Town's annual right to terminate this Lease (as further provided herein), and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation, multiple fiscal year financial obligation, or other indebtedness of the Town within the meaning of any constitutional, Charter or statutory debt limitation. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Article XI, Sections 1 or 2 of the Colorado Constitution. Neither this Lease nor the execution and delivery of the Certificates shall directly or indirectly obligate the Town to make any payments beyond those duly budgeted and appropriated for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of this Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, certain restrictions in the Indenture shall apply to the issuance of Additional Certificates). In the event that this Lease is not renewed by the Town, the sole security available to the Trustee, as lessor hereunder, shall be the Leased Property.

Section 2.4 Town Acknowledgment of Certain Matters. The Town acknowledges the Indenture and the execution and delivery by the Trustee of the Certificates pursuant to the Indenture. The Town also acknowledges the Trustee's authority to act on behalf of the Owners of the Certificates with respect to all rights, title and interests of the Trustee in, to and under this Lease, the Site Lease and the Leased Property.

Section 2.5 Relationship of Town and Trustee. The relationship of the Town and the Trustee under this Lease is, and shall at all times remain, solely that of lessee and lessor; and the Town neither undertakes nor assumes any responsibility or duty to the Trustee or to any third party with respect to the Trustee's obligations relating to the Leased Property; and the Trustee does not undertake or assume any responsibility or duty to the Town or to any third party with respect to the Town's obligations relating to the Leased Property. Notwithstanding any other provisions of this Lease: (a) the Town and the Trustee are not, and do not intend to be construed to be, partners, joint ventures, members, alter egos, managers, controlling persons or other business associates or participants of any kind of either of the other, and the Town and the Trustee do not intend to ever assume such status; and (b) the Town and the Trustee shall not be deemed responsible for, or a participant in, any acts, omissions or decisions of either of the other.

ARTICLE 3
LEASE OF THE LEASED PROPERTY

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

The Town and the Trustee acknowledge that the Town owns the Leased Property and the Town has leased the Leased Property to the Trustee pursuant to the Site Lease; and the Town and the Trustee intend that there be no merger of the Town's interests as sublessee under this Lease and the Town's ownership interest in the Leased Property so as to cause the cancellation of the Site Lease or this Lease, or an impairment of the leasehold and subleasehold interest intended to be created by the Site Lease and this Lease.

ARTICLE 4 LEASE TERM

Section 4.1 Duration of Lease Term. The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on December 31, 2026. This Lease may be renewed, solely at the option of the Town, for [] Renewal Terms; provided, however, that the Lease Term shall terminate no later than December 31, 20[], except that the Renewal Term beginning January 1, 20[] shall terminate upon the Town's payment of the final Base Rental payment as set forth in **Exhibit C**. The Town hereby finds that the maximum Lease Term hereunder does not exceed the weighted average useful life of the Leased Property. The Town further determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e. the entire maximum Lease Term) does not exceed the useful life of the Leased Property.

The Finance Director or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town is hereby directed to include in the annual budget proposals submitted to the Council, in any year in which this Lease shall be in effect, items for all payments required for the ensuing Renewal Term under this Lease until such time, if any, as the Town may determine to not renew and terminate this Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Council in its absolute discretion and not by any other official of the Town, as further provided in the following paragraph. During the Lease Term, the Town shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted. The Trustee shall have no duty to examine the Town's annual budget.

Not later than December 15 of the then current Initial Term or any Renewal Term the Town Representative shall give written notice (in substantially the form set forth in **Exhibit D** attached hereto) to the Trustee that either:

- (a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3 and 6.4 of this Lease, whereupon, this Lease shall be renewed for the ensuing Fiscal Year; or
- (b) the Town has determined, for any reason, not to renew this Lease for the ensuing Fiscal Year.

Subject to the provisions of Section 6.4(a) hereof, the failure to give such notice shall not constitute an Event of Lease Default, nor prevent the Town from electing not to renew this Lease, nor result in any liability on the part of the Town. The Town's option to renew or not to renew this Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in Article 6 of this Lease.

The terms and conditions hereof during any Renewal Term shall be the same as the terms and conditions hereof during the Initial Term, except that the Purchase Option Price and the Base Rentals shall be as provided in Article 11 and **Exhibit C** (Base Rentals Schedule) hereof.

Section 4.2 Termination of Lease Term. The Lease Term shall terminate upon the earliest of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Section 4.1 and Article 6 of this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);

(b) the occurrence of an Event of Nonappropriation under this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under this Lease to the Town upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the Town for such purpose, as provided in Section 11.2(a) or (b) of this Lease; or

(d) an uncured Event of Lease Default and termination of this Lease under Article 13 of this Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of this Lease, the Town agrees to peacefully deliver possession of the Leased Property to the Trustee.

Termination of the Lease Term shall terminate all unaccrued obligations of the Town under this Lease, and shall terminate the Town's rights of possession under this Lease (except to the extent of the holdover provisions of Sections 6.5 and 13.2(a) hereof, and except for any conveyance pursuant to Article 11 of this Lease). All obligations of the Town accrued prior to such termination shall be continuing until the Trustee gives written notice to the Town that such accrued obligations have been satisfied.

Upon termination of the Lease Term any moneys received by the Trustee in excess of the amounts necessary to terminate and discharge the Indenture, shall be paid to the Town.

The Town shall not have the right to terminate this Lease due to a default by the Trustee under this Lease.

ARTICLE 5
ENJOYMENT OF THE LEASED PROPERTY

Section 5.1 Trustee's Covenant of Quiet Enjoyment. The Trustee hereby covenants that the Town shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee. The Trustee shall not interfere with the quiet use and enjoyment of the Leased Property by the Town during the Lease Term so long as no Event of Lease Default shall have occurred. The Trustee shall, at the request of the Town and at the cost of the Town, join and cooperate fully in any legal action in which the Town asserts against third parties its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the Town may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article 5 shall be subject to the Trustee's right to inspect the Leased Property and the Town's books and records with respect thereto as provided in Section 10.8 hereof.

Section 5.2 Town's Need for the Leased Property; Determinations as to Fair Value and Fair Purchase Price. The Town has determined and hereby determines that it has a current need for the Leased Property. It is the present intention and expectation of the Town that this Lease will be renewed annually until the Trustee's interests in the Site Lease are released and unencumbered title to the Leased Property is acquired by the Town pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the Town. The Town has determined and hereby determines that the Base Rentals under this Lease during the Lease Term for the Leased Property represent the fair value of the use of the Leased Property and that the Purchase Option Price for the Leased Property will represent the fair purchase price of the Trustee's leasehold interest in the Leased Property at the time of the exercise of the option. The Town has determined and hereby determines that the Base Rentals do not exceed a reasonable amount so as to place the Town under an economic compulsion to renew this Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property hereunder. In making such determinations, the Town has given consideration to the estimated current value of the Leased Property, the uses and purposes for which the Leased Property will be employed by the Town, the benefit to the citizens and inhabitants of the Town by reason of the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease, the Town's option to purchase the Trustee's leasehold interest in the Leased Property and the expected eventual vesting of unencumbered title to the Leased Property in the Town. The Town hereby determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum Lease Term for the Leased Property) does not exceed the weighted average useful life of the Leased Property.

ARTICLE 6 PAYMENTS BY THE TOWN

Section 6.1 Payments to Constitute Currently Budgeted Expenditures of the Town. The Town and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations hereunder shall constitute currently budgeted expenditures of the Town, if an Appropriation has been effected for such purpose. The Town's obligations to pay Base Rentals, Additional Rentals and any other obligations under this Lease shall be from year to year only (as further provided in Article 4 and Sections 6.2 and 6.4 hereof), shall extend only to moneys for which an Appropriation has been effected by the Town, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town or a general obligation or other indebtedness of the Town within the meaning of any constitutional, Charter provision or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado Constitution. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Constitution of the State. Neither this Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those for which an Appropriation has been effected by the Town for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of this Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

Section 6.2 Base Rentals, Purchase Option Price and Additional Rentals.

(a) The Town shall pay Base Rentals for which an Appropriation has been effected by the Town, directly to the Trustee during the Initial Term and any Renewal Term, on the Base Rentals Payment Dates and in the "Total Base Rentals" amounts set forth in Exhibit C (Base Rentals Schedule) attached hereto and made a part hereof. For federal and State income tax purposes, a portion of each payment of Base Rentals for the Certificates is designated and will be paid as interest, and Exhibit C (Base Rentals Schedule) hereto sets forth the Interest Portion of each payment of Base Rentals for the Certificates. The Town shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The Town acknowledges that upon receipt by the Trustee of each payment of Base Rentals, the Trustee, pursuant to the terms of the Indenture, is to deposit the amount of such Base Rentals in the Base Rentals Fund.

The Base Rentals set forth in Exhibit C shall be recalculated in the event of the execution and delivery of Additional Certificates as provided in the Indenture and shall also be recalculated in the event of a partial redemption of the Certificates. The Trustee may conclusively rely upon such revised Exhibit C (Base Rentals Schedule) and has no duty to make an independent investigation in connection therewith.

(b) The Town may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating this Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in Article 11 of this Lease. Subject to the Approval of Special Counsel, the Town may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under this Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C (Base Rentals Schedule). Any such revised Exhibit C (Base Rentals Schedule) shall be prepared

by the Town Representative and delivered to the Trustee. The Trustee may conclusively rely upon such revised Exhibit C (Base Rentals Schedule) and has no duty to make an independent investigation in connection therewith. The Town shall give the Trustee notice of its intention to exercise either of such options not less than forty-five (45) days in advance of the date of exercise and shall deposit with the Trustee by not later than the Business Day preceding the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the Town shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals which have been specifically appropriated by the Council for such purpose as if no such notice had been given. The Trustee may waive the right to receive forty-five (45) days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

(c) All Additional Rentals shall be paid by the Town on a timely basis directly to the person or entity to which such Additional Rentals are owed. Additional Rentals shall include, without limitation, the reasonable fees and expenses of the Trustee, reasonable expenses of the Trustee in connection with the Leased Property and for the cost of taxes, insurance premiums, utility charges, maintenance and repair costs and all other expenses expressly required to be paid hereunder, and any other amounts due to the insurer of any of the Certificates and any Rebate Fund payments required pursuant to this Lease and the Indenture. All of the payments required by this paragraph are subject to Appropriation by the Town; provided, however, a failure by the Town to budget and appropriate moneys for any of the payments required by this paragraph shall constitute an Event of Nonappropriation.

If the Town's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee under Section 4.1 of this Lease, the Town shall furnish an itemization of such estimated Additional Rentals to the Trustee on or before the 15th day preceding such Fiscal Year.

Section 6.3 Manner of Payment. The Base Rentals, for which an Appropriation has been effected by the Town, and, if paid, the Purchase Option Price, shall be paid or prepaid by the Town to the Trustee at its corporate trust office by wire transfer of federal funds, certified funds or other method of payment acceptable to the Trustee in lawful money of the United States of America.

The obligation of the Town to pay the Base Rentals and Additional Rentals as required under this Article 6 and other sections hereof in any Fiscal Year for which an Appropriation has been effected by the Town for the payment thereof shall be absolute and unconditional and payment of the Base Rentals and Additional Rentals in such Fiscal Years shall not be abated through accident or unforeseen circumstances, or any default by the Trustee under this Lease, or under any other agreement between the Town and the Trustee, or for any other reason including without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of the Trustee, to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease, it being the intention of the parties that the payments required by this Lease will be paid in full when due without any delay or diminution whatsoever, subject only to the annually renewable nature of the Town's obligation hereunder as set forth in Section 6.1 hereof, and further subject to the Town's rights under Section 9.3 hereof. Notwithstanding any dispute between the Town and the Trustee, the Town shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the Town, pending final resolution of such dispute (except to the extent permitted by Sections 7.2 and 8.3 hereof with respect to certain Additional Rentals), nor shall the Town assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Trustee shall affect the Town's obligation to pay all Base Rentals and Additional Rentals, for which a specific

Appropriation has been effected by the Town for such purpose, in such Fiscal Years subject to this Article (except to the extent provided by Sections 7.2 and 8.3 hereof with respect to certain Additional Rentals).

Section 6.4 Nonappropriation. In the event that the Town gives notice that it intends to not renew this Lease as provided by Section 4.1 hereof or the Town shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in Section 4.1 hereof and this Article, or in the event that the Town is proceeding under the provisions of Section 9.3(c) hereof (when applicable), an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by Section 4.1 hereof or evidence that an Appropriation has been effected by the Town on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the Town that this Lease will not be renewed; provided that the Trustee's failure to declare an Event of Nonappropriation on such date shall not be construed as a waiver of the Event of Nonappropriation or the consequences of an Event of Nonappropriation under this Lease. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the Town.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the Town, within thirty (30) days of the receipt by the Town of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within sixty (60) days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Town to such effect (subject to waiver by the Trustee as hereinbefore provided).

If an Event of Nonappropriation occurs, the Town shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.1 and 13.3 hereof, the Town shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Town shall continue to occupy, use or retain possession of the Leased Property.

Subject to Section 6.5 hereof, the Town shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred.

After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The Town acknowledges that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund, the Escrow Account, and any defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

Section 6.5 Holdover Tenant. If the Town fails to vacate the Leased Property after termination of this Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default as provided in Section 13.2(a) hereof, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis, and will be bound by all of the other terms, covenants and agreements of this Lease. Any holding over by the Town without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the Town is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

Section 6.6 Prohibition of Adverse Budget or Appropriation Modifications. To the extent permitted by law, the Town shall not, during any Fiscal Year of the Lease Term, make any budgetary transfers or other modifications to its then existing budget and appropriation measures relating to the Leased Property or this Lease which would adversely affect the Town's ability to meet its obligation to pay Base Rentals and duly budgeted and appropriated Additional Rentals hereunder.

ARTICLE 7
TITLE TO LEASED PROPERTY;
LIMITATIONS ON ENCUMBRANCES

Section 7.1 Title to the Leased Property; Title Insurance. At all times during the Lease Term, title to the Leased Property will remain in the Town, subject to the Site Lease, this Lease, the Indenture and any other Permitted Encumbrances. Except personal property purchased by the Town at its own expense pursuant to Section 8.2 of this Lease and except as otherwise provided below, a leasehold estate in the Leased Property, and any and all additions and modifications to or replacements of any portion of the Leased Property shall be held in the name of the Trustee, subject to this Lease, and the Permitted Encumbrances, until foreclosed on or conveyed as provided in the Indenture or Article 11 of this Lease, or until the termination of the Site Lease, notwithstanding (i) the occurrence of an Event of Nonappropriation as provided in Section 6.4 of this Lease, or the occurrence of one or more Events of Default as defined in Section 13.1 of this Lease; (ii) the occurrence of any event of damage, destruction, condemnation, or construction defect, breach of warranty or title defect, as provided in Article 9 hereof; or (iii) the violation by the Trustee (or by the Trustee as assignee of the Lease pursuant to the Indenture) of any provision of this Lease.

The Town shall have no right, title or interest in the Leased Property or any additions and modifications to or replacements of any portion thereto, except as expressly set forth in this Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property.

Section 7.2 No Encumbrance, Mortgage or Pledge of the Leased Property. Except as may be permitted by this Lease, the Town shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the Town shall first notify the Trustee of the intention of the Town to do so, the Town may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Town shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest upon request, and at the expense, of the Town. The Trustee shall not be obligated to monitor any such contest or determine or retain any Counsel to determine whether the leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, by nonpayment of any mechanic's or other lien. Except as may be permitted by this Lease, the Town shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Town shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

ARTICLE 8
MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 8.1 Maintenance of the Leased Property by the Town. Subject to its right to not appropriate and as otherwise provided in Section 9.3 hereof, the Town agrees that at all times during the Lease Term, the Town will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee shall have no responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

Section 8.2 Modification of the Leased Property; Installation of Furnishings and Machinery of the Town. The Town shall have the privilege of making substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such substitutions, additions, modifications and improvements to the Leased Property shall be the property of the Town, subject to the Site Lease, this Lease and the Indenture and shall be included under the terms of the Site Lease, this Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the Town (except to the extent of subleasing permitted under Section 12.2 hereof) or cause the Town to violate its tax covenant in Section 10.5 hereof; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Town in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Leased Property shall be included under the terms of the Site Lease, this Lease and the Indenture, in the event that such Leased Property would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

The Town shall have the right to make substitutions to the Leased Property upon compliance with the provisions set forth in Section 10.4 hereof.

Section 8.3 Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Town shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Town shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Town shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues derived therefrom or hereunder. The Town shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

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

Section 8.4 Provisions For Liability and Property Insurance. Upon the execution and delivery of this Lease, the Town shall, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy or policies may have a deductible clause in an amount deemed reasonable by the Town. The Town may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, as long as such blanket insurance policies comply with the requirements hereof. If the Town shall insure against similar risks by self-insurance, the Town may, at its election provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named additional insured and loss payee on any casualty and property insurance.

The Town shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the Town in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as heretofore or hereafter amended). Such insurance may contain deductibles and exclusions deemed reasonable by the Council. The public liability insurance required by this Section may be by blanket insurance policy or policies. If the Town shall insure against similar risks by self-insurance, the Town, at its election may provide for public liability insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named as additional insured and loss payee on any public liability insurance.

Any casualty and property damage insurance policy required by this Section shall be so written or endorsed as to make payments under such insurance policy payable to the Town and the Trustee. Each insurance policy provided for in this Section shall contain a provision to the effect that the insurance company shall not cancel the policy without first giving written notice thereof to the Town at least 30 days in advance of such cancellation. All insurance policies issued pursuant to this Section, or certificates evidencing such policies, shall be deposited with the Trustee. No agent or employee of the Town shall have the power to adjust or settle any loss with respect to the Leased Property in excess of \$25,000, whether or not covered by insurance, without the prior written consent of the Trustee.

Upon the initial execution and delivery of this Lease, the Town shall provide certificates of insurance or other appropriate evidence of self-insurance, with appropriate endorsements attached demonstrating that the Trustee has been named as an additional insured on liability coverage, or loss payee on property coverage. A certificate of insurance from the Town or the Town's insurance agent will be

acceptable evidence of insurance. Certificates evidencing all insurance policies issued pursuant to this Section shall be deposited with the Trustee.

Section 8.5 Advances. If the Town fails to pay any Additional Rentals during the Lease Term as such Additional Rentals become due, the Trustee may (but shall not be obligated to) pay such Additional Rentals and the Town agrees to reimburse the Trustee to the extent permitted by law and subject to Appropriation as provided under Article 6 hereof.

Section 8.6 Granting of Easements. As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee, shall upon the request of the Town, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in this Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from this Lease and any security interest or other encumbrance created hereunder or thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the Town Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property, and will not materially adversely affect the security intended to be given by or under the Indenture, the Site Lease or this Lease.

ARTICLE 9
DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

Section 9.1 Damage, Destruction and Condemnation. If, during the Lease Term,

- (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or
- (b) title to, or the temporary or permanent use of, the Leased Property or the estate of the Town or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or
- (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or
- (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto.

then the Town shall be obligated to continue to pay Base Rentals and Additional Rentals (subject to Article 6 hereof).

Section 9.2 Obligation to Repair and Replace the Leased Property. The Town and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards, to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Town, upon receipt of requisitions by the Trustee signed by the Town Representative stating with respect to each payment to be made:

- (a) the requisition number;
- (b) the name and address of the person, firm or entity to whom payment is due;
- (c) the amount to be paid; and
- (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The Trustee shall have no duty to review or examine the accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed disbursement request. The Town agrees to use its best reasonable efforts to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise, and the Trustee agrees, at the expense of the Town and subject to the terms of the Indenture, to cooperate with the Town in connection with its enforcement of such claims. Nothing in this Lease shall be deemed to require the Trustee to make any inspection of the condition of Leased Property. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the Town, to:

- (a) add to, modify or alter the Leased Property or add new components thereto, or
- (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under **Exhibit C** (Base Rentals Schedule) to this Lease or
- (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the Town, subject to the Site Lease, this Lease and the Indenture and shall be included as part of the Leased Property under this Lease.

Section 9.3 Insufficiency of Net Proceeds. If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 9.2 of this Lease, the Town may elect to:

- (a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the Town are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the Town agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the Town shall make any payments pursuant to the provisions of this paragraph, the Town shall not be entitled to any reimbursement therefor from the Trustee, nor shall the Town be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, payable under Article 6 of this Lease; or
- (b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with Article 11 of this Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the Town shall, subject to the limitations of Section 6.1 hereof, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the Town); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the Town in the same manner as set forth in Section 9.2 hereof; or
- (c) if the Town does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the Town's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the Town within 90 days of the occurrence of an event specified in Section 9.1 of this Lease. It is hereby declared to be the Town's present intention that, if an event described in Section 9.1 hereof should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the Town would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the Town must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the Town.

Section 9.4 Cooperation of the Trustee. The Trustee shall cooperate fully with the Town, at the expense of the Town, in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 9.1 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property and the enforcement of all warranties relating to the Leased Property. So long as no Event of Lease Default or Event of Nonappropriation has occurred and is then existing, the Trustee shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, or prospective or pending condemnation proceeding with respect to the Leased Property without the written consent of the Town.

ARTICLE 10
DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 10.1 Disclaimer of Warranties. THE TRUSTEE HAS NOT MADE AND WILL NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. THE TOWN HEREBY ACKNOWLEDGES AND DECLARES THAT THE TOWN IS SOLELY RESPONSIBLE FOR THE MAINTENANCE AND OPERATION OF THE LEASED PROPERTY, AND THAT THE TRUSTEE HAS NO RESPONSIBILITY THEREFOR. For the purpose of enabling the Town to discharge such responsibility, the Trustee constitutes and appoints the Town as its attorney in fact for the purpose of asserting and enforcing, at the sole cost and expense of the Town, all manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Trustee may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. Except as otherwise provided in this Lease, the Trustee shall not be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Town of any item, product or service provided for herein except that nothing shall relieve the Trustee's liability for any claims, damages, liability or court awards, including costs, expenses and attorney fees, relating to or arising from the Trustee's actions or omissions that result from the negligence, bad faith or intentional misconduct of the Trustee or its employees.

Section 10.2 Further Assurances and Corrective Instruments. The Trustee and the Town agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such amendments hereof or supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property.

Section 10.3 Compliance with Requirements. During the Lease Term, the Town and the Trustee shall observe and comply promptly to the extent possible with all current and future orders of all courts having jurisdiction over the Leased Property, provided that the Town and the Trustee may contest or appeal such orders so long as they are in compliance with such orders during the contest or appeal period, and all current and future requirements of all insurance companies writing policies covering the Leased Property.

Section 10.4 Release and Substitution of Leased Property. So long as no Event of Lease Default or Event of Nonappropriation shall have occurred and be continuing, the Town shall be entitled to substitute any improved or unimproved real estate (collectively, the "Replacement Property"), for any Leased Property then subject to the Site Lease, this Lease, and the Indenture, upon receipt by the Trustee of a written request of the Town Representative requesting such release and substitution, provided that:

- (a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the Town as the Leased Property proposed to be released, as determined by a certificate from the Town to that effect;
- (b) the insured replacement value of Replacement Property, together with the insured replacement value of any portion of the Leased Property that remains after such substitution, shall be not less than the aggregate principal amount of the Outstanding Certificates, as certified in writing by the Town Representative; and
- (c) the execution and delivery of such supplements and amendments to the Site Lease, this Lease and the Indenture, as applicable, and any other documents necessary to subject

the Replacement Property to the encumbrance of the Site Lease, this Lease and the Indenture, and to release the portion of the Leased Property to be released from the encumbrance of the Site Lease, this Lease and the Indenture.

The Trustee acknowledges the Town's rights to release and substitute property pursuant to this Section 10.4 and agrees it shall execute any and all conveyances, releases, or other documents presented to it by the Town that the Town determines are necessary or appropriate in connection therewith.

Section 10.5 Tax Covenants. The Town acknowledges that the moneys in all funds and accounts expected to be created under the Indenture are to be invested or deposited by the Trustee, at the written direction of the Town.

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

In addition, the Town covenants that its direction of investments pursuant to Article 5 of the Indenture shall be in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this Section. The Town hereby agrees that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of Town moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of this Lease.

The Town is to execute the Tax Certificate in connection with the execution and delivery of this Lease, which Tax Certificate shall provide further details in respect of the Town's tax covenants herein.

Section 10.6 Undertaking to Provide Ongoing Disclosure. The Town covenants for the benefit of the Owners of the Certificates to comply with the terms of the Continuing Disclosure Certificate, provided that a failure of the Town to do so shall not constitute an Event of Lease Default. The Trustee shall have no power or duty to enforce this Section. Unless otherwise required by law, no Certificate owner shall be entitled to damages for the Town's non-compliance with its obligations under this Section; however, the Certificate Owners may enforce specific performance of the obligations contained in this Section by any judicial proceedings available.

Section 10.7 Covenant to Reimburse Legal Expenses. To the extent permitted by law, the Town shall defend and hold harmless the Trustee against claims arising from the alleged negligent acts or omissions of the Town's public employees, which occurred or are alleged to have occurred during the

performance of their duties and within the scope of their employment, unless such acts or omissions are, or are alleged to be, willful and wanton. Such claims shall be subject to the limitations of the Colorado Governmental Immunity Act, C.R.S. 24-10-101 to 24-10-120. The Town shall include as Additional Rentals, the reimbursement of reasonable and necessary fees and expenses incurred by the Trustee to defend the Trustee from and against all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of the Leased Property or from any work or thing done on the Leased Property during the Lease Term requested by the Town, or from any condition of the Leased Property caused by the Town. This duty to reimburse the Trustee's legal expenses is not an indemnification and it is expressly understood that the Town is not indemnifying the Trustee and, as previously stated, is limited to Net Proceeds and moneys, if any, in excess of such Net Proceeds, for which an Appropriation has been effected.

Section 10.8 Access to the Leased Property; Rights to Inspect Books. The Town agrees that the Trustee shall have the right at all reasonable times to examine and inspect the Leased Property (subject to such regulations as may be imposed by the Town for security purposes) and all of the Town's books and records with respect thereto, but the Trustee has no duty to inspect the Leased Property books or records. The Town further agrees that the Trustee shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Town to perform its obligations under this Lease. The Indenture allows the Town to have the right at all reasonable times to examine and inspect all of the Trustee's books and records with respect to the Leased Property and all funds and accounts held under the Indenture.

The Town and its representatives shall have the right to examine and inspect the books and records of the Trustee relating to the Leased Property at all reasonable times from the date of this Lease and until three (3) years after the termination date of this Lease.

ARTICLE 11 PURCHASE OPTION

Section 11.1 Purchase Option. The Town shall have the option to purchase the Trustee's leasehold interest in the Leased Property, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The Town may exercise its option on any date by complying with one of the conditions set forth in Section 11.2.

The Town shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

If the Town shall have given notice to the Trustee of its intention to purchase the Trustee's leasehold interest in the Leased Property or prepay Base Rentals, but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals, which have been specifically appropriated by the Town for such purpose, as if no such notice had been given.

Section 11.2 Conditions for Purchase Option. The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the Town in the manner provided for in Section 11.3 of this Lease; provided, however, that prior to such transfer and release, either:

(a) the Town shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee; or

(b) the Town shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) hereto, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid hereunder.

At the Town's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund, the Escrow Account, and excluding any other defeasance escrow funds) may be credited toward the Purchase Option Price.

Section 11.3 Manner of Conveyance. At the closing of the purchase or other conveyance of all of the Trustee's leasehold interest in the Leased Property pursuant to Section 11.2 of this Lease, the Trustee shall release and terminate the Site Lease, this Lease and the Indenture and execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying, without representation or warranty, the Trustee's leasehold interest in the Leased Property, as they then exist, subject only to the following:

(a) Permitted Encumbrances, other than the Site Lease, this Lease and the Indenture;

(b) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture;

- (c) any lien or encumbrance created or suffered to exist by action of the Town; and
- (d) those liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee.

ARTICLE 12

ASSIGNMENT AND SUBLEASING

Section 12.1 Assignment by the Trustee; Replacement of the Trustee. Except as otherwise provided in this Lease and the Indenture, this Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the Town which consent shall not be unreasonably withheld. The Trustee will notify the Town of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred and is continuing, the Trustee may act as herein provided, including exercising the remedies set forth in Section 13.2, without the prior written direction of the Town.

Section 12.2 Assignment and Subleasing by the Town. This Lease may not be assigned by the Town for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the Town, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) This Lease, and the obligations of the Town hereunder, shall, at all times during the Lease Term remain obligations of the Town, and the Town shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

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

(d) Any sublease of the Leased Property shall provide that it is subject to the terms and conditions of this Lease and that, except as hereinafter provided, it shall automatically terminate upon a termination of this Lease; provided, however, that upon a termination of this Lease due to an Event of Lease Default or an Event of Nonappropriation, the Trustee may, upon notification to the sublessee, keep any such sublease in full force and effect as a direct lease by the Trustee to the sublessee and, upon notice to the Town, the Town shall cooperate with the Trustee to effectuate the assignment of all its right, title and interest in and to all subleases to the Trustee; and

(e) No sublease by the Town shall cause the Leased Property to be used for any purpose which would cause the Town to violate its tax covenant in Section 10.5 hereof.

ARTICLE 13
EVENTS OF LEASE DEFAULT AND REMEDIES

Section 13.1 Events of Lease Default Defined. Any one of the following shall be Events of Lease Default under this Lease:

- (a) failure by the Town to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the Town for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or
- (b) subject to the provisions of Section 6.5 hereof, failure by the Town to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or
- (c) failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in (a) or (b), (and other than a failure to comply with Section 10.6 hereof) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied shall be received by the Town from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if, in the Trustee's reasonable judgment, corrective action can be instituted by the Town within the applicable period and diligently pursued until the default is corrected; or
- (d) failure by the Town to comply with the terms of the Site Lease.

The foregoing provisions of this Section 13.1 are subject to the following limitations:

- (i) the Town shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the Town for such purpose, only during the then current Lease Term, except as otherwise expressly provided in this Lease; and
- (ii) if, by reason of Force Majeure, the Town or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts herein contained other than the Town's agreement to pay the Base Rentals and Additional Rentals due hereunder, the Town or the Trustee shall not be deemed in default during the continuance of such inability. The Town and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Town or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town.

Section 13.2 Remedies on Default. Whenever any Event of Lease Default shall have happened and be continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property, which vacation and surrender the Town agrees to complete

within sixty (60) days from the date of such notice; provided, in the event the Town does not vacate and surrender possession on the termination date, the provisions of Section 6.5 hereof shall apply;

(b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;

(c) recover from the Town:

(i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable hereunder, during any period in which the Town continues to occupy, use or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town hereunder during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs.

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, this Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the Town the amounts set forth in Section 13.2(c)(i) hereof if the Town continues to occupy the Leased Property after December 31 of the Fiscal Year in which such Event of Nonappropriation occurs.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund, the Escrow Account, or any other defeasance escrow accounts).

Section 13.3 Limitations on Remedies. The remedies in connection with an Event of Lease Default shall be limited as set forth in this Section. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Lease Default only as to the Town's liabilities described in paragraph (c) of Section 13.2 hereof. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Nonappropriation only to the extent that the Town fails to vacate and surrender possession of the Leased Property as required by Section 6.4 of this Lease, and only as to the liabilities described in paragraph (c)(i) of Section 13.2 hereof. The remedy described in paragraph (c)(ii) of Section 13.2 of this Lease is not available for an Event of Lease Default consisting of failure by the Town to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

Section 13.4 No Remedy Exclusive. Subject to Section 13.3 hereof, no remedy herein conferred upon or reserved to the Trustee, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article 13, it shall not be necessary to give any notice, other than such notice as may be required in this Article 13.

Section 13.5 Waivers. The Trustee may waive any Event of Lease Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party

and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Payment of Base Rentals or Additional Rentals by the Town shall not constitute a waiver of any breach or default by the Trustee hereunder.

Section 13.6 Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals or Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party, to the extent permitted by law, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the nondefaulting party. Notwithstanding the foregoing, any such fees and expenses owed by the Town hereunder shall constitute Additional Rentals for all purposes of this Lease and shall be subject to Appropriation.

Section 13.7 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. To the extent permitted by law, in the case of an Event of Nonappropriation or an Event of Lease Default neither the Trustee nor the Town nor any one claiming through or under the Town shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Indenture; and the Trustee and the Town, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws. Notwithstanding the foregoing, it is expressly understood that the Town cannot and does not hereby waive its right to set up, claim or seek to take advantage of its police powers or its Colorado constitutional or statutory right of eminent domain.

ARTICLE 14 MISCELLANEOUS

Section 14.1 Sovereign Powers of Town. Nothing in this Lease shall be construed as diminishing, delegating, or otherwise restricting any of the sovereign powers or immunities of the Town. Nothing in this Lease shall be construed to require the Town to occupy and operate the Leased Property other than as lessee, or to require the Town to exercise its right to purchase the Leased Property as provided in Article 11 hereof.

Section 14.2 Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by any party to the other parties shall be in writing and shall be sufficiently given and served upon the other parties if (i) delivered personally or (ii) if mailed by certified or registered mail, postage prepaid, or (iii) by private courier service which provides evidence of delivery, or (iv) sent by electronic transmission which produces evidence of transmission, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. All such communications will be addressed as follows:

If to the Trustee:

UMB Bank, n.a.
1800 Larimer Street, Suite 200
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services
Email: Jonathan.Fernandez@umb.com
Phone: (303) 764-3607

If to the Town:

Town of Breckenridge, Colorado
150 Ski Hill Road
P. O. Box 168
Breckenridge, Colorado 80424
Attention: Town Manager
Email: shannonh@townofbreckenridge.com
Phone: (970) 547-3166

The Town and the Trustee may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 14.3 Third Party Beneficiaries. It is expressly understood and agreed that the Owners of the outstanding Certificates are third party beneficiaries to this Lease and enforcement of the terms and conditions of this Lease, and all rights of action relating to such enforcement, shall be strictly reserved to the Town, as lessee and the Trustee, as lessor, and their respective successors and assigns, and to the Owners of the Certificates. Except as hereinafter provided, nothing contained in this Lease shall give or allow any such claim or right of action by any other or third person on this Lease. It is the express intention of the Town and the Trustee that any person other than the Town, the Trustee, or the Owners of the Certificates receiving services or benefits under this Lease shall be deemed to be an incidental beneficiary only.

Section 14.4 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the Town and their respective successors and assigns, subject, however, to the limitations contained in Article 12 of this Lease.

Section 14.5 Amendments. This Lease may only be amended, changed, modified or altered as provided in the Indenture.

Section 14.6 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Base Rentals Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (except the Rebate Fund, the Escrow Account, or any defeasance escrow account), upon termination of the Lease Term, and after payment in full of the Certificates (or provision for payment thereof having been made in accordance with the provisions of this Lease and the Indenture) and fees and expenses of the Trustee in accordance with this Lease and the Indenture, shall belong to and be paid to the Town by the Trustee, as an overpayment of Base Rentals.

Section 14.7 Triple Net Lease. This Lease shall be deemed and construed to be a “triple net lease” and, subject to the prior Appropriation requirements hereof, the Town shall pay absolutely net during the Lease Term, the Base Rentals, the Additional Rentals and all expenses of, or other payments in respect of, the Leased Property as required to be paid by the Town under this Lease, for which a specific Appropriation has been effected by the Town for such purpose, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

Section 14.8 Computation of Time. In computing a period of days, the first day is excluded and the last day is included. If the last day of any period is not a Business Day, the period is extended to include the next day which is a Business Day. If a number of months is to be computed by counting the months from a particular day, the period ends on the same numerical day in the concluding month as the day of the month from which the computation is begun, unless there are not that many days in the concluding month, in which case the period ends on the last day of that month. Notwithstanding the foregoing, Base Rentals shall be recalculated in the event of any prepayment of Base Rentals as provided in Section 6.2(b) hereof.

Section 14.9 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 14.10 Severability. Except for the requirement of the Town to pay Base Rentals for which a specific Appropriation has been effected by the Town for such purpose and the requirement of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Trustee’s leasehold interest in the Leased Property to the Town under the conditions set forth in Article 11 of this Lease (which, if held invalid or unenforceable by any court of competent jurisdiction, may have the effect of invalidating or rendering unenforceable the other provisions of this Lease), in the event that any other provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.11 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.12 Applicable Law. This Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

Section 14.13 The Trustee Is Independent of the Town. Neither the Trustee nor any agent or employee of the Trustee shall be or shall be deemed to be an agent or employee of the Town. The Trustee acknowledges that the Trustee and its employees are not entitled to unemployment insurance benefits of the Town unless the Trustee or a third party otherwise provides such coverage and that the Town does not pay for or otherwise provide such coverage. The Trustee shall have no authorization, express or implied, to bind the Town to any agreements, liability or understanding except as expressly set forth herein.

Section 14.14 Governmental Immunity. Notwithstanding any other provisions of this Lease to the contrary, no term or condition of this Lease shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections or other provisions of the Colorado Governmental Immunity Act, Section 24-10-101, et. seq., C.R.S., as now or hereafter amended.

Section 14.15 Recitals. The Recitals set forth in this Lease are hereby incorporated by this reference and made a part of this Lease.

Section 14.16 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

Section 14.17 Trustee's Disclaimer. It is expressly understood and agreed that (a) the Lease is executed by UMB Bank, n.a. solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

Section 14.18 Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law. Any individual or individuals who are authorized to execute this Lease on behalf of the Town or the Trustee are hereby authorized to execute this Lease electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Lease shall carry the full legal force and effect of any original, handwritten signature.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease Purchase Agreement as of the day and year first above written.

TOWN OF BRECKENRIDGE, COLORADO,
as Lessee

UMB BANK, N.A., solely in its capacity as
Trustee under the Indenture, as Lessor

By: _____
Mayor

By: _____
Senior Vice President

Attest:

By: _____
Town Clerk

[TOWN SEAL]

STATE OF COLORADO)
) ss.
TOWN OF BRECKENRIDGE)
)
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by Kelly Owens and Mae Watson, as Mayor and Town Clerk, respectively, of the Town of Breckenridge, Colorado.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by Jonathan Fernandez, as Senior Vice President of UMB Bank, n.a., as Trustee.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

The Leased Property consists of the real property and the premises, buildings and improvements located thereon (with the exceptions noted below) as set forth below, as amended from time to time.

EXHIBIT B
PERMITTED ENCUMBRANCES

“Permitted Encumbrances” as defined in Section 1.2 of this Lease and the following:

- (1) Liens for ad valorem taxes and special assessments not then delinquent, if applicable.
- (2) The Site Lease.
- (3) This Lease.
- (4) All other encumbrances appearing of record on the date hereof.

EXHIBIT C
BASE RENTALS SCHEDULE

[INSERT BASE RENTALS SCHEDULE]

Base Rental payments are due on May 21 and November 20 of each year during the Lease Term. The Base Rentals have been calculated on the basis of a 360-day year of twelve 30-day months and any recalculation of Base Rentals under Section 6.2(b) hereof shall be done on the same basis. If Base Rentals are stated to be due on any date that is not a Business Day, such Base Rentals shall be due on the next day that is a Business Day without the accrual of interest on Base Rentals between such dates.

Statement Regarding the Leased Property

The duration of the Lease, throughout the maximum Lease Term, does not exceed the weighted average useful life of the Leased Property and, to the extent that the Leased Property constitutes items of personal property, such items are considered paid from the first Base Rentals described above.

EXHIBIT D

FORM OF NOTICE OF LEASE RENEWAL

To: UMB Bank, n.a., as Trustee
Attention: Corporate Trust Services

The undersigned is the Town Representative of the Town of Breckenridge, Colorado (the “Town”). The Town is the lessee under that certain Lease Purchase Agreement, dated as of [CLOSING DATE] (the “Lease”), between the Town and UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, as the lessor thereunder. I am familiar with the facts herein certified and am authorized and qualified to certify the same. The undersigned hereby states and certifies:

(a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3 and 6.4 of the Lease, whereupon, the Lease shall be renewed for the ensuing Fiscal Year;

Initial

or

(b) the Town has determined not to renew the Lease for the ensuing Fiscal Year.

Initial

TOWN OF BRECKENRIDGE, COLORADO

By: _____
Town Representative

INDENTURE OF TRUST

DATED AS OF [CLOSING DATE]

BY

**UMB BANK, N.A.,
AS TRUSTEE**

This Table of Contents is not a part of this Indenture and is only for convenience of reference

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of [CLOSING DATE] (this “Indenture”), is executed and delivered by **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, acting solely in its role as trustee (the “Trustee”) for the benefit of the Owners of the Certificates as set forth in this Indenture.

PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Indenture.

RECITALS

1. This Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the proceeds of which will be used to finance the Refunding Project. The Certificates evidence undivided interests in the right to receive Revenues under the Lease.

2. Pursuant to the Lease, and subject to the rights of the Town to not appropriate the Base Rentals and Additional Rentals thereunder and, therefore, to not renew and to terminate the Lease and other limitations as therein provided, the Town is to pay certain Base Rentals directly to the Trustee, for the benefit of the Owners of the Certificates, in consideration of the Town’s right to possess and use the Leased Property.

3. The Trustee has entered into this Indenture for and on behalf of the Owners of the Certificates and the Trustee will hold the Revenues and the Leased Property and will exercise the Trustee’s rights under the Site Lease and the Lease for the equal and proportionate benefit of the Owners of the Certificates as described herein, and will disburse money received by the Trustee in accordance with this Indenture.

4. The proceeds from the sale of the Certificates to the Owners will be disbursed by the Trustee to implement the Refunding Project as described herein and in the Lease and for other purposes set forth herein.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that the Trustee, in consideration of the premises, the purchase of the Certificates by the Owners and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates and all other amounts payable to the Owners with respect to the Certificates, to secure the performance and observance of all the covenants and conditions set forth in the Certificates and the Indenture, and to declare the terms and conditions upon and subject to which the Certificates are executed, delivered and secured, has executed and delivered this Indenture and has granted, assigned, pledged, bargained, sold, alienated, remised, released, conveyed, set over and confirmed, and by these presents does grant, assign, pledge, bargain, sell, alienate, remise, release, convey, set over and confirm, in trust upon the terms set forth herein all and singular the following described

property, franchises and income, including any title or interest therein acquired after these presents (collectively, the “Trust Estate”):

(a) all rights, title and interest of the Trustee in, to and under the Site Lease and the Lease relating to the Leased Property, subject to Permitted Encumbrances (other than the Trustee’s rights to payment of its fees and expenses under the Site Lease and the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);

(b) all Revenues and any other receipts receivable by or on behalf of the Trustee pursuant to the Lease, including without limitation, all Base Rentals, the Purchase Option Price and Net Proceeds;

(c) all money and securities from time to time held by the Trustee under this Indenture in the Base Rentals Fund and the Costs of Execution and Delivery Fund (but not the Rebate Fund, the Escrow Account, or any defeasance escrow fund or account), any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by any person in favor of the Trustee, which shall accept any and all such property and hold and apply the same subject to the terms hereof.

TO HOLD IN TRUST, NEVERTHELESS, the Trust Estate for the equal and ratable benefit and security of all Owners of the Certificates, without preference, priority or distinction as to lien or otherwise of any one Certificate over any other Certificate upon the terms and subject to the conditions hereinafter set forth.

PROVIDED, HOWEVER, that if the principal of the Certificates, the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner mentioned in the Certificates, according to the true intent and meaning thereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof, then, upon such final payments, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall be and remain in full force and effect.

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

ARTICLE 1 DEFINITIONS

Section 1.01 Certain Funds and Accounts. All references herein to any Funds and Accounts shall mean the Funds and Accounts so designated which are established pursuant to Article 3 hereof.

Section 1.02 Definitions. All capitalized terms defined in Article 1 of the Lease shall have the same meaning in this Indenture. In addition, the following capitalized terms shall have the following meanings under this Indenture, provided, however, that in the event of any inconsistency, any term defined below shall have the meaning ascribed to it in the Lease:

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

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

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or this Indenture, including the reasonable fees and expenses of any person or firm employed by the Town to make rebate calculations under the provisions of Section 3.04 of this Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the Town Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the Town Representative;

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

(c) payments into the Rebate Fund; and

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

Additional Rentals shall not include Base Rentals.

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

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

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

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

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

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

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

“Certificate Purchase Agreement” means the Certificate Purchase Agreement dated [____], between the Underwriter and the Trustee relating to the Certificates.

“Certificates” means the “Refunding Certificates of Participation, Series 2026, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement, dated as of [CLOSING DATE] between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Breckenridge, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to this Indenture.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Closing” means the date of execution and delivery of the Certificates.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease, the Lease, and the Escrow Agreement and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee, fees and disbursements of professionals and the Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the Town as provided in the Lease.

“Costs of Execution and Delivery Fund” means the fund created under Section 3.05 hereof.

“Council” means the Town Council of the Town or any successor to its functions.

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

“CRS” means Colorado Revised Statutes.

“Depository” means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 hereof, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participant(s)” means any broker-dealer, bank or other financial institution from time to time for which DTC holds Certificates as Depository.

“Escrow Account” means the “Town of Breckenridge, Colorado, Refunding Certificates of Participation, Series 2026, Escrow Account” created in the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of its date of execution and delivery, entered into with UMB Bank, n.a., as escrow agent.

“Event(s) of Indenture Default” means those defaults specified in Section 7.01 of this Indenture.

“Extraordinary Mandatory Redemption” means any redemption made pursuant to Section 4.03 hereof.

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

“Finance Director” means the Director of Finance of the Town, or his or her successor in functions, if any.

“Fiscal Year” means the Town’s fiscal year, which begins on January 1 of each calendar year and ends on December 31 of such calendar year, or any other twelve month period which the Town or other appropriate authority hereafter may establish as the Town’s fiscal year.

“Indenture” means this Indenture of Trust dated as of [CLOSING DATE], executed and delivered by the Trustee as the same may be hereafter amended or supplemented.

“Interest Payment Date” means, in respect of the Certificates, each June 1 and December 1, commencing [_____].

“Lease” means the Lease Purchase Agreement dated as of [CLOSING DATE], between the Trustee, as lessor, and the Town, as lessee, as the same may be amended.

“Leased Property” means the real property and the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof, including, without limitation, the easements, rights of way, covenants and other rights set forth in the documents listed on Exhibit B attached thereto, and any New Facility.

“Mayor” means the Mayor of the Town, or his or her successor in duties.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Optional Redemption” means any redemption made pursuant to Section 4.01 hereof and as provided in the form of the Certificates set forth in Exhibit A hereto.

“Optional Redemption Date” means the date of redemption of the Certificates upon Prepayment of Base Rentals or the payment of the Purchase Option Price under the Lease.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to this Indenture as of the time in question, except:

(a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of this Indenture;

(b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of this Indenture;

(c) Certificates which have been redeemed as provided in Article 4 of this Indenture;

(d) Certificates for the payment or redemption of which provision has been made in accordance with Article 6 of this Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

(e) Certificates deemed to have been paid pursuant to Section 6.01 of this Indenture.

“Owners” means the registered owners of any Certificates.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to this Indenture.

“Permitted Investments” means those investments the Town is authorized to enter into under the Charter and the laws of the State of Colorado.

“Prepayment” means any amount paid by the Town pursuant to the provisions of the Lease as a prepayment of the Base Rentals due thereunder.

“Rating Agency” or “Rating Agencies” means any nationally recognized securities rating agency or agencies as may be directed by the Town in writing to the Trustee.

“Rebate Fund” means the fund created under Section 3.04 hereof.

“Refunded Certificates” means the outstanding 2016 Certificates maturing on and after December 1, 2027.

“Refunding Project” means the exercise of the Town’s purchase option with respect to the leased property acquired with the proceeds of the Refunded Certificates and the payment, refunding and defeasance of the Refunded Certificates by depositing the net proceeds of the Certificates and other available moneys of the Town into the Escrow Account, and the payment of expenses incidental thereto, as provided in the Lease, the Indenture and the Escrow Agreement.

“Regular Record Date” means the close of business on the 15th day of the calendar month immediately preceding the Interest Payment Date (or the Business Day immediately preceding such 15th day, if such 15th day is not a Business Day).

“Responsible Officer” means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

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

“Site Lease” means the Site Lease Agreement, dated as of [CLOSING DATE], 2026, between the Town, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the Town shall have the right to select Special Counsel.

“Supplemental Act” means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

“Tax Certificate” means the Tax Certificate entered into by the Town with respect to the Lease.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Breckenridge, Colorado.

“Town Manager” mean the Town Manager of the Town, or the Town Manager’s successor in function, if any.

“Town Representative” means the Mayor, the Town Manager, the Finance Director or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under the Lease, the Site Lease or this Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses hereof.

“Trustee” means UMB Bank, n.a., as Trustee under this Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and its successors and assigns.

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

“2016 Leased Property” has the meaning ascribed to it in the recitals to the Lease.

“2016 Certificates” means Certificates of Participation, Series 2016, in the original principal amount of \$10,060,000, and currently outstanding in the aggregate principal amount of \$4,575,000, executed and delivered pursuant to the 2016 Indenture (as defined in the Lease).

ARTICLE 2 THE CERTIFICATES

Section 2.01 Amount of the Certificates; Nature of the Certificates. Except as provided in Section 2.08 hereof, the aggregate original principal amount of Certificates that may be executed and delivered pursuant to this Indenture shall be \$[_____]. The Certificates shall constitute proportionate interests in the Trustee's right to receive the Base Rentals under the Lease and other Revenues. The Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the Council not to appropriate any amounts payable under the Lease be construed to constitute an action impairing such contract.

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

Section 2.02 Forms, Denominations, Maturities and Other Terms of Certificates. The Certificates shall be in substantially the form attached hereto as Exhibit A and all provisions and terms of the Certificates set forth therein are incorporated in this Indenture.

The Certificates shall be executed and delivered in fully registered form in Authorized Denominations not exceeding the aggregate principal amount stated to mature on any given date. The Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the Certificates are held by a Depository, one Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding Certificates.

The Certificates are executed and delivered under the authority of the Supplemental Act and shall so recite. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the execution and delivery of the Certificates after their delivery for value.

The Certificates shall be dated [CLOSING DATE].

The Certificates shall mature on the dates and in the amounts, with interest thereon at the rates, set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ _____	_____ %
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		

The Certificates shall bear interest from their date to maturity at the rates per annum set forth above, payable on each Interest Payment Date and calculated on the basis of a 360-day year of twelve 30-day months.

The payment of principal, premium, if any, and interest represented by the Certificates shall be made in lawful money of the United States of America.

The Certificates are subject to redemption prior to maturity, all as provided in Article 4 hereof.

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

Interest shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the Regular Record Date, irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by electronic means or by first class mail postage prepaid at least ten (10) days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

Section 2.03 Execution; Global Book-Entry System. Each Certificate shall be executed with the manual signature of a duly authorized representative of the Trustee. It shall not be necessary that the same authorized representative of the Trustee sign all of the Certificates executed and delivered hereunder. In case any authorized representative of the Trustee whose signature appears on the Certificates ceases to be such representative before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such authorized representative had remained as such authorized representative until delivery.

No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed in the manner prescribed by this Section, and such execution of any Certificate shall be conclusive evidence that such Certificate has been properly executed and delivered hereunder.

DTC may act as Depository for any Certificates. The Certificates for which DTC is acting as Depository shall be initially executed and delivered as set forth herein with a separate fully registered certificate (in printed or type-written form) for each of the maturities bearing interest at the same interest rate of the Certificates. Upon initial execution and delivery, the ownership of any Certificates for which DTC is acting as Depository shall be registered in the registration books kept by the Trustee, in the name of Cede & Co., as the nominee of DTC or such other nominee as DTC shall appoint in writing.

The Trustee is hereby authorized to take any and all actions as may be necessary and not inconsistent with this Indenture in order to qualify any Certificates for the Depository's book-entry system, including the execution of the Depository's form of Representation Letter.

With respect to any Certificates which shall or may be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trustee shall not have any responsibility or obligation to any DTC Participants or to any Beneficial Owners. Without limiting the immediately preceding sentence, the Trustee shall not have any responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (b) the delivery to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Certificates, including any notice of redemption, or (c) the payment to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of and premium, if any, or interest on the Certificates.

Except as set forth above, the Trustee may treat as and deem DTC to be the absolute Owner of each Certificate for which DTC is acting as Depository for all purposes, including payment of the principal of and premium and interest on such Certificate, giving notices of redemption and registering transfers with respect to such Certificates. The Trustee shall pay all principal of and interest on the Certificates only to or upon the order of the Owners as shown on the registration books kept by the Trustee or their respective attorneys duly authorized in writing and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to the principal of and interest on the Certificates to the extent of the sum or sums so paid.

No person other than an Owner, as shown on the registration books kept by the Trustee, shall receive a Certificate. Upon delivery by DTC to the Beneficial Owner and the Trustee, a

written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to “Cede & Co.” in this Section shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to any Certificates at any time after giving written notice to the Trustee and discharging its responsibilities with respect thereto under applicable law. The Trustee, upon the written direction of the Town, may terminate the services of DTC with respect to any Certificates if it determines that DTC is unable to discharge its responsibilities with respect to such Certificates or that continuation of the system of book-entry transfers through DTC is not in the best interests of the Beneficial Owners, and the Trustee shall provide notice of such termination to the Depository.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute depository willing to undertake the functions of DTC in respect of the Certificates can be found which, in the opinion of the Town is willing and able to undertake such functions upon reasonable or customary terms, or if the Town determines that it is in the best interests of the Beneficial Owners of the Certificates that they be able to obtain certificated Certificates, the Certificates shall no longer be restricted to being registered in the registration books of the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06. To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Certificates will be delivered to the Beneficial Owners.

Section 2.04 Delivery of Certificates. Upon the execution and delivery of this Indenture, the Trustee is authorized to execute and deliver the Certificates either to DTC or the purchaser thereof in the aggregate principal amounts, maturities and interest rates set forth in Section 2.02 hereof, as provided in this Section:

(a) Before or upon the delivery by the Trustee of any of the Certificates, there shall be filed with the Trustee an originally executed counterpart of this Indenture, the Lease, the Site Lease, and a title insurance commitment or commitments (with a title insurance policy to be delivered in a timely fashion after the delivery of the Certificates) under which the Trustee’s leasehold interests in the Leased Property are insured; and

(b) Thereupon, the Trustee shall execute and deliver the Certificates to DTC or the purchasers thereof, upon payment to the Trustee of the purchase price set forth in the Certificate Purchase Agreement. Portions of such amounts so received shall be deposited in the Base Rentals Fund and the Costs of Execution and Delivery Fund, all as provided in Article 3 hereof and in the Lease. Notwithstanding anything herein to the contrary, the Trustee is authorized to execute and transfer or cause to be transferred to DTC in advance of the date of execution and delivery of the Certificates, Certificates to effect the registration and delivery thereof to the Owners pending and subject to the delivery of the opinion of Special Counsel necessary to effect the delivery of the Certificates.

Section 2.05 Mutilated, Lost, Stolen or Destroyed Certificates. In the event the Certificates are in the hands of DTC or Owners and one or more of the Certificates is mutilated, lost, stolen or destroyed, a new Certificate may be executed by the Trustee, of like date, series,

maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received indemnity from DTC or the Owner of the Certificate, as the case may be, satisfactory to it and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, that there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof, provided the Trustee has received indemnity satisfactory to it. The Trustee may charge DTC or the Owner of the Certificate, as the case may be, with its reasonable fees and expenses in connection herewith.

Section 2.06 Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates. Books for the registration and for the transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar. Upon surrender for transfer of any Certificate at the Designated corporate trust office of the Trustee or at such other location as it shall designate, the Trustee shall execute and deliver in the name of the transferee or transferees a new Certificate or Certificates of the same series, of a like aggregate principal amount and interest rate and of the same maturity.

Certificates may be exchanged at the designated corporate trust office of the Trustee or at such other location as it shall designate for an equal aggregate principal amount of Certificates of the same series, interest rate, and the same maturity of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

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

The Trustee shall not be required to transfer or exchange any Certificate during the period of fifteen (15) days next preceding any Interest Payment Date nor to transfer or exchange any Certificate after the notice calling such Certificate for redemption has been made as herein provided, nor during the period of fifteen (15) days next preceding the provision of such notice of redemption.

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

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

Section 2.07 Cancellation of Certificates. Whenever any outstanding Certificates shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Sections 2.05 or 2.06 hereof, such Certificates shall be promptly canceled and destroyed by the Trustee in accordance with customary practices of the Trustee and applicable record retention requirements.

Section 2.08 Additional Certificates. So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth herein. The principal of any Additional Certificates shall mature on December 1 and the Interest Payment Dates therefor shall be the same as the Interest Payment Dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

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

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

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

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

In such case, the Costs of Execution and Delivery of the Additional Certificates and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee:

(a) Originally executed counterparts of a supplemental Indenture and related and necessary amendments to the Site Lease and the Lease (including any necessary amendment to the Base Rentals Schedule); and

(b) A commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the

Additional Certificates and all other Outstanding Certificates (or such lesser amount as shall be the maximum insurable value of the real property included in the Leased Property); and

(c) A written opinion of Special Counsel to the effect that:

(i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(ii) the excludability of interest from gross income for federal income tax purposes on Outstanding Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and

(iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default nor cause any violation of the covenants or representations herein or in the Lease; and

(d) Written directions from the underwriter or placement agent or financial advisor with respect to the Additional Certificates, together with written acknowledgment of the Town, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

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

Section 2.09 Uniform Commercial Code. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the owner or owners thereof shall possess all rights enjoyed by the holders or owners of investment securities under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between or among the Town, the Trustee and the original or any intermediate owner of any Certificates.

ARTICLE 3 REVENUES AND FUNDS

Section 3.01 Segregation and Disposition of Proceeds of Certificates. The proceeds of the Certificates (net of Underwriter's discount plus original issue premium) shall be accounted for as follows:

(a) \$[] of the proceeds of the Certificates shall be deposited to the Escrow Account and applied to the Refunding Project; and

(b) \$[] from the proceeds shall be deposited in the Costs of Execution and Delivery Fund and applied to the Costs of Execution and Delivery of the Lease, the Site Lease and the Certificates.

Section 3.02 Application of Revenues and Other Moneys.

(a) All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

(b) Except for Net Proceeds to be applied pursuant to Section 9.2 of the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with Section 4.01 hereof.

Section 3.03 Base Rentals Fund. A special fund is hereby created and established with the Trustee designated the "Town of Breckenridge, Colorado 2026 Lease Purchase Agreement, Base Rentals Fund" which shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except for Net Proceeds to be applied pursuant to Section 9.2 of the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in Section 3.04 hereof.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each [May 21] and [November 20] of each year during the Lease Term. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 hereof.

Section 3.04 Rebate Fund. A special fund is hereby created and established to be held by the Trustee, and to be designated the “Town of Breckenridge, Colorado, 2026 Lease Purchase Agreement, Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, the Trustee shall transfer into the Rebate Fund investment income on moneys in any fund created hereunder (except the Escrow Account and any defeasance escrows). In addition to the deposit of investment income as provided herein, there shall be deposited into the Rebate Fund moneys received from the Town as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund from any other fund created hereunder pursuant to the provisions of this Section 3.04; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or this Indenture that such moneys are to be paid into an account of the Rebate Fund. The Town will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the Town’s rebate obligations are met, in accordance with the Town’s tax covenants in Section 10.5 of the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of this Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the Town to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in an account of the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or there is insufficient investment income on moneys in any fund created hereunder so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee shall transfer moneys to the Rebate Fund from the Base Rentals Fund. Any moneys so advanced from the Base Rentals Fund shall be included as an Additional Rental for the current Fiscal Year pursuant to the Lease, and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Town may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the Town has failed to comply with Section 10.5 thereof so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall first make transfers of investment income to the Rebate Fund and second of moneys from the Base Rentals Fund.

Section 3.05 Costs of Execution and Delivery Fund. A special fund is hereby created and established with the Trustee and designated the “Town of Breckenridge, Colorado, 2026 Lease Purchase Agreement Costs of Execution and Delivery Fund.” Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the Certificates the amounts directed by Section 3.01(b) hereof. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee in accordance with the closing memorandum prepared by the Underwriter. The Trustee may conclusively rely on requisitions (or the closing

memorandum) submitted in accordance with this Section as complete authorization for the disbursements made pursuant thereto and shall not be responsible for any representations or certifications made therein.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with Article 5 hereof.

The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the Town upon the final payment of all Costs of Execution and Delivery and in any event not later than ninety (90) days following the Closing, as certified in writing by the Town Representative. Any such remaining amounts shall be remitted to the Town.

Section 3.06 Escrow Account. Pursuant to the Escrow Agreement, the Escrow Account has been established. A portion of the proceeds of the Certificates shall be deposited in the Escrow Account in accordance with the provisions of the Escrow Agreement and shall be used to implement the Refunding Project. Moneys held in the Escrow Account shall be invested and disbursed in accordance with the provisions of the Escrow Agreement. Moneys on deposit in the Escrow Account are not part of the Trust Estate.

Section 3.07 Moneys to be Held in Trust. The ownership of the Base Rentals Fund, the Costs of Execution and Delivery Fund, and all accounts within such Funds and any other fund or account created hereunder (except any defeasance escrow account) shall be held in trust by the Trustee for the benefit of the Owners of the Certificates; provided that moneys in the Rebate Fund shall be used only for the specific purpose provided in Section 3.04 hereof.

Section 3.08 Nonpresentment of Certificates. Any moneys deposited with the Trustee pursuant to the terms of this Indenture to be used for the payment of principal of, premium, if any, or interest on any of the Certificates and remaining unclaimed by the Owners of such Certificates for a period of three (3) years after the final due date of any Certificate (during which three-year period such moneys shall not be required to be invested by the Trustee), whether the final date of maturity or the final redemption date, shall, if the Town shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in this Indenture, in the Certificates or under the Lease, be paid to the Town and such Owners shall thereafter look only to the Town for payment and then only (a) to the extent of the amounts so received by the Town from the Trustee without interest thereon, (b) subject to the defense of any applicable statute of limitations and (c) subject to the Town's Appropriation of such payment. After payment by the Trustee of all of the foregoing, if any moneys are then remaining under this Indenture, the Trustee shall pay such moneys to the Town as an overpayment of Base Rentals.

Section 3.09 Repayment to the Town from the Trustee. After payment in full of the Certificates, the interest thereon, any premium thereon, the fees, charges and expenses of the Trustee, any amount required to be deposited to the Rebate Fund, and all other amounts required to be paid hereunder, any amounts remaining in the Base Rentals Fund, the Costs of Execution and Delivery Fund, or otherwise held by the Trustee pursuant hereto (but excluding the Rebate Fund, the Escrow Account, and any defeasance escrow accounts) shall be paid to the Town upon the expiration or sooner termination of the Lease Term as a return of an overpayment of Base

Rentals. After payment of all amounts due and owing the federal government held in the Rebate Fund, if any, any excess amounts in the Rebate Fund shall be paid to the Town.

ARTICLE 4
REDEMPTION OF CERTIFICATES

Section 4.01 Optional Redemption. The Certificates maturing on or prior to December 1, 20[] shall not be subject to optional redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 20[] shall be subject to redemption prior to their respective maturity dates at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 20[], and on any date thereafter, at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date without a premium.

In the case of a Prepayment in part of Base Rentals under the Lease, the Trustee shall confirm that the revised Base Rentals Schedule to be provided by the Town Representative pursuant to Section 6.2(b) of the Lease sets forth Principal Portions and Interest Portions of Base Rentals that are equal to the principal and interest due on the Certificates that remain Outstanding after such Optional Redemption. For such confirmation, the Trustee may conclusively rely on a certification of the Town Representative or other person as provided in Section 8.07 hereof.

Section 4.02 Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 20[] (the "Term Certificates") are subject to mandatory sinking fund redemption as follows:

The following principal amounts of the Certificates maturing December 1, 20[], are subject to mandatory sinking fund redemption (after credit as provided below) on December 1 of the following years:

Redemption Date (December 1)	Principal Amount
_____	\$ _____
_____ *	_____
*Final Maturity	

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

Section 4.03 Extraordinary Mandatory Redemption. If the Lease is terminated by reason of the occurrence of:

- (a) an Event of Nonappropriation, or

(b) an Event of Lease Default, or

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

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under this Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as provided in Section 8.01(d) of this Indenture, without any further demand or notice, shall, exercise all or any combination of Lease Remedies as provided in the Lease and the Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the Town as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES ARE REDEEMED PURSUANT TO THIS SECTION 4.03 FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE RELATED CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH

CERTIFICATES SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE TOWN.

Section 4.04 Partial Redemption. The Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any Certificate of denomination greater than \$5,000 as representing that number of separate Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such Certificate by \$5,000.

Upon surrender of any Certificate for redemption in part, the Trustee shall execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificate or Certificates of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

Section 4.05 Notice of Redemption. Whenever Certificates are to be redeemed under any provision of this Indenture, the Trustee shall, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption under Section 4.03, which notice shall be immediate), give notice of redemption to all Owners of all Certificates to be redeemed by electronic means or by mail at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. In addition, the Trustee shall at all reasonable times make available to the Town and any Certificate Owner, including the Depository, if applicable, information as to Certificates which have been redeemed or called for redemption. Any notice of redemption shall:

- (a) identify the Certificates to be redeemed;
- (b) specify the redemption date and the redemption price;
- (c) in the event the redemption is occurring under Section 4.01 hereof, state that the Town has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease;
- (d) state that such redemption is subject to the deposit of the funds related to such option by the Town on or before the stated redemption date; and
- (e) state that on the redemption date the Certificates called for redemption will be payable at the designated corporate trust office of the Trustee and that from that date interest will cease to accrue.

The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificate Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established pursuant to this Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the

redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was given.

Section 4.06 Redemption Payments. On or prior to the Business Day preceding the date fixed for redemption, funds shall be deposited with the Trustee to pay the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in certain cases as set forth above may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption. Payments in full redemption shall be accompanied by a written designation prepared by the Trustee stating the portions of the payment representing principal, interest, and premium, if any.

ARTICLE 5 INVESTMENTS

Section 5.01 Investment of Moneys. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment absent a receipt of written notice or information to the contrary. All moneys held as part of the Base Rentals Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created hereunder (other than the Escrow Account or any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the Town, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created hereunder which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust hereunder or for payment of the Certificates at or before maturity or interest thereon as required hereunder. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. Except as otherwise provided in Section 3.04 hereof, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Any interest or other gain from any fund or account created hereunder (except the Escrow Account and any defeasance escrows) shall be deposited to the Rebate Fund to the extent required and permitted pursuant to Section 3.04 hereof. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in the Base Rentals Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

For purposes of rebate compliance, the Trustee shall track investments allocated to a reserve fund, if any, which are purchased with proceeds of different series of Certificates or investment income therefrom.

The Trustee hereby agrees to secure and retain the documentation with respect to investments of moneys in the funds and accounts created under this Indenture as required by and as described in the Tax Certificate.

The Trustee may rely upon the Town Representative's written direction as to both the suitability and the legality of the directed investments, and shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Article 5. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written direction from the Town Representative.

The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

The Town acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security

transactions relating to the funds held pursuant to this Indenture, the Town waives receipt of such confirmations, to the extent permitted by law. The Trustee shall furnish a statement of security transactions on its regular monthly reports.

The Trustee may credit the funds and accounts hereunder with amounts expected to be received from the sale or redemption of, or the earnings on, the investments in such funds and accounts, prior to actual receipt of final payment thereof, and may advance funds to purchase directed investments in anticipation of receipt of such final payments. Any such credit or advance shall be conditional upon actual receipt by the Trustee of final payment and may be reversed if final payment is not actually received in full. The Town acknowledges that the legal obligation to pay the purchase price of any investment arises immediately at the time of the purchase. Nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code § 9-206.

Section 5.02 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account (except the Escrow Account and any defeasance escrows), Permitted Investments shall be valued at the market price, exclusive of accrued interest. With respect to all funds and accounts (except the Escrow Account and any defeasance escrows, and except as otherwise provided in the Tax Certificate with respect to the Rebate Fund), valuation shall occur as of December 31 of each year. The Town, at the written request of the Trustee, shall calculate the value of investments in all funds and accounts held pursuant to this Indenture. The Town acknowledges that when the Trustee values investments, such values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any asset or obligation other than the price provided by such pricing services and sources.

ARTICLE 6 DEFEASANCE AND DISCHARGE

Section 6.01 Defeasance and Discharge.

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.03 of this Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.03 of this Indenture), together with all other sums payable hereunder relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Town to the Trustee and to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the Town as provided by Article 11 of the Lease, (2) release the Lease and this Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the Town, and (4) turn over to the Town all balances then held by the Trustee in the Funds or Accounts hereunder except for amounts held in the Escrow Account and any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the Town.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been addressed and delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(d) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than forty-five (45) days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall provide a notice by electronic or other means stating that such moneys or Federal Securities have been

deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

(e) At such time as any Certificate shall be deemed paid as provided in (b) above, such Certificate shall no longer be secured by or entitled to the benefits of this Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

ARTICLE 7

EVENTS OF INDENTURE DEFAULT AND REMEDIES

Section 7.01 Events of Indenture Default Defined. Each of the following shall be an Event of Indenture Default:

- (a) failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default of which the Trustee is required to take notice or receive notice pursuant to Section 8.05, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the Town within thirty (30) days of the receipt of notice by the Trustee as provided by Section 6.4(b) of the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in the preceding sentence.

Section 7.02 Remedies If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) hereof, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under this Article 7 and Article 8, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) hereof, take such action as, in the judgment of the Trustee, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Article 4 hereof and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the Town.

Section 7.03 Legal Proceedings by Trustee. If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity as Trustee hereunder:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of the Trustee's leasehold interests in the Leased Property including its rights as lessor under the

Lease and as lessee under the Site Lease and its rights under this Indenture and to enforce the provisions of this Indenture and any collateral rights hereunder for the benefit of the Owners of the Certificates; or

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

(c) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of the Certificates.

Section 7.04 Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Owners of the Certificates shall be restored to their former positions and rights hereunder as though no such proceeding had been commenced.

Section 7.05 Owners of Certificates May Direct Proceedings. The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with this Indenture or unduly prejudice the rights of minority Owners of the Certificates.

Section 7.06 Limitations on Actions by Owners of Certificates. No Owner of the Certificates shall have any right to pursue any remedy hereunder unless:

- (a) the Trustee shall have been given written notice of an Event of Indenture Default;
- (b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it as provided in Section 8.01(d) hereof; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions of this Section or any other provision of this Indenture, the obligation of the Trustee shall be absolute and unconditional to pay hereunder, but solely from the Revenues pledged under this Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Section 7.07 Trustee May Enforce Rights Without Possession of Certificates. All rights under this Indenture and the Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners of the Certificates.

Section 7.08 Remedies Not Exclusive. Subject to any express limitations contained herein, no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.09 Delays and Omissions Not to Impair Rights. No delays or omissions in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article 7 may be exercised from time to time and as often as may be deemed expedient.

Section 7.10 Application of Moneys in Event of Indenture Default. Any moneys received, collected or held by the Trustee following an Indenture Event of Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund, the Escrow Account, or any defeasance escrow account) shall be applied in the following order:

(a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its Counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

(b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and

(c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the Town.

ARTICLE 8 CONCERNING THE TRUSTEE

Section 8.01 Duties of the Trustee.

(a) The Trustee hereby accepts the provisions of the Site Lease, the Lease and this Indenture and accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and this Indenture, and no implied covenants or obligations shall be read into this Indenture, the Site Lease or the Lease against the Trustee.

(b) The Trustee hereby covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and this Indenture.

(c) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

(d) Before taking any action hereunder the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

Section 8.02 Liability of Trustee; Trustee's Use of Agents.

(a) The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

(b) The Trustee may exercise any powers under this Indenture and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to the advice or opinion of Counsel concerning all matters involving the Trustee's duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may conclusively rely and act upon the opinion or advice of any attorney engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice. The Trustee shall not be liable for any loss or damage resulting from any action or omission taken by its agents, officers, and employees to whom discretion or authority hereunder has been delegated by the Trustee, provided that the Trustee was not negligent in its selection of or delegation to the agent, officer, or employee.

(c) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

(e) The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7.

(f) Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of this Section.

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

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds and investments held by the Trustee), or the validity or sufficiency of this Indenture or of the Certificates. The Trustee shall not be accountable for the use of any proceeds of any Certificates executed and delivered hereunder. The Trustee shall not be accountable for the use or application of any Certificates or the proceeds thereof or of any money paid to or upon the order of the Town under any provisions of this Indenture or the Lease.

(i) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Town by the Town Representative or such other person as may be designated for such purpose by ordinance or resolution of the Council, as sufficient evidence of the facts therein contained, and before the occurrence of a default of which the Trustee has been notified as provided under this Indenture or of which it is deemed to have been notified, the Trustee may rely upon a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The

Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for investing moneys in funds held hereunder in compliance with the written investment direction of the Town Representative.

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

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

(m) Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder or any other documents related to this Indenture unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Certificates except to the extent that such statement was provided by the Trustee or describes the Trustee's duties under this Indenture.

(o) The Trustee is authorized and directed to enter into the Site Lease and the Lease, solely in its capacity as Trustee under this Indenture.

(p) The Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the Town for any of the purposes expressed in this Indenture.

(q) The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture, the Lease and the Site Lease sent by Electronic Means (as hereinafter defined); provided, however, that the Town shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Town elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Town agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the

Trustee have been sent by such Authorized Officer. The Town shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Trustee, and the Town and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The Town agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(r) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under this Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or upon transfer or in place thereof.

Section 8.03 Representations and Covenants of Trustee. The Trustee represents, warrants and covenants as follows:

(a) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or the Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) the Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under the Lease or the Site Lease and/or (iii) the Leased Property and any reversion therein or any of the Trustee's other rights under the Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in the Trustee's right, title and interest in, to and under the Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

(b) Neither the execution and delivery of the Lease and the Site Lease or this Indenture by the Trustee, nor the fulfillment of or compliance with the terms and conditions thereof and hereof, nor the consummation of the transactions contemplated thereby or hereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or

instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(c) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute the Lease and the Site Lease or to execute this Indenture, and perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the Town on or prior to the date this Indenture is executed and delivered.

(d) The Trustee covenants and agrees to comply with any applicable requirements for the Trustee set forth in the Tax Certificate as directed by the Town.

Section 8.04 Compensation. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances, agent and Counsel fees and other ordinary expenses for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, as provided in Section 6.2 of the Lease. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement of the reasonable fees and charges of the Trustee as Paying Agent and as registrar for the Certificates.

Section 8.05 Notice of Default; Right to Investigate. If an Event of Indenture Default occurs of which the Trustee is by this Section required to take notice, the Trustee shall, within 30 days after it receives notice thereof, give written notice by electronic means or by first class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the Town, unless such defaults have been remedied. The Trustee shall not be required to take notice or be deemed to have notice of any default unless a Responsible Officer of the Trustee has actual knowledge thereof or has been notified in writing of such default by the Town or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the Town to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

Section 8.06 Obligation to Act on Defaults. If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has actual knowledge or notice pursuant to Section 8.05, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in its exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve extraordinary expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 8.07 Reliance on Requisition, etc. The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any written requisition, resolution, notice, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement. The Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith.

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

Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates delivered in exchange therefor or upon transfer or in substitution thereof.

Section 8.08 Trustee May Own Certificates. The Trustee may in good faith buy, sell, own and hold any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not the party to this Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Town provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee.

Section 8.09 Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Indenture, and any such construction by the Trustee shall be binding upon the Owners. In construing any such provision, the Trustee will be entitled to rely upon opinions of Counsel and will not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

Section 8.10 Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the Town not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is sent by electronic means or mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Section 8.11 Removal of Trustee. Any Trustee hereunder may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the Town or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding,

upon written notice being filed with the Trustee, the Town and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

Section 8.12 Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Town shall appoint a successor, and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the Town fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the Owners have failed to make such appointment within sixty (60) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Section 8.13 Qualification of Successor. Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Section 8.14 Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the Town an instrument accepting such appointment under this Indenture; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Indenture, with like effect as if originally named Trustee herein. The Trustee ceasing to act under this Indenture shall pay over to the successor trustee all moneys held by it under this Indenture; and, upon request of the successor trustee, the Trustee ceasing to act shall, upon payment of the fees and expenses owed to the Trustee ceasing to act, execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers and trusts under this Indenture of the Trustee ceasing to act.

Section 8.15 Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any sale, merger or consolidation of its corporate trust business, as a whole or substantially as a whole, to which any Trustee hereunder shall be a party, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.16 Intervention by Trustee. In any judicial proceeding to which the Trustee is not a party and which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of Outstanding Certificates and furnished indemnity. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 8.17 Books and Record of the Trustee; Trustee Record Keeping. The Trustee shall keep complete and accurate books and records relating to the Site Lease and the Lease and Funds and Accounts created under this Indenture and make such books and records available for inspection by the Town, at all reasonable times and for six (6) years following the discharge of this Indenture according to Article 6 hereof.

Section 8.18 Environmental Matters. Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions:

(a) The Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Indenture Default, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or investigate whether the real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance.

(b) Following an Event of Indenture Default, if the Trustee determines that the release, threatened release, use, generation, treatment, storage or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State, local or common law, or devalues or threatens to devalue such real property, the Trustee may take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State or local environmental laws and regulations. The Trustee shall not be required to take any such action unless it shall have first received assurances and indemnity satisfactory to it.

ARTICLE 9
SUPPLEMENTAL INDENTURES AND
AMENDMENTS OF THE LEASE AND SITE LEASE

Section 9.01 Supplemental Indentures and Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the Town, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental hereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in Section 2.08 hereof;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or
- (e) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity, or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein or to make such other amendments to this Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

Section 9.02 Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.

(a) Exclusive of supplemental indentures and amendments covered by Section 9.01 hereof, the written consent of the Town and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental hereto.

(b) Notwithstanding the foregoing, without the consent of the Owners of all of the Certificates at the time Outstanding nothing herein contained shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;

(ii) The deprivation of the Owner of any Certificate then Outstanding of the interest created by this Indenture (other than as originally permitted hereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the Town shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners as provided herein, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by electronic means or mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall be prepared by the Town, briefly set forth the nature of the proposed supplemental indenture and state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Certificate Owners. If, within sixty (60) days or such longer period as shall be prescribed by the Town following the provision of such notice, the required consents have been furnished to the Trustee as herein provided, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.03 Amendment of the Lease and the Site Lease.

(a) The Trustee and the Town shall have the right to amend the Lease and the Site Lease without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(1) to add covenants of the Trustee or the Town or to grant additional powers or rights to the Trustee;

(2) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(3) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(4) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 hereof;

(5) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

(6) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or herein

or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

(b) If the Trustee or the Town proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Certificates Outstanding, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

ARTICLE 10 MISCELLANEOUS

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

(a) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

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

Any request or consent of the owner of any Certificate shall be conclusive upon and shall bind all future owners of such Certificate and of any Certificate issued upon the transfer or exchange of such Certificate in respect of anything done or suffered to be done by the Town, the Trustee in accordance therewith, whether or not notation of such consent or request is made upon any such Certificate.

Section 10.02 Inspection of the Leased Property. Under the Lease, the Trustee and its duly authorized agents (a) have the right, but not the duty, on reasonable notice to the Town, at all reasonable times, to examine and inspect the Leased Property (subject to such regulations as may be imposed by the Town for security purposes) and (b) are permitted, but have no obligation, at all reasonable times, to examine the books, records, reports and other papers of the Town with respect to the Leased Property.

Section 10.03 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Town, the Trustee and the Owners any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises

and agreements in this Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the Town, the Trustee, and the Owners.

Section 10.04 Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions of this Indenture.

Section 10.05 Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Indenture.

Section 10.06 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of Colorado without regard to choice of law analysis.

Section 10.07 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.08 Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if (i) delivered personally, (ii) mailed by United States certified or registered mail, return receipt requested, postage prepaid, at the addresses indicated below, or to such other addresses as the respective parties may from time to time designate in writing, (iii) sent by electronic transmission which produces evidence of transmission, or (iv) in such other manner as authorized by the Town or the Trustee, as the case may be.

If to the Trustee:

UMB Bank, n.a.
1800 Larimer Street, Suite 200
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services
Email: Jonathan.Fernandez@umb.com
Phone: (303) 764-3607

If to the Town:

Town of Breckenridge, Colorado
150 Ski Hill Road
P. O. Box 168
Breckenridge, Colorado 80424
Attention: Town Manager
Email: shannonh@townofbreckenridge.com
Phone: (970) 547-3166

The Town and the Trustee may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.09 Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Trustee shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 10.10 Payments Due on Saturdays, Sundays and Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day other than a Business Day such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 10.11 Undertaking to Provide Ongoing Disclosure. The Town has covenanted in Section 10.6 of the Lease to comply with the terms of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure by the Town to comply with the Continuing Disclosure Certificate shall not be considered an Event of Indenture Default and the rights and remedies provided by this Indenture upon the occurrence of an Event of Indenture Default shall not apply to any such failure. The Trustee shall have no power or duty to enforce the obligations of the Town under the Continuing Disclosure Certificate.

Section 10.12 Electronic Storage and Execution. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that any individual or individuals who are authorized to execute or consent to this Indenture on behalf of the Town, the Trustee or any Owner are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Indenture or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

IN WITNESS WHEREOF, the Trustee has caused this Indenture to be executed all as of the date first above written.

UMB BANK, N.A., as Trustee

By: _____
Senior Vice President

EXHIBIT A
FORM OF CERTIFICATE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**REFUNDING CERTIFICATE OF PARTICIPATION,
SERIES 2026**

**Evidencing a Proportionate Interest in the
Base Rentals and other Revenues under an Annually
Renewable Lease Purchase Agreement, dated [CLOSING DATE], between
UMB Bank, n.a.,
solely in its capacity as trustee under the Indenture, as lessor,
and the Town of Breckenridge, Colorado, as lessee**

No. R-_____ \$ _____

Interest Rate	Maturity Date	Dated Date	CUSIP Number
_____ %	December 1, 20____	[CLOSING DATE]	[_____]

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

THIS CERTIFIES THAT the Registered Owner (specified above), or registered assigns, as the Registered Owner (the “Owner”) of this Refunding Certificate of Participation, Series 2026 (this “Certificate”), is the Owner of a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease Purchase Agreement (the “Lease”) dated as of [CLOSING DATE], between UMB Bank, n.a., Denver, Colorado, as Trustee (the “Trustee”), as lessor, and the Town of Breckenridge, Colorado (the “Town”), as lessee. This Certificate is secured as provided in the Lease and the Indenture of Trust (the “Indenture”) dated as of [CLOSING DATE], by the Trustee, for the registered owners of the Refunding Certificates of Participation, Series 2026 (the “Certificates”). All terms capitalized but not defined herein shall have the meanings given to them in the Indenture.

This Certificate bears interest, matures, is payable, is subject to redemption, and is transferable as provided in the Indenture.

Under the Site Lease, certain Leased Property described therein (the “Leased Property”) has been leased by the Town, as lessor, to the Trustee, as lessee. Under the Lease, the Leased Property has been leased back by the Trustee, as lessor, to the Town, as lessee, and the Town has agreed to pay directly to the Trustee Base Rentals in consideration of the Town’s right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon. The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the Town.

This Certificate has been executed and delivered pursuant to the terms of the Indenture. Reference is hereby made to the Site Lease, the Lease and the Indenture (copies of which are on file in the offices of the Trustee) for a description of the terms on which the Certificates are delivered, and the rights thereunder of the Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Town under the Site Lease and the Lease, to all of the provisions of which Site Lease, Lease and Indenture the Owner of this Certificate, by acceptance hereof, assents and agrees.

Additional Certificates may be executed and delivered pursuant to the Indenture without consent of or notice to the owners of the Certificates and upon the satisfaction of certain conditions and limitations. Such Additional Certificates, together with the Certificates, are referred to herein as the “Certificates.” Additional Certificates will evidence interests in rights to receive Revenues, including Base Rentals, without preference, priority or distinction of any Certificates, including the Certificates, over any others, however, insurance and other credit facilities may be applicable only to particular series of Certificates or portions thereof.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended by the Trustee with the written consent of the Owners of a majority in aggregate principal amount of the Certificates outstanding, and may be amended without such consent under certain circumstances described in the Indenture but in no event such that the interests of the Owners of the Certificates are materially adversely affected, provided that no such amendment is to impair the right of any Owner to receive in any case such Owner’s proportionate share of any payment of Revenues in accordance with the terms of such Owner’s Certificate.

THE OWNER OF THIS CERTIFICATE IS ENTITLED TO RECEIVE, SUBJECT TO THE TERMS OF THE LEASE, THE PRINCIPAL AMOUNT (SPECIFIED ABOVE), ON THE MATURITY DATE (SPECIFIED ABOVE), AND IS ENTITLED TO RECEIVE INTEREST ON THE PRINCIPAL AMOUNT AT THE INTEREST RATE (SPECIFIED ABOVE). The interest hereon is payable at the interest rate from the Dated Date (specified above) on [_____], and semiannually thereafter on June 1 and December 1 in each year (the “Interest Payment Dates”).

THIS CERTIFICATE IS PAYABLE SOLELY FROM THE BASE RENTALS PAYABLE TO THE TRUSTEE PURSUANT TO THE LEASE AND OTHER REVENUES AS DEFINED IN THE INDENTURE. NEITHER THE LEASE, THIS CERTIFICATE, OR THE OBLIGATION OF THE TOWN TO PAY BASE RENTALS OR ADDITIONAL RENTALS CONSTITUTES A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE TOWN

OR A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE TOWN, WITHIN THE MEANING OF ANY CONSTITUTIONAL, HOME RULE CHARTER OR STATUTORY DEBT LIMITATION. NEITHER THE LEASE NOR THE CERTIFICATES HAVE DIRECTLY OR INDIRECTLY OBLIGATED THE TOWN TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED FOR THE TOWN'S THEN CURRENT FISCAL YEAR.

As long as Cede & Co., as the nominee for The Depository Trust Company, New York, New York ("DTC") is the Owner hereof, the Principal Amount or redemption price hereof and interest hereon are payable by wire transfer as directed by DTC in writing to the Trustee. If not executed and delivered in book-entry form, the Principal Amount or redemption price hereof and interest hereon are payable by check or draft mailed to the Owner at its address last appearing on the registration books maintained by the Trustee or, in the case of Owners of \$1,000,000 or more in aggregate principal amount of the Certificates, by wire transfer of funds to a bank account located in the United States designated by the Owner in written instructions furnished to the Trustee.

Interest hereon is payable to the Owner, as shown on the registration books kept by the Trustee as of the close of business on the "regular record date," which is the 15th day of the calendar month immediately preceding the month of the Interest Payment Date (or the Business Day immediately preceding such 15th day, if such 15th day is not a Business Day) or on a "special record date" established in accordance with the Indenture. The Trustee may treat the Owner of this Certificate appearing on the registration books maintained by the Trustee as the absolute owner hereof for all purposes and is not to be affected by any notice to the contrary. The Principal Amount or redemption price hereof and interest hereon are payable in lawful money of the United States of America.

This Certificate is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, on the registration books kept at the corporate trust office of the Trustee. Upon such transfer, a new fully registered Certificate of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange for this Certificate, all upon payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof, whether or not this Certificate shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Town nor the Trustee shall be affected by any notice to the contrary.

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

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 20[] (the "Term Certificates") are subject to mandatory sinking fund redemption as follows:

The following principal amounts of the Certificates maturing December 1, 20[___], are subject to mandatory sinking fund redemption (after credit as provided below) on December 1 of the following years:

Redemption Date (December 1)	Principal Amount
_____	\$ _____
_____ *	_____
*Final Maturity	

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

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

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are to be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the

redemption date, then such excess moneys are to be paid to the Town as an overpayment of the Purchase Option Price in respect of the Leased Property. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee is entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

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

Partial Redemption. If less than all of the Certificates are to be redeemed, the Certificates are to be redeemed only in integral multiples of \$5,000. The Trustee is to treat any Certificates of denomination greater than \$5,000 as representing that number of separate Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such Certificates by \$5,000. Upon surrender of any Certificate for redemption in part, the Trustee is to execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificate or Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption notice which is required to be immediate), give notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by electronic means or by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Any notice of redemption is to (1) be given in the name of the Trustee, (2) identify the Certificates to be redeemed, (3) specify the redemption date and the redemption price, (4) in the event of Optional Redemption, state that the Town has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (5) state that such redemption is subject to the deposit of the funds related to such option by the Town on or before the stated redemption date and (6) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificate Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

This Certificate is executed and delivered under the authority of Part 2 of Article 57, Title 11, Colorado Revised Statutes (the "Supplemental Act"). Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Certificate after its delivery for value.

This Certificate is executed with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction. The Town has determined that this Certificate is authorized and issued under the authority of and in full conformity with the Constitution of the State of Colorado and all other laws of the State of Colorado thereunto enabling.

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

The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture and not in its individual or personal capacity. The Trustee is not liable for the obligations evidenced by the Certificates except from amounts held by it in its capacity as Trustee under the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and the statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to the execution and delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner, as required by law.

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized representative of the Trustee.

Execution Date: [CLOSING DATE]

UMB BANK, N.A., as Trustee

By: _____
Senior Vice President

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Certificate and hereby irrevocably constitutes and appoints _____ Attorney, to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

(End Form of Certificates)

102092678.v2

**TOWN OF BRECKENRIDGE, COLORADO
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2026**

ESCROW AGREEMENT

DATED as of [CLOSING DATE], 2026, made by and between the Town of Breckenridge, Colorado (the “Town”), and UMB Bank, n.a. (the “Escrow Bank”), a national banking association having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

(1) **WHEREAS**, the Town has heretofore issued its Town of Breckenridge, Colorado, Certificates of Participation, Series 2016, in the aggregate principal amount of \$10,060,000, and which are currently outstanding in the aggregate principal amount of \$4,575,000 (the “Series 2016 Certificates”), such outstanding Series 2016 Certificates maturing on December 1 of each year as follows:

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$380,000	4.00%
2027	395,000	4.00
2028	410,000	4.00
2029	425,000	4.00
2030	440,000	3.00
2035	<u>2,525,000</u>	5.00
TOTAL	\$4,575,000	

and;

(2) **WHEREAS**, the Series 2016 Certificates maturing on and after December 1, 2027, are subject to redemption prior to maturity at the option of the Town, in whole, or in part from any maturity and interest rate, in any order of maturity, by lot within a maturity and interest rate, in such manner as the Town may determine (giving proportionate weight to Series 2016 Certificates in denominations larger than \$5,000) on December 1, 2026, or any date

thereafter, at a price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium; and

(3) **WHEREAS**, the Town has determined that it is necessary and in the best interest of the Town and its inhabitants that the Town call for prior redemption and refund all of its outstanding Series 2016 Certificates maturing on and after December 1, 2027 in the aggregate principal amount of \$4,195,000 (the “Refunded Certificates”) and to pay such Refunded Certificates on [December 1, 2026] (the “Redemption Date”); and

(4) **WHEREAS**, the Town intends to issue its “Town of Breckenridge, Colorado, Refunding Certificates of Participation, Series 2026, in the aggregate principal amount of \$[_____] (the “Series 2026 Certificates” or the “Certificates”) to defray in part the cost of refunding the Refunded Certificates; and

(5) **WHEREAS**, the Town is not delinquent in the payment of the principal of, premium of, or interest on any of the Refunded Certificates; and

(6) **WHEREAS**, Stifel, Nicolaus & Company, Incorporated (the “Purchaser”) has submitted an offer to purchase the Certificates which are to be issued, in part, for the purpose of (i) paying the interest due on Refunded Certificates, both accrued and not accrued, as the same becomes due on and after the date of delivery of the Series 2026 Certificates and on each maturity date or on the Redemption Date, and (ii) paying the principal of the Refunded Certificates which becomes due upon each maturity date and upon prior redemption on the Redemption Date (the “Refunded Certificate Requirements”) all as set forth in the certified public accountant’s report attached as Exhibit A to this Escrow Agreement, and to pay incidental costs thereof; and

(7) **WHEREAS**, the Series 2026 Certificates were authorized to be issued by an ordinance finally and duly adopted by the Town Council of the Town (the “Town Council”) on [____], 2026 (the “Authorizing Ordinance”) and pursuant to the provisions of an Indenture of Trust, dated as of [CLOSING DATE], 2026 (the “Indenture”), executed by UMB Bank, n.a., as trustee (the “Trustee”) ; and

(8) **WHEREAS**, the Series 2026 Certificates were sold subject to the approving opinion of the Town’s bond counsel, Butler Snow LLP, Denver, Colorado (“bond counsel”); and

(9) **WHEREAS**, the Town, by the Authorizing Ordinance, among other provisions:

A. Authorized the issuance of the Series 2026 Certificates;

B. Created the Escrow Account;

C. Provided for the deposit in the Escrow Account (defined below) of a portion of the net proceeds of the Series 2026 Certificates and other moneys in an aggregate amount fully sufficient, together with the known minimum yield from the investment of such moneys in bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which are fully and unconditionally guaranteed as to timely payment of principal and interest by, the United States, which obligations are not callable at the option of the issuer thereof (provided that the full faith and credit of the United States of America has been pledged to any such direct or unconditionally guaranteed obligations) (“Federal Securities”), other than an initial cash balance of \$[] remaining uninvested (the “Initial Cash”), to pay the Refunded Certificate Requirements, as set forth therein and herein;

D. Provided for the purchase of Federal Securities with such moneys credited to the Escrow Account, other than such Initial Cash balance remaining uninvested; and

E. Authorized the completion and execution of this Agreement.

(10) **WHEREAS**, a copy of the Authorizing Ordinance has been delivered to the Escrow Bank and the provisions therein set forth are herein incorporated by reference as if set forth herein verbatim in full; and

(11) **WHEREAS**, the Federal Securities described in the Report have appropriate maturities and yields to insure, together with the Initial Cash, the payment of the Refunded Certificate Requirements; and

(12) **WHEREAS**, a schedule of receipts from such Federal Securities and a schedule of payments and disbursements in a report (the “Report”) attached hereto as Exhibit A, demonstrate the sufficiency of the Federal Securities and Initial Cash for such purpose; and

(13) **WHEREAS**, the Authorizing Ordinance in effect prohibits investments in the Escrow Account with yields exceeding the limitations of Section 148, Internal Revenue Code of 1986, as amended (the “Tax Code”) and the currently applicable regulations thereunder; and

(14) **WHEREAS**, in the opinion of bond counsel, the Report demonstrates compliance with Section 148 of the Tax Code and the currently applicable regulations thereunder; and

(15) **WHEREAS**, the Escrow Bank is empowered to undertake the obligations and commitments on its part herein set forth; and

(16) **WHEREAS**, the undersigned officers of the Escrow Bank are duly authorized to execute and deliver this Agreement in the Escrow Bank’s name and on its behalf; and

(17) **WHEREAS**, the Town is empowered to undertake the obligations and commitments on its part herein set forth; and

(18) **WHEREAS**, the undersigned officers of the Town are duly authorized to execute and deliver this Agreement in the Town’s name and on its behalf.

NOW, THEREFORE, THIS ESCROW AGREEMENT WITNESSETH:

That in consideration of the mutual agreements herein contained, and the payment of the fees and costs specified in Section 9 duly paid by the Town to the Escrow Bank at or before the execution and delivery of this Agreement, the receipt of which is hereby

acknowledged, and in order to secure the payment of the Refunded Certificate Requirements as the same become due, the parties hereto mutually undertake, promise, and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Creation of Escrow.

A. Simultaneously with the delivery of the Series 2026 Certificates, and subject to their issuance, the Town shall cause to be deposited with the Escrow Bank \$[] of the Series 2026 Certificates proceeds and other available moneys. With the amount deposited, the Escrow Bank shall purchase (to the extent not heretofore purchased) on behalf of the Town the Federal Securities described in Exhibit A to this Agreement (the “Initial Federal Securities”) and shall cause the Initial Federal Securities, if any, and the Initial Cash to be credited to and accounted for in a separate account designated as the “Town of Breckenridge, Colorado, Refunding Certificates of Participation, Series 2026 Escrow Account” (the “Escrow Account”). Receipt of \$[] by the Escrow Bank to be applied as provided herein is hereby acknowledged.

B. Other Federal Securities may, at any time, be substituted for any Federal Securities if the Initial Federal Securities are unavailable for purchase on the date of delivery of this Escrow Agreement or if such substitution of Federal Securities is required by the Tax Code or requested by the Town and permitted by Section 148 of the Tax Code and the applicable regulations thereunder, subject in any case to sufficiency demonstrations and yield proofs in a report of an independent firm of certified public accountants, and subject to a favorable opinion of nationally recognized bond counsel as to the legality of any such substitution, and in any event in such a manner so as not to increase the price which the Town pays for the initial acquisition of Federal Securities for the Escrow Account. The certified public accountant’s report, which shall be addressed to the Town and the Escrow Bank, must indicate that the receipts from the substitute securities are sufficient without any need for reinvestment to fully pay the principal of, interest on and any prior redemption premiums due in connection with the Refunded Certificates. In lieu of, or in addition to, substituting other Federal Securities pursuant to the preceding sentence, moneys in an amount equal to the principal of and interest on all or any portion of such Initial Federal Securities may be credited to the Escrow Account subject to the provisions of

Section 5 hereof. Any such cash shall be deemed to be part of the Initial Cash. Any Federal Securities temporarily substituted may be withdrawn from the Escrow Account when the Initial Federal Securities are purchased and credited to the Escrow Account. Any moneys temporarily substituted for Initial Federal Securities shall be repaid to the person advancing such moneys when such Initial Federal Securities are purchased and credited to the Escrow Account. Similarly any temporary advancement of moneys to the Escrow Account to pay designated Refunded Certificate Requirements because of a failure to receive promptly the principal of and interest on any Federal Securities at their respective fixed maturity dates, or otherwise, may be repaid to the person advancing such moneys upon the receipt by the Escrow Bank of such principal and interest payments on such Federal Securities.

C. The Initial Cash, the proceeds of the Initial Federal Securities (and of any other Federal Securities acquired as an investment or reinvestment of moneys accounted for in the Escrow Account), and any such Federal Securities themselves (other than Federal Securities, including the Initial Federal Securities, held as book-entries) shall be deposited with the Escrow Bank and credited to and accounted for in the Escrow Account. The securities and moneys accounted for therein shall be redeemed and paid out and otherwise administered by the Escrow Bank for the benefit of the Town and the owners of the Refunded Certificates as provided in this Agreement and the Authorizing Ordinance.

Section 2. Purpose of Escrow.

A. The Escrow Bank shall hold, separately from other accounts, the Initial Cash, all Federal Securities accounted for in the Escrow Account (other than any Federal Securities, including the Initial Federal Securities, held as book-entries), and all moneys received from time to time as interest on and principal of such Federal Securities (including those held as book-entries), to secure and for the payment of the Refunded Certificate Requirements, as the same become due and are called for prior redemption.

B. Except as provided in Paragraph B of Section 1 and in Section 8 hereof, the Escrow Bank shall collect the principal of and interest on such Federal Securities promptly as

such principal and interest become due and shall apply all money so collected to the payment of the Refunded Certificate Requirements as aforesaid.

Section 3. Accounting for Escrow.

A. The moneys and the Federal Securities accounted for in the Escrow Account shall not be subject to checks drawn by the Town or otherwise subject to its order except as otherwise provided in Paragraph B of Section 1 and in Section 8 hereof.

B. The Escrow Bank shall transfer from time to time from the Escrow Account to the paying agent for the Refunded Certificates sufficient moneys to permit payment, without any default, of the Refunded Certificate Requirements, as provided herein and as directed by the duly authorized officers of the Town. The Escrow Bank shall never be required to advance its own funds for payment in connection with the Refunded Certificate Requirements.

C. Except as otherwise provided in Paragraph B of Section 1 of this Agreement, there shall be no sale of any Federal Securities held hereunder, and no Federal Securities held hereunder and callable for prior redemption at the Town's option shall be called at any time for prior redemption, except if necessary to avoid a default in the payment of the Refunded Certificate Requirements.

Section 4. Maturities of Federal Securities.

A. Federal Securities shall not be callable by the issuer thereof and shall be purchased in such manner:

(1) So that such Federal Securities may be redeemed in due season at their respective maturities to meet the Refunded Certificate Requirements as the same become due.

(2) So that any sale or prior redemption of such Federal Securities shall be unnecessary.

B. There shall be no substitution of any Federal Securities except as otherwise provided in Paragraph B of Section 1 of this Agreement.

Section 5. Reinvestments.

A. The Escrow Bank shall reinvest the cash balances listed in the Report for the period designated in the Report in state and local government series securities (“slgs”) (if available) purchased directly by the Escrow Bank for the Town from the United States Government to the extent set forth in the Report. All of the slgs in which such reinvestments are made shall bear interest at the rate of 0% per annum and shall mature on or before the date or dates when the proceeds thereof must be available as shown on the Report for the prompt payment of the Refunded Certificate Requirements. The Escrow Bank agrees to comply with applicable regulations as are from time to time in effect in subscribing for and purchasing such slgs.

B. In addition to or, as the case may be, in lieu of the reinvestments required by Paragraph A of this Section 5, the Escrow Bank, at the written direction of the Town, shall invest the Initial Cash and shall reinvest in Federal Securities any moneys received in payment of the principal of and interest on any Federal Securities accounted for in the Escrow Account, subject to the limitations of Sections 1, 4 and 6 hereof and the following limitations:

(1) Any such Federal Securities shall not be subject to redemption prior to their respective maturities at the option of their issuer.

(2) Any such Federal Securities shall mature on or prior to the date or dates when the proceeds thereof must be available for the prompt payment of the Refunded Certificate Requirements.

(3) Under no circumstances shall any reinvestment be made under this Paragraph B if such reinvestment, alone or in combination with any other investment or reinvestment, violates the applicable provisions of Section 148 of the Tax Code and the rules and regulations thereunder.

(4) The Escrow Bank shall make no such reinvestment under this Paragraph B unless the Town first obtains and furnishes to the Escrow Bank a written opinion of nationally

recognized bond counsel to the effect that such reinvestment, as described in the opinion, complies with subparagraph (3) of this Section 5.

(5) Except as provided in this Section 5, the Escrow Bank shall have no obligation by virtue of this Agreement, general trust law or otherwise to make any reinvestment of any moneys in the Escrow Account at any time.

Section 6. Sufficiency of Escrow. The moneys and Federal Securities accounted for in the Escrow Account shall be in an amount (or have appropriate maturities and yields to produce an amount) which at all times shall be sufficient to pay the Refunded Certificate Requirements. Should the amount in the Escrow Account at any time be insufficient to pay the Refunded Certificate Requirements, the Escrow Bank shall notify the Town of such deficiency. Upon such notification, the Town shall immediately remit to the Escrow Bank, from any available funds of the Town, an amount sufficient to cover such deficiency.

Section 7. Transfers and Redemption Notice for Refunded Certificate Requirements; Notice.

A. The Escrow Bank shall make such transfers to the paying agent for the Refunded Certificates, as will ensure, to the extent of money in the Escrow Account properly allocable to and available therefor, the timely payment of the Refunded Certificate Requirements.

B. The Escrow Bank shall give or cause the paying agent for the Refunded Certificates to give notice of redemption of the Refunded Certificates by mailing a copy of the notice by first class mail (postage prepaid) not more than 60 days nor less than 30 days prior to the Redemption Date to the registered owner of each Refunded Certificate to be redeemed in whole or in part at the address shown on the registration books maintained by the registrar for the Refunded Certificates.

Section 8. Termination of Escrow Account. When the Escrow Bank shall have made payment or provisions for payment so that all Refunded Certificate Requirements shall be or shall have been paid to the paying agent for the Refunded Certificates, the Escrow Bank shall immediately pay over to the Town the moneys, if any, then remaining in the Escrow

Account and shall make forthwith a final report to the Town. Such moneys may be used by the Town for any lawful purpose, subject to any limitations in the Authorizing Ordinance.

Section 9. Fees and Costs.

A. The Escrow Bank's fees and costs for and in carrying out the provisions of this Agreement have been fixed at \$[____], which amount is to be paid at or prior to the time of the issuance of the Series 2026 Certificates by the Town, directly to the Escrow Bank as payment in full of all charges (except the costs of mailing and publishing notices of redemption) of the Escrow Bank pertaining to this Agreement for services performed hereunder. In addition, the Town shall pay and/or reimburse the Escrow Bank for its costs of publishing and mailing the redemption notices required to be given by the Escrow Bank pursuant to Subsection B of Section 7 hereof.

B. Such payment for services rendered and to be rendered by the Escrow Bank shall not be for deposit in the Escrow Account, and the fees of and the costs incurred by the Escrow Bank shall not be deducted from such account. The Escrow Bank shall never assert a lien on the moneys or Federal Securities in the Escrow Account for payment for its services.

Section 10. Status Report and Rebate Notice.

A. On or before January 1, 2027, the Escrow Bank shall submit to the Director of Finance of the Town a report covering all money which the Escrow Bank shall have received and all payments which it shall have made or caused to be made hereunder during the next preceding Fiscal Year (or such lesser amount of time as the Escrow Account shall have been in existence).

B. Each such report (except the last report) shall also list all Federal Securities and the amount of money accounted for in the Escrow Account on December 31 of the Fiscal Year to which the report pertains.

C. Each such report (including the last report) shall further indicate for which period any Federal Securities pledged to secure the repayment to the Town of any uninvested moneys were placed in pledge, as permitted by Section 12.

D. At least 30 but not more than 60 days prior to the date on which the last Refunded Certificate is discharged, the Escrow Bank shall send written notice to the Town stating that the Town must: (i) compute the amount of rebatable arbitrage, if any, which is due to the federal government pursuant to Sections 103 and 148(f) of the Internal Revenue Code of 1986, as amended, and (ii) pay such amount no later than 60 days from the date on which the last Refunded Certificate is discharged.

Section 11. Character of Deposit.

A. It is recognized that title to the Federal Securities and money accounted for in the Escrow Account from time to time shall remain vested in the Town or in the Escrow Bank on behalf of the Town but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement and the Authorizing Ordinance.

B. The Escrow Bank shall hold all such Federal Securities (except as they may be held as book-entries) and money in the Escrow Account as a separate fiduciary fund and shall never commingle such securities or money with other securities or money held in other areas of the Escrow Bank.

Section 12. Securing Deposit.

A. The Escrow Bank may cause the Federal Securities accounted for in the Escrow Account to be registered in the name of the Escrow Bank for payment, if they are registrable for payment.

B. No money paid into and accounted for in the Escrow Account shall ever be considered as an asset of the Escrow Bank and the Escrow Bank shall have no right or title with respect thereto except as provided herein.

Section 13. Exercise of Option; Refunding and Defeasance Notice. The Town hereby exercises its option to call for prior redemption all of the currently outstanding Refunded Certificates on the Redemption Date. In order to exercise its option redeem the Refunded Certificates, the Town has determined to redeem the Refunded Certificates on the Redemption Date, at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date, without prior redemption premium. In connection with the refunding and defeasance of the Refunded Certificates, the Escrow Agent hereby agrees and accepts responsibility for giving the notice of refunding and defeasance of the Refunded Certificates at the times and in the manner required by the Prior Indenture so that the Refunded Certificates may be redeemed on the Redemption Date. A form of such notice of redemption is attached hereto.

Section 14. Purchaser's Responsibility. The Purchaser and holders from time to time of the Series 2026 Certificates shall in no manner be responsible for the application or disposition of the proceeds thereof or any moneys or Federal Securities accounted for in the Escrow Account.

Section 15. Amendment.

A. The Series 2026 Certificates shall be issued in reliance upon this Agreement and except as herein provided, this Agreement shall be irrevocable and not subject to amendment after any of the Series 2026 Certificates shall have been issued, except as provided herein.

B. The provisions of this Escrow Agreement cannot be amended, waived or modified except to correct ambiguities or to add to the protection of the owners of the Series 2026 Certificates or the Refunded Certificates and such amendments shall be in writing executed by the parties hereto. Copies of any modification or amendment to this Agreement shall be sent at least 10 days prior to the effective date thereof to any rating agency then maintaining a rating on the Series 2026 Certificates.

Section 16. Exculpatory Provisions.

A. The duties and responsibilities of the Escrow Bank are limited to those expressly and specifically stated in this Agreement.

B. The Escrow Bank and any of its officers, agents or employees shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions hereof.

C. The Escrow Bank and any of its officers, agents or employees shall not be personally liable or responsible for any act which it may do or omit to do hereunder, while acting with reasonable care, except for duties expressly imposed upon the Escrow Bank hereunder or as otherwise expressly provided herein.

D. The Escrow Bank shall neither be under any obligation to inquire into or be in any way responsible for the performance or nonperformance by the Town of any of its obligations, nor shall the Escrow Bank be responsible in any manner for the recitals or statements contained in this Agreement, in the Authorizing Ordinance, in the Refunded Certificates, or in any proceedings taken in connection therewith, such recitals and statements being made solely by the Town.

E. Nothing in this Agreement creates any obligation or liabilities on the part of the Escrow Bank to anyone other than the Town and the holders of the Refunded Certificates and the Series 2026 Certificates.

Section 17. Time of Essence. Time is of the essence in the performance of the obligations from time to time imposed upon the Escrow Bank by this Agreement.

Section 18. Successors.

A. Whenever in this Agreement the Town or the Escrow Bank is named or is referred to, such provision is deemed to include any successor of the Town or the Escrow Bank, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the Town or the Escrow Bank contained in this Agreement:

(1) Shall bind and inure to the benefit of any such successor, and

(2) Shall bind and inure to the benefit of any officer, board, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law any relevant right, power or duty of the Town or the Escrow Bank, respectively, or of its successor.

Section 19. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Agreement.

Section 20. Notices. Any notice to be given hereunder shall be delivered personally or mailed postage prepaid, return receipt requested, to the following addresses:

If to the Escrow Bank:

UMB Bank, n.a.
1800 Larimer Street, Suite 200
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services
Email: Jonathan.Fernandez@umb.com
Phone: (303) 764-3607

If to the Town:

Town of Breckenridge, Colorado
150 Ski Hill Road
P. O. Box 168
Breckenridge, Colorado 80424
Attention: Town Manager
Email: shannonh@townofbreckenridge.com
Phone: (970) 547-3166

or to such other address as any party may, by written notice to the other parties, hereafter specify. Any notice shall be deemed to be given upon mailing.

Section 21. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 22. Electronic Signatures. All notices, approvals, consents, requests and any communications hereunder must be in writing, provided that any such communication sent to the Escrow Bank hereunder must be in the form of a document that is signed manually or by way of a digital signature provided by DocuSign (or such other digital signature provider as specified in writing to the Escrow Bank by the authorized representative of the Town), in English. The Town agrees to assume all risks arising out of the use of digital signatures and electronic methods to submit communications to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 23. Jurisdiction and Venue. This Agreement is governed by the internal laws of the State of Colorado. The parties consent to the exclusive jurisdiction of any court of the State of Colorado located in Summit County for the purpose of any suit, action or other proceeding arising under this Agreement, and the parties hereby irrevocably agree that all claims in respect of any such suit, action or proceeding may be heard and determined by such court.

Section 24. Form of Notice. The notice so to be given shall be in substantially the following form:

(Form of Notice)

NOTICE OF REFUNDING, DEFEASANCE AND PRIOR REDEMPTION

**TOWN OF BRECKENRIDGE, COLORADO
CERTIFICATES OF PARTICIPATION,
SERIES 2016**

MATURING ON AND AFTER DECEMBER 1, 2027

CUSIP NUMBER: 106443AM6, AN4, AP9, AQ7, AR5

NOTICE IS HEREBY GIVEN that Town of Breckenridge, Colorado (the “Town”) will cause to be deposited in escrow with UMB Bank, n.a. (the “Escrow Bank”), refunding proceeds which will be invested (except for a small initial cash balance remaining uninvested) in certificates of indebtedness, notes, bonds and similar securities which are direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America to refund, pay, redeem and discharge the principal and interest in connection with the Town’s Certificates of Participation, Series 2016 (the “Refunded Certificates”), as more particularly described below.

All of the Refunded Certificates maturing on and after December 1, 2027 as shown below, will be paid at maturity and/or called for prior redemption on [_____, 2026] (the “Redemption Date”). On the Redemption Date, the principal of such Refunded Certificates and accrued interest to the Redemption Date, will become due and payable at the principal office of the paying agent, UMB Bank, n.a., as paying agent for the Refunded Certificates (the “Paying Agent”), and thereafter interest will cease to accrue. The Refunded Certificates will be redeemed without a premium.

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2027	\$395,000	4.000%	106443AM6
2028	410,000	4.000	106443AN4
2029	425,000	4.000	106443AP9
2030	440,000	3.000	106443AQ7
2035	<u>2,525,000</u>	5.000	106443AR5
TOTAL	\$4,195,000		

According to a report of a firm of certified public accountants, licensed to practice in Colorado, the escrow, including the known minimum yield from such investments and any temporary

reinvestments and the initial cash balance remaining uninvested, will be fully sufficient at the time of the deposit and at all times subsequent, to pay the principal amount of the respective Refunded Certificates on the respective Redemption Dates, and interest accruing on and after the date of the deposit and on and before the Redemption Dates.

Pursuant to federal law, the Paying Agent is required to withhold a portion of the principal of your certificate redeemed unless the Paying Agent is provided with your Social Security Number or Taxpayer Identification Number, properly certified or submitted on a Form W-9. A completed Form W-9 should be presented with your certificate.

The above-referenced CUSIP numbers were assigned to this issue by Standard & Poor's Corporation and are intended solely for certificate holders' convenience. Neither the Paying Agent nor the Town shall be responsible for selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Refunded Certificates or as indicated in any redemption notice.

Dated _____, 2026

UMB BANK, N.A.

(End Form of Notice)

[Signature page follows]

IN WITNESS WHEREOF, the Town of Breckenridge, Colorado has caused this Escrow Agreement to be signed in the Town's corporate name by its Mayor and to be attested by its Town Clerk, with the seal thereof hereunto affixed; and UMB Bank, n.a., has caused this Escrow Agreement to be signed in its corporate name by one of its authorized officers, and sealed with its corporate seal, all as of the day and year first above written.

TOWN OF BRECKENRIDGE, COLORADO

By: _____
Mayor

(SEAL)

Attest:

Town Clerk

UMB BANK, N.A., as Escrow Bank

By _____
Senior Vice President

[Signature Page to Escrow Agreement]

EXHIBIT A

Escrow Verification Report

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Breckenridge, Colorado (the “Issuer”) in connection with the authorization, execution, and delivery of the Lease Purchase Agreement, dated as of [CLOSING DATE] (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the Issuer, as lessee, and the execution and delivery of the Refunding Certificates of Participation, Series 2026, in the aggregate principal amount of \$[] (the “Certificates”). The Certificates are being issued pursuant to the Indenture of Trust, dated as of [CLOSING DATE] (the “Indenture”) executed by the Trustee. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's Fiscal Year, commencing nine (9) months following the end of the Issuer's Fiscal Year ending December 31, 2026, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if any. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer: it is not required that the format reflected in the Official Statement be used in future years.

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

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

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

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

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

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Certificates:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Certificates, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

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

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

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

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

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

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

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

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof;

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided; and

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section 3(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

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

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

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

[Signature page follows]

DATE: [CLOSING DATE], 2026.

TOWN OF BRECKENRIDGE, COLORADO

By: _____
Mayor

[Signature Page to Continuing Disclosure Certificate]

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Breckenridge, Colorado
Name of Bond Issue: Refunding Certificates of Participation, Series 2026
Date of Issuance: [CLOSING DATE]
CUSIP Number: [_____] ____

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

Dated: _____, _____

TOWN OF BRECKENRIDGE, COLORADO

By: _____
Mayor

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

[TO COME]

CERTIFICATE PURCHASE AGREEMENT

\$[_____]

REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2026
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement dated as of [_____], 2026,
between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor,
and THE TOWN OF BRECKENRIDGE, COLORADO, as lessee

Town of Breckenridge, Colorado
150 Ski Hill Road, Box 168
Breckenridge, Colorado 80424

UMB Bank, N.A.
1800 Larimer Street, Suite 200
Denver, CO 80202

Ladies and Gentlemen:

On the basis of the representations, warranties, covenants and descriptions contained in this Certificate Purchase Agreement and the appendices hereto (this “Agreement”), and upon the terms and conditions contained in this Agreement, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), acting on its own behalf and not acting as fiduciary or agent for you or for the hereinafter defined Town, hereby agrees to purchase \$[_____] aggregate principal amount of Refunding Certificates of Participation, Series 2026 (the “Certificates”), evidencing proportionate interests in the base rentals and other revenues under an annually renewable Lease Purchase Agreement dated as of [_____], 2026 (the “Lease”), between UMB Bank, N.A., solely in its capacity as trustee (the “Trustee”), as lessor, and the Town of Breckenridge, Colorado, as lessee (the “Town”). The Certificates are to be executed and delivered under and pursuant to an Indenture of Trust dated as of [_____], 2026 (the “Indenture”), executed and delivered by the Trustee.

The Town will use the proceeds from the sale of the Certificates to: (i) finance the costs of the Refunding Project (as defined in the Lease), including any legally permitted costs and expenditures in connection therewith; and (ii) pay the costs of issuing the Certificates.

The Certificates will be executed and delivered under and secured as provided in the Indenture, and will be subject to redemption and will contain other terms as set forth in the Indenture and the hereinafter defined Official Statement. The Certificates will have the maturities, interest rates, optional redemption provisions, and mandatory sinking fund provisions as set forth in Appendix A to this Agreement.

All capitalized terms used but not defined herein shall have the meanings defined in the Lease and the Indenture, unless the context clearly indicates otherwise.

Section 1. Purchase and Sale of the Certificates. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Trustee, and the Trustee hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Certificates. Inasmuch as this purchase and sale represents a negotiated transaction, the Town acknowledges that: (i) the transaction contemplated by this Agreement is an arm’s

length, commercial transaction between the Town and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Town; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Town with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Town on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own accounts, (iv) the only obligations the Underwriter has to the Town with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Town has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. The principal amount of the Certificates to be executed and delivered, the dated date therefor, the maturities, optional redemption provisions, mandatory sinking fund provisions, and interest rates per annum are set forth in Appendix A hereto. The Certificates shall be as described in, and shall be executed and delivered and secured under and pursuant to the Indenture, under the conditions set forth herein and the proceeds from the sale of the Certificates to the Underwriter shall be deposited as provided in the Indenture.

The purchase price for the Certificates is \$[____], which amount includes the par amount of the Certificates of \$[____], plus original issue premium of \$[____], and less an underwriting discount of \$[____].

Section 2. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Certificates at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

With respect to the establishment of the issue price of the Certificates:

(a) The Underwriter agrees to assist the Town in establishing the issue price of the Certificates and shall execute and deliver to the Town on the Closing Date (as defined below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Town and Special Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in Appendix A attached hereto, the Town will treat the first price at which 10% of each maturity of the Certificates (the “10% test”), identified under the column “10% Test Used” in Appendix A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Underwriter shall report to the Town the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the Town the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until either (i) the Underwriter has sold all Certificates of that maturity or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Town or Special Counsel. For purposes of this section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Agreement, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which the Town and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Town to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following.

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Town promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the

unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Town acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The Town further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public);

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

(iv) “sale date” means the date of execution of this Agreement by the Trustee and the Underwriter.

Section 3. The Official Statement.

(a) The Town has previously authorized the Preliminary Official Statement dated [____], 2026 (the “Preliminary Official Statement”) and has previously deemed final the Preliminary Official Statement as of its date within the meaning of Rule 15c2-12 under the Securities and Exchange Act of 1934 (the “Rule”) except for the omission of no more than the following information: the offering prices, interest rates, selling compensation, aggregate principal amount, delivery date, ratings, and other terms of the Certificates depending on such matters. The Town hereby ratifies such action. The Town shall deliver to the Underwriter in sufficient time to accompany any confirmation that requires payment from any customer and in any event no later than seven business days after the date hereof, copies of the final Official Statement to be dated no earlier than as of the date hereof, including all appendices thereto and any amendment or supplement thereto (the “final Official Statement”) (the Preliminary Official Statement and the final Official Statement, collectively, are referred to herein as the “Official Statement”), relating to the Certificates, in sufficient quantity as the Underwriter shall request in order to enable the Underwriter to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

(b) The Town consents to and ratifies the use of copies of the Preliminary Official Statement and authorizes the use of copies of the Official Statement in connection with the public offering and sale of the Certificates.

(c) The Town shall promptly notify the Underwriter of any material change in the affairs or financial condition of the Town which may occur prior to the Closing (as defined in Section 4 hereof). Also, the Town shall promptly notify the Underwriter of any material developments affecting the Town or the Certificates which occur between the date of this Agreement and a date which is 25 days after the end of the underwriting period (as defined below in this subsection). After such notification, if, in the opinion of the Town or the Underwriter, a change would be required in the Official Statement in order to make the statements therein true and not misleading or incomplete in any material respect, then such change will be made by amendment or supplement, and the Official Statement as so amended or supplemented will be supplied to the Underwriter in reasonable quantity for distribution; provided that, the Town will not amend or supplement the Official Statement without the prior consent of the Underwriter, which consent will not be unreasonably withheld. End of the underwriting period shall mean the date of the Closing unless the Underwriter shall in writing advise the Town that the underwriting period must be extended, in which case the end of the underwriting period shall be the date set forth in such writing.

(d) The Town shall cooperate with the Underwriter in taking all necessary action to qualify the Certificates for offer and sale under the securities or “blue sky” laws of such states and territories of the United States as the Underwriter may reasonably request; provided that the Town will not be required to consent to service of process in jurisdictions other than Colorado.

(e) Pursuant to MSRB Rule G-36 and the Rule, the Underwriter shall post a copy of the Official Statement to “EMMA”, the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

Section 4. Representations, Warranties and Agreements of the Trustee. By its acceptance hereof, the Trustee hereby represents, and warrants to, and agrees with, the Underwriter and the Town that:

(a) The Trustee is a national banking association that is duly organized, existing and in good standing under the laws of the United States of America, is qualified to do business in the State of Colorado and is authorized to exercise all of its corporate powers, rights and privileges, and has all necessary power to acquire a leasehold interest in the Leased Property and enter into the Lease, this Agreement, the Indenture and the Site Lease dated as of [____], 2026 (the "Site Lease"), between the Town, as lessor, and the Trustee, as lessee. The Trustee is possessed of full power to lease, own and hold real property and to lease and sublease the same as lessee from and sublessor to the Town, and has duly authorized and approved the execution and delivery of the Site Lease, the Lease, this Agreement and the Indenture. The Trustee has duly authorized or will duly authorize, prior to the Closing Date, the execution and delivery by the Trustee of the Indenture, the Site Lease, the Lease and this Agreement.

(b) The Trustee has taken or will have taken, prior to the Closing Date, as hereinafter defined, all necessary action for the execution and delivery and due performance by the Trustee of this Agreement, the Site Lease, the Lease and the Indenture, and the Trustee agrees to deliver executed counterparts of this Agreement, the Indenture, the Site Lease and the Lease to the Underwriter on the Closing Date.

(c) There is no action, suit, proceeding or, to the best knowledge of the Trustee any inquiry or investigation, at law or in equity or before or by any court, public board or body, pending or, to the best knowledge of the Trustee, threatened against or affecting the Trustee (or to the best knowledge of the Trustee, any basis therefor), wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Lease, the Site Lease, this Agreement or the Indenture, or the validity of the Lease, this Agreement, the Indenture, the Site Lease or any other agreement or instrument to which the Trustee is a party and which is used in the consummation of the transactions contemplated hereby or by the Site Lease, the Lease or the Indenture.

(d) The execution and delivery of this Agreement, the Indenture, the Lease, the Site Lease and the other agreements contemplated hereby, and compliance with the provisions thereof and hereof, do not conflict with or constitute on the part of the Trustee a default of or breach under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Trustee is subject or by which the Trustee is bound.

(e) The Trustee will cooperate with the Town and Special Counsel in the preparation of the Site Lease, the Lease and the Indenture, and the execution and delivery of the Certificates.

(f) Any certificate signed by any of the authorized officers of the Trustee and delivered to the Underwriter shall be deemed a representation and warranty by the Trustee to the Underwriter as to the statements made therein.

(g) The representations and warranties of the Trustee contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date as if made on the Closing Date.

Section 5. Representations and Warranties of the Town. On or prior to [CLOSING DATE], the Underwriter and the Trustee received representations and warranties from the Town as to the accuracy of the representations contained in this Agreement.

Section 6. Closing. Payment of the purchase price of the Certificates shall be made by wire funds transfer, in immediately available funds, at the offices of Butler Snow LLP ("Special Counsel"), at 9:00 a.m., Denver Time, on [____], 2026, or such other place, time or date as shall be mutually agreed upon by the Town, the Trustee and the Underwriter. The date of such delivery and payment is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time." The delivery of the Certificates shall be made in definitive or temporary form, bearing CUSIP

numbers (provided that neither the printing of a wrong CUSIP number on any Certificate nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Certificate), all as provided in the Indenture on the Closing Date.

Section 7. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Trustee and the Town contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Town and the Trustee of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligation under this Agreement to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the Town and the Trustee of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following additional conditions, including the delivery by the Town and the Trustee of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Town contained in this Agreement shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Town shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Site Lease, the Lease, this Agreement, the Official Statement, the Escrow Agreement and the Continuing Disclosure Undertaking relating to the Certificates (the "Undertaking"), (collectively, the "Town Documents") and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Town and the Trustee required to be taken by the Town and the Trustee shall be performed in order for Special Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) On or prior to the Closing Date, the Lease and the Site Lease shall have been duly executed and delivered by the Town and the Trustee, and the Trustee shall have duly executed and delivered the Certificates;

(e) On the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Town, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(f) The Town shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(h) On or prior to the Closing Date, the Underwriter shall have received copies of each of the following:

(i) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Town by the Mayor, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(ii) The Indenture with such supplements as may have been agreed to by the Underwriter;

(iii) The Undertaking of the Town satisfying requirements of section (b)(5)(i) of the Rule;

(iv) The approving opinion of Special Counsel (the “Approving Opinion”), addressed to the Town, substantially to the effect that:

(A) the Site Lease has been duly authorized by the Town, duly executed and delivered by authorized officials of the Town, is in full force and effect, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Town.

(B) the Lease has been duly authorized, executed, and delivered, is in full force and effect, and is a valid and binding obligation of the Town;

(C) the portion of Base Rentals paid by the Town which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is not includible in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax;

(D) the portion of Base Rentals paid by the Town which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is not includible in gross income for State of Colorado income tax purposes;

(v) a reliance letter addressed to the Underwriter to the effect that the Underwriter may rely on the Approving Opinion to the same extent as if such opinion were addressed to it;

(vi) a letter from Special Counsel, in form and substance satisfactory to the Underwriter, dated as of the Closing Date and addressed to the Town, stating, in substance, that nothing came to the attention of the attorneys at Butler Snow LLP rendering legal services in connection with such firm’s representation of the Town that the Official Statement, as of its date, (except for any financial statements, demographic, economic, engineering, financial, or statistical data and any statements of trends, forecasts, estimates, projections, assumptions, or any expressions of opinion and information concerning The Depository Trust Company and its procedures contained in the Official Statement and their respective appendices, as to which no view is expressed) contained any untrue statement of a material fact or omitted any material fact required to be stated therein or necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading;

(vii) a certificate of the Town signed by duly authorized officials of the Town relating to (A) the representations of the Town contained herein are true and correct in all material respects and as of Closing Date as if made on the Closing Date; (B) the due organization of the Town, (C) the absence of any material litigation against the Town, (D) the due authorization, execution, and delivery of the Site Lease, the Lease, this Agreement and the Undertaking by the Town, (E) the validity and enforceability of the Site Lease, the Lease, this Agreement and the Undertaking against the Town, and (F) all approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance of the Town of its obligations under this Agreement, the Site Lease, the Lease and the Undertaking and which can be reasonably obtained on the Closing Date have been obtained; together with a certificate executed by one or more officers of the Town, to the effect that the Official Statement, as then amended or supplemented, to the best of their knowledge, neither contains an untrue statement of any material fact nor omits to state any material fact necessary to make the statements made in the Official Statement, in light of the circumstances in which they are made, not misleading;

(viii) a certificate of the Trustee, dated the Closing Date and executed by an authorized officer of the Trustee, certifying that all of the representations and warranties of the Trustee herein and in the Indenture, Lease, and Site Lease are true, complete and correct on and as of the Closing Time with the same effect as if made at such time;

(ix) evidence of the title insurance commitment required by Section 2.04(a) of the Indenture and Section 7.1 of the Lease;

(x) evidence of the insurance required by Section 8.4 of the Lease;

(xi) evidence satisfactory to the Underwriter that the Certificates have been rated “[]” by Moody’s Investors Service and that such rating is in effect as of the Closing Date; and

(xii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Town’s representations and warranties contained in this Agreement and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Town on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Town.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Town and the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and none of the Underwriter, the Town, or the Trustee shall be under any further obligation hereunder, except that the obligations of the Town set forth in Sections 5 and 11 hereof shall continue in full force and effect.

Section 8. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Certificates if, between the date hereof and the Closing Date, the market price or marketability of the Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates or, with respect to State taxation, of the interest on the Certificates as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax

status of the Town, its property, income securities (or interest thereon), or the validity or enforceability of the Certificates, the Site Lease, the Lease, or the Indenture;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Town, except for changes which the Official Statement discloses are expected to occur;

(i) there shall have occurred (i) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (ii) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Town's obligations;

(l) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(m) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Certificates.

Section 9. Expenses. All expenses incident to the execution and delivery of the Certificates shall be paid from proceeds of the Certificates. Such expenses shall include, but shall not be limited to (a) the cost of preparing, printing or otherwise reproducing and distributing the Certificates, the Town Documents, the Preliminary Official Statement and the Official Statement with any amendment or supplement thereto; (b) the cost of preparing and executing the definitive Certificates; (c) the fees and expenses of Special Counsel, general counsel to the Town, independent auditors and any other experts and consultants retained in connection with the execution and delivery of the Certificates; (d) the initial fees and expenses of the Trustee; (e) fees charged by investment rating agencies for the rating of the Certificates, and all other expenses incurred by the Underwriter in connection with its purchase, offering and distribution of the Certificates; and (f) fees of obtaining insurance for the payment of the principal and interest due with respect to the Certificates, if any. All out-of-pocket expenses of the Underwriter, including travel and other expenses, shall be paid by the Underwriter.

Section 10. Notices. Any notice or other communication to be given to the Town under this Agreement may be given by delivering the same in writing to the Town of Breckenridge, Colorado, 150 Ski Hill Road, Box 168, Breckenridge, Colorado 80424, Attention: Town Manager, any notice or other

communication to be given to the Trustee under this Agreement may be given by delivering the same in writing to UMB Bank, n.a., 1800 Larimer Street, Suite 200, Denver, Colorado 80202, Attention: Jonathan Fernandez, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 1401 Lawrence Street, Suite 900, Denver, Colorado 80202, Attention: Josh Benninghoff.

Section 11. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Town, the Trustee and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Trustee or the Town. All of the Town's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

Section 12. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Trustee and acknowledgment hereof by the Town and shall be valid and enforceable at the time of such acceptance and acknowledgment.

Section 13. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of Colorado.

Section 14. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

Section 15. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

Section 16. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

Section 17. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Signature page follows]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By _____
Authorized Officer

Accepted [____], 2026 at ____ p.m. MST

UMB Bank, N.A., acting solely
in its capacity as Trustee under the Indenture

By _____
Authorized Officer

Acknowledged [____], 2026 at ____ p.m. MST:

TOWN OF BRECKENRIDGE, COLORADO

By _____
Town Manager

APPENDIX A

MATURITY SCHEDULE

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Used	Hold the Offering Price Rule Used

^T Term Certificate.
^C Priced to first optional redemption date of December 1, 20[] at par.

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

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 20[] 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:

Redemption Date

Principal Amount

[]¹

¹ Final maturity; not a sinking fund redemption payment.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$[_____]]
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2026
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement dated as of [_____] , 2026,
between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and THE
TOWN OF BRECKENRIDGE, COLORADO, as lessee

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned certificates (the “Certificates”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Agreement, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Stifel has sold at least 10% of such Hold-

the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Town of Breckenridge, Colorado.

(e) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is [____], 2026.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

4. ***Yield.*** The yield on the Certificates has been calculated to be not less than [____]%. The [____] maturities were treated as having been redeemed on the optional redemption date that produces the lowest yield on such maturities.

5. ***Weighted Average Maturity.*** The weighted average maturity of the Certificates has been calculated to be [____] years.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Butler Snow LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____

Name: _____

By: _____

Name: _____

Dated: [____], 2026

OFFICIAL STATEMENT

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: Moody's: "Aa2"
See "RATING"**

In the opinion of Butler Snow LLP, Special Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming continuous compliance with certain representations and continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease (as defined herein) and paid as interest on the Certificates (as defined herein) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), interest on the Certificates is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022 and is excludable from State of Colorado (the "State") taxable income and State alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates, as described herein. See "TAX MATTERS."

\$17,775,000

CERTIFICATES OF PARTICIPATION, SERIES 2022

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement dated as of December 22, 2022,
between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and THE
TOWN OF BRECKENRIDGE, COLORADO, as lessee**

Dated: Date of Delivery

Due: December 1, as shown herein

The Certificates of Participation, Series 2022 (the "Certificates") evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of December 22, 2022 (the "Lease"), entered into between UMB Bank, n.a., solely in its capacity as trustee (the "Trustee") under the Indenture (as defined below), as lessor, and the Town of Breckenridge, Colorado, as lessee (the "Town"). The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of December 22, 2022 (the "Indenture"), executed and delivered by the Trustee.

The Certificates are issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See "THE CERTIFICATES--Book-Entry Only System." The Certificates bear interest at the rates set forth herein, payable on June 1 and December 1 of each year, commencing on June 1, 2023, to and including the maturity dates shown herein (unless the Certificates are redeemed earlier), payable to the registered owner of the Certificates, initially Cede & Co. The principal of the Certificates will be payable upon presentation and surrender at the Trustee. See "THE CERTIFICATES."

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

The Certificates are subject to redemption prior to maturity at the option of the Town and are also subject to mandatory sinking fund redemption as described in "THE CERTIFICATES--Redemption Provisions." *The Certificates are also subject to extraordinary mandatory redemption upon the occurrence of certain events, including an Event of Nonappropriation or an Event of Lease Default, as described in "THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption upon the Occurrence of Certain Events."*

The proceeds from the issuance of the Certificates will be used to: (i) finance the acquisition, construction, installation, equipping of for rent workforce housing on the Leased Property (defined herein), including any legally permitted costs and expenditures in connection therewith; and (ii) pay the costs of issuing the Certificates. See "SOURCES AND USES OF FUNDS."

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

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

The Certificates are offered when, as, and if issued, subject to the approval of validity by Butler Snow LLP, Denver, Colorado, Special Counsel, and certain other conditions. Butler Snow LLP also has acted as special counsel to the Town in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Town by the Town Attorney, Kirsten Crawford, Esq., Breckenridge, Colorado. Stradling, Yocca, Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about December 22, 2022.

STIFEL

Dated December 15, 2022

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 106443)

\$17,775,000

CERTIFICATES OF PARTICIPATION, SERIES 2022

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an
Annually Renewable Lease Purchase Agreement dated as of December 22, 2022,
Between UMB Bank, N.A. , solely in its capacity as trustee under the Indenture, as lessor,
and THE TOWN OF BRECKENRIDGE, COLORADO, as lessee**

Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP® Issue Number	Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP® Issue Number
2023	\$585,000	5.00%	2.86%	106443DB7	2031	\$ 790,000	5.00%	2.89%	106443CT9
2024	565,000	5.00	2.71	106443DC5	2032	830,000	5.00	2.91	106443CU6
2025	590,000	5.00	2.68	106443CM4	2033	875,000	5.00	3.00*	106443CV4
2026	620,000	5.00	2.71	106443CN2	2034	915,000	5.00	3.15*	106443CW2
2027	650,000	5.00	2.75	106443CP7	2035	965,000	5.00	3.30*	106443CX0
2028	685,000	5.00	2.79	106443CQ5	2036	1,010,000	5.00	3.47*	106443CY8
2029	720,000	5.00	2.82	106443CR3	2037	1,060,000	5.00	3.62*	106443CZ5
2030	755,000	5.00	2.85	106443CS1					

\$6,160,000 5.00% Term Certificate due December 1, 2042* Priced to Yield: 3.96%. CUSIP® Issue No.106443DA9.

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* Priced to first call date of December 1, 2032.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

TOWN OF BRECKENRIDGE, COLORADO

Mayor and Town Council

Eric Mamula, Mayor
Kelly Owens, Mayor Pro-Tem
Jay Beckerman
Jeffrey Bergeron
Dick Carleton
Todd Rankin
Carol Saade

Town Administrative Officials

Rick Holman, Town Manager
Shannon Haynes, Deputy Town Manager
Dave Byrd, Director of Finance
Pam Ness, Revenue Manager
Helen Cospolich, Municipal Services Manager/Town Clerk
Kirsten Crawford, Town Attorney

TRUSTEE

UMB Bank, n.a.
Denver, Colorado

SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, P.C.
Denver, Colorado

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

The information to be updated may be reported in any format chosen by the Town; it is not required that the format reflected in this Official Statement be used in future years. The budget information in the General Fund history table is to be satisfied with the current year budget information found in the CAFR; no budget information for future years need be provided.

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OFFICIAL STATEMENT

\$17,775,000

CERTIFICATES OF PARTICIPATION, SERIES 2022

Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement dated as of December 22, 2022, between UMB Bank, N.A. , solely in its capacity as trustee under the Indenture, as lessor, and THE TOWN OF BRECKENRIDGE, COLORADO, as lessee

INTRODUCTION

General

This Official Statement, including the cover page and appendices, is furnished in connection with the execution, delivery and sale of \$17,775,000 aggregate principal amount of Certificates of Participation, Series 2022 (the “Certificates”), evidencing proportionate interests in the base rentals and other revenues under an annually renewable Lease Purchase Agreement dated as of December 22, 2022 (the “Lease”), between UMB Bank, N.A., Denver, Colorado, solely in its capacity of trustee under the Indenture (the “Trustee”), as lessor, and the Town of Breckenridge, Colorado, as lessee (the “Town”). The Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust executed by the Trustee dated as of December 22, 2022 (the “Indenture”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

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

Changes since the Date of the Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated December 6, 2022 (the “POS”), including the final sources and uses of the Certificates proceeds and the principal amounts, maturity dates, interest rates, prices or yields and other terms of the Certificates. In addition, since the date of the POS, the Town has received its 2021 Annual Comprehensive Finance Report and as such that report is included as the most recent audit of the Town.

The Town

The Town was founded in 1859 and incorporated as a statutory town on March 3, 1880. The Town’s electors approved its home rule charter (the “Charter”) pursuant to the Colorado Constitution on April 1, 1980. The Town, which encompasses approximately 6.02 square miles,

is located in the Upper Blue River Valley in Summit County, Colorado (the “County”). The Town is located approximately 85 miles west of Denver, Colorado on Colorado State Highway 9. According to the Colorado Division of Local Government, the Town had an estimated permanent population of 5,078 as of 2020 Census (latest figure available). However, the Breckenridge Tourism Office estimates that the Town has a “peak” population (as described in “THE TOWN”) of more than 36,000. The Town is the county seat of the County and also is the home to the Breckenridge Ski Area (the “Ski Area”). See “THE TOWN.”

Purpose

The proceeds from the issuance of the Certificates will be used to: (i) finance the acquisition, construction, installation, equipping of for rent workforce housing on the Leased Property, including any legally permitted costs and expenditures in connection therewith (the “Project”); and (ii) pay the costs of issuing the Certificates. See “SOURCES AND USES OF FUNDS.”

The Certificates; Prior Redemption

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

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

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

The Leased Property

General. At the time of execution and delivery of the Certificates, the Town and Summit County, Colorado (the “County”) will lease the Site (defined below) to the Trustee pursuant to the terms and provisions of the Site Lease Agreement dated as of December 22, 2022 (the “Site Lease,” as more particularly defined in Appendix B). Simultaneously, the Trustee will lease back to the Town the Site, the Leased Property (described below) and the Project pursuant to the Lease. In addition, any improvements (including new buildings, which are part of the Project) constructed on the Site will become part of the Leased Property pursuant to the Lease.

The Leased Property. The Leased Property consists of (i) a site of approximately 1.8 acres located on the northeast corner of Airport Road and Rankin Avenue and referred to as the Justice Center Parcel owned jointly by the County and the Town within the Town (the “Site”), as further described in the Lease, and (ii) the buildings and improvements to be constructed on the Site (the “Project”).

Justice Center IGA. The Town and the County entered into that certain Intergovernmental Agreement, dated January 11, 2022, as amended by the Amended and Restated Intergovernmental Agreement (Justice Center Workforce Housing Project, dated November 22, 2022, as may be further amended from time to time (together, the “Justice Center IGA”), for the joint development of the Leased Property to provide for workforce housing. At the time of execution of the Justice Center IGA, the County owned the Lease Property but as provided in the Justice Center IGA within 60 days of the execution of the Justice Center IGA the County and the Town jointly owned the Leased Property as tenants in common. The Town and the County have agreed to the final design of the Project, the estimated budget of the Project and all other matters relating to the final design, construction, and initial operation of the Project. Under the Justice Center IGA, the parties have agreed to the following: (a) the Town is responsible for the issuance of the Project financing, (b) the parties will equally share in the payment of debt service that is not covered by net operating revenues of the Project, (c) to mutually agree on a qualified manager for the day to day operations of the Project, (d) to mutually agree on leasing rates, income and other qualifications and restrictions for tenants and (e) initially the number of units reserved for each party. The Justice Center IGA may be terminated if the parties and the general contractor cannot agree on a guaranteed maximum price (“GMP”) contract, a default exists under the Justice Center IGA, after the time period for curing elapses, negotiation or mediation fail to resolve the default, or non-appropriation occurs by either the Town or the County for their respective financial obligations.

In compliance with the Justice Center IGA, the County and the Town have selected Symmetry, LLC and Fading West, LLC, as the general contractor. The County will serve as the construction liaison and the owner’s representative for the Project. It is expected that the Town and the County will enter into a GMP for the Project by March 2023. There is no assurance that the Project can be completed with the net proceeds of the Certificates or within the budget contemplated within the Justice Center IGA. Pursuant to the Justice Center IGA, any increase or unanticipated costs of the Project will be paid equally by the Town and the County; provided, however, if such increase or unanticipated cost arises solely from the action or inaction of the Town or the County, such party will be solely responsible for the payment of such increase or unanticipated costs. See “CERTAIN RISK FACTORS – Factors that Could Impact Value of Property if Lease is Terminated – Construction Risk” herein.

The Project. The Project is comprised of for rent workforce housing, and more particularly, two, 3-story buildings for a total of 52 units, consisting of 14 studios, 28 one-bedroom units, and 10 two-bedroom units. There will be 71 parking spaces including 21 covered/carport spaces. The Project will be developed using factory-built units that are constructed off-site by Fading West in Buena Vista, Colorado. These factory-built units will be delivered to the Leased Property where they will be fully assembled and constructed, which includes the final siding, roofing, decks and patios. The off-site factory-built construction enables construction to occur in a climate-controlled environment in the winter negating the impact of inclement weather.

It also allows the contractor to prep the site and complete the foundations in the Spring of 2023 while units are being constructed off-site. Production of the units begins in March 2023 and units are scheduled for delivery beginning in June thru July 2023. On-site construction will be completed, and units will be available for occupancy around December 1st.

Below is a depiction of the Leased Property and the Project:



Security for the Certificates; Termination of Lease

General. At the time of execution and delivery of the Certificates, the Town and the County will lease the Site to the Trustee pursuant to the terms and provisions of the Site Lease and the Project will be acquired, constructed and installed on the Site with net proceeds of the Certificates. The Project will initially be owned by the Trustee, solely in its capacity as trustee under the Indenture. Concurrently with the execution and delivery of the Site Lease, the Trustee will lease the Leased Property, including the Site and the Project, back to the Town pursuant to the terms of the Lease.

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

escrow funds). See “SECURITY FOR THE CERTIFICATES” and “CERTAIN RISK FACTORS.”

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

Sources of Payment of Base Rentals. Amounts due under the Lease are payable from all general revenues of the Town and no particular revenues of the Town are pledged to the payment of Base Rentals.

The Town currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from the General Fund. The primary sources of legally available revenue in the General Fund are certain Sales Tax (as defined herein) revenues, real estate transfer tax (“*Transfer Tax*”) revenues, Accommodations Tax (as defined herein) revenues and ad valorem property tax revenues. See “CURRENT SOURCES OF AVAILABLE REVENUES.” As described herein, not all of the moneys in the General Fund are available to pay Base Rentals. The Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the Town’s available funds in the future.

Certain statutory and constitutional limitations limit the amount of property taxes the Town can levy and collect. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes” and “LEGAL MATTERS--Certain Constitutional Limitations” for a discussion of those limitations. Further, there is no assurance that the excise taxes which have generated the Town’s sales, accommodations, and transfer tax revenues in the past will be generated at past levels. State of Colorado (the “*State*”) laws also may limit the imposition, collection or expenditure of those tax revenues in the future.

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

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

Termination of Lease; Annual Appropriation. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The Town must take action annually in order to renew the Lease term for another year. If the Town fails to take such action, the Lease automatically will be terminated. The Town’s decision to terminate its obligations under the Lease will be determined by the failure of the Town Council of the Town (the “*Town Council*”) to specifically budget and appropriate

moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The Town Manager or other officer of the Town at any time charged with the responsibility of formulating budget proposals is directed under the Lease to include in the annual budget proposal submitted to the Town Council, in any year in which the Lease is in effect, items for all payments required under the Lease for the ensuing Renewal Term until such time, if any, as the Town may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Town Council and not by any other official of the Town, as further provided in the Lease.

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

Termination of the Site Lease. The Leased Property will be leased by the Town and the County to the Trustee pursuant to the Site Lease. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee in and to the Leased Property will vest in the Town and the County. The Site Lease will terminate on the earliest to occur of the following: (a) the termination of the Lease Term as provided in the Lease due to the payment of the Purchase Option Price by the Town, or upon payment by the Town of all Base Rentals and Additional Rentals for the entire Lease Term; or (b) discharge of the Indenture as a result of the fact that all Certificates have been paid or have been deemed to have been paid as provided in the Indenture; or (c) December 31, 2052. The Leased Property will no longer be subject to the provisions of the Site Lease, the Lease or the Indenture upon the termination of the Site Lease. See "CERTAIN RISK FACTORS--Limited Duration of Site Lease" and Appendix B - Certain Definitions and Document Summaries--The Site Lease - Site Lease and Term.

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

Release of Leased Property. The Town has the option to purchase the Trustee's interest in the Leased Property and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all Outstanding Certificates and any other amounts necessary to defease and discharge the Indenture, as provided in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See "THE CERTIFICATES--Redemption Provisions."

Under certain circumstances, the Town also may substitute property for all or a portion of the Leased Property. See Appendix B - Certain Definitions and Document Summaries--The Lease - Substitution of Leased Property.

Additional Certificates. The Indenture permits the issuance of Additional Certificates (defined in Appendix B) without notice to or approval of the owners of the outstanding Certificates under the circumstances described in “SECURITY FOR THE CERTIFICATES--Additional Certificates.”

Tax Status of Interest on the Certificates

In the opinion of Butler Snow LLP, Special Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease and paid as interest on the Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”), interest on the Certificates is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and is excludable from State taxable income and State alternative minimum taxable income under State income tax laws in effect on the date of delivery of the Certificates. See “TAX MATTERS.”

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

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Special Counsel to the Town in connection with execution and delivery of the Certificates and also has acted as special counsel to the Town in connection with preparation of this Official Statement. The fees of Butler Snow LLP will be paid only from Certificate proceeds at closing. Certain legal matters will be passed upon for the Town by the Town Attorney, Kirsten Crawford, Esq., Breckenridge, Colorado. UMB Bank, N.A., is serving as the Trustee. The Town’s audited financial statements as of and for the year ended December 31, 2021, including the report thereon of Hinkle & Company, PC, certified public accountants, Englewood, Colorado,, are attached hereto as Appendix A. See “INDEPENDENT AUDITORS.” Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as the Underwriter for the Certificates (the “Underwriter”). See “UNDERWRITING.” Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter.

Continuing Disclosure Undertaking

The Town will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Certificates. The Disclosure Certificate will be

executed for the benefit of the beneficial owners of the Certificates and the Town will covenant in the Lease to comply with its terms. However, any failure by the Town to comply with the Disclosure Certificate will not constitute an Event of Lease Default. The Disclosure Certificate will provide that so long as the Certificates remain outstanding, the Town will provide the following information to the Municipal Securities Rulemaking Council, through the Electronic Municipal Market Access (“*EMMA*”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain listed events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

The Town has entered into continuing disclosure undertakings in connection with prior securities issues. In the past five years, the Town: filed its Annual Comprehensive Financial Statements (“*ACFR*,” which contains the Town’s audited financial statements and the required financial and operating data) for 2017, 2020 and 2021 late; did not file unaudited financial statements for 2017, 2020 and 2021 as required by a prior undertaking; and did not timely provide failure to file notices with respect to the filing failures described above. The Town did file failure to file notices with respect to the 2021 ACFR. See “TOWN FINANCIAL OPERATIONS – Financial Statements” herein for additional information regarding the delivery of the 2021 ACFR. In addition, the Town did not timely file notice of a December 2019 rating upgrade with respect to two of its obligations. The Town has made remedial filings.

Additional Information

This introduction is only a brief summary of the provisions of the Certificates, the Indenture, the Lease, the Site Lease and other documents described herein; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Project, the Town, the Certificates, the Indenture, the Lease, the Site Lease and other documents are included in this Official Statement. All references herein to the Certificates, the Lease, the Site Lease, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change without notice.*

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

Town of Breckenridge, Colorado
Attn: Director of Finance
150 Ski Hill Road
P.O. Box 168
Breckenridge, Colorado 80424
Telephone: (970) 453-3382

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

CERTAIN RISK FACTORS

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

Nonappropriation

Prospective purchasers of the Certificates must look to the ability of the Town to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the Certificates. The Town is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the Town each year. If, prior to December 31 of each year, the Town Council does not specifically budget and appropriate amounts sufficient to pay all Base Rentals for the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due for the ensuing Fiscal Year, an “Event of Nonappropriation” occurs. If an Event of Nonappropriation occurs, the Town will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the Original or Renewal Term during which such Event of Nonappropriation occurs.

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

Sources of Base Rentals are Limited to Appropriated Funds

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

Factors that May Cause Insufficiency of Expected Revenues

Economic and Other Factors Beyond the Control of the Town. Although the Town is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the Council that Base Rentals and Additional Rentals for the Certificates will be paid (to the extent funds are appropriated therefor each year) primarily from certain excise tax revenues reported in the Town's General Fund. See "CURRENT SOURCES OF AVAILABLE REVENUE." Such revenues are subject to fluctuation and may be impacted by adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Town, the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Town, the County, the State and the region and various other factors.

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

In addition, other circumstances (over which the Town has no control) may adversely affect tourist activity or general spending. Such circumstances may include, among others, unwillingness to travel to the Town due to terrorist attacks or other hostile acts occurring in the United States or other parts of the world, natural disasters, pandemics, increases in gas prices impacting travel by car, a decrease in rates of population growth in the Town, County, the State and the region and various other factors.

COVID-19. General.

The novel coronavirus and its variants (and associated COVID-19 infections) continue to circulate in the State. The State and local governments have implemented orders, guidance, recommendations and other measures intended to slow the spread of the COVID-19; certain of those actions resulted in the closure of nonessential businesses during 2020 and related increases in unemployment rates. COVID-19 measures change rapidly due to ever-evolving circumstances. There can be no assurance that the spread of COVID-19 and the implementation of restrictions on a local, State and national level will not continue into the future. Those restrictions have negatively impacted the local, State and national economies and may continue to do so in the future.

The Town invested \$1,632,363 in small business grants to help businesses in 2020 and 2021. In addition, the Town spent \$1,100,000 in rental assistance to any employees who work for a business in the Town in an effort to keep employees in the area, so they are ready to work as businesses start to reopen.

Town's Analysis of COVID-19 Impact. The following discussion is provided by the Town.

The Town analyzed its budgeted expenditures in light of COVID-19. The Town had a total General Fund balance of \$44.2 million and an available fund balance of \$35.6 million as of December 31, 2019, or 63% of 2019 General Fund revenues, \$86 million total General Fund balance and an available fund balance of \$39.5 million as of December 31, 2020, \$92.2 million total General Fund balance and an available fund balance of \$17.7 million as of December 2021. The Town is projecting to have a total General Fund Balance of \$17.1 million as of December 31, 2022, and for the 2023 Beginning Budget of \$14.3 million. The Town is projecting a General Fund cash total of \$59.8 million for 2021 and \$63.4 million for 2022. The 2023 budget provides for a General Fund cash total of \$57.2 million or 45% of 2023 revenues.

To anticipate potential declines in future revenues, management maintains a revenue sensitivity analysis. In the past, this has consisted of estimating the amount and impact of revenue declines similar to those of 2009. More recently, the sensitivity analysis has been updated to reflect the revenue impact the Town could potentially absorb related to COVID-19, prior to utilizing any operational reserves. Operational reserves include \$10.8 million in funds set aside by Council policy as a “rainy day fund.” Some strategic reductions in budgeted 2020 expenditures were implemented by formal action of the Town Manager; including a hiring freeze, reductions in professional development expense, and savings of operational expenditures related to temporary suspension of services, including but not limited to Recreation and Transit. For the 2023 budget, the Town is not anticipating any impacts from Covid-19; however, the budget does include a ten percent (10%) reduction in sales and accommodation taxes based on trends in 2022. See “CURRENT SOURCES OF AVAILABLE REVENUE – The Town Sales Tax and – The Town Accommodations Tax.”

The Town entered into an intergovernmental agreement with the County and the other municipalities in the County regarding the distribution of certain pass-through funds to be received from the State as a result of the Coronavirus Aid, Relief, and Income Security (CARES) Act. As a result of this agreement, the Town received \$439,000 in 2021. The CARES Act funds were used to reimburse the Town for Rent Relief grants to businesses and employees related to COVID-19 response; the Town has approximately \$2.7 million in qualifying expenditures to date. Additionally, the Town received an additional \$1.2M in funding from the American Rescue Plan Act of 2021, which it received in 2 separate tranches, one in 2021 and one in 2022. The funds were used by the Town to replace loss revenue experienced throughout the COVID-19 pandemic.

Relationship of Town's Revenues to Skiing and Tourism Industries. The operating revenues of the Town (which consist, in substantial part, of the proceeds of the various excise taxes) are heavily dependent upon the skiing and tourism industries, which in turn are subject to such factors as weather conditions, the availability of sufficient transportation and wildfire conditions. In addition, many second/vacation homes are located within the Town. Any decrease in the level of tourist activity in the Town is likely to result in a reduction in Sales Tax revenues. Decreases in tourist activity have been and will continue to be impacted by many factors, some of which are described in “COVID-19” above and in the remainder of this paragraph. The failure or inability of the owners of the Ski Area (or other nearby ski areas) to offer amenities or recreational experiences that are competitive with other ski areas in the region or the country may cause a decline in tourism (particularly during the winter); the Town has no control over the marketing or

operations of the Ski Area. Decreased levels of snow available for skiing due to climate change or any other factor also may cause a decline in winter visitors to the Town. In addition, reductions in air service or sharp increases in the price of such service, poor condition or congestion of roads leading to the Town (including Interstate 70 out of Denver) may result in reduced visitors to the Town and a subsequent reduction in excise tax revenues.

In addition, businesses have reopened within the Town, and it appears that the summer tourism season was just as robust in previous years, if not more.

It is not possible to predict whether such events will occur in the future.

Other Obligations Payable from Legally Available Revenues. The Town previously entered into other lease-purchase agreements which support the payment of Certificates of Participation, Series 2016 (the “2016 Certificates”), which are outstanding in the aggregate principal amount of \$6,390,000, Taxable Certificates of Participation, Series 2020A, (the “2020A Certificates”), which are outstanding in the aggregate principal amount of \$6,340,000, the Tax-exempt Refunding and Improvement Certificates of Participation, Series 2020B (the “2020B Certificates” and together with the 2020A Certificates, the “2020 Certificates”) which are currently outstanding in the aggregate principal amount of \$34,760,000, and Certificates of Participation, Series 2021 (the “2021 Certificates”, and together with the 2016 Certificates, the 2020A Certificates, and the 2020B Certificates, the “Prior Certificates”), which are currently outstanding in the aggregate principal amount of \$8,870,000. The Prior Certificates are also payable from any legally available revenues of the Town; in the event that the Town experiences a reduction in excise taxes or other legally available revenues, the Town may choose to nonappropriate funds for any of the Prior Certificates or the Certificates. The base rentals payable under the Lease are set forth in “BASE RENTALS SCHEDULE.”

Future Liens on Excise Tax Revenues. Subject to voter approval, the Town is authorized to issue bonds secured by revenues generated by any Town taxes, except general ad valorem property taxes (including the Accommodations Tax, Transfer Tax and Sales Tax). See “TOWN DEBT STRUCTURE.” The Town currently does not have any such bonds outstanding and does not plan to issue any in the foreseeable future but reserves the right to issue them at any time in the future. If such bonds are issued, the excise taxes would be used to pay debt service on those bonds prior to being available to pay Base Rentals on the Certificates.

Effect of a Termination of the Lease Term

In the event of termination of the Town’s obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Town is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property which vacation and surrender the Town agrees under the Lease to complete within sixty (60) days from the date of such notice (in the event the Town does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply); (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee’s leasehold interest in the Leased Property pursuant to the Site

Lease; (iii) recover from the Town (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under the Lease, during any period in which the Town continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

A potential purchaser of the Certificates should not assume that the amount of money received by the Trustee upon the exercise of its rights under the Site Lease, the Lease and the Indenture after a termination of the Lease Term will be sufficient to pay the aggregate principal amount of the Certificates (including any Additional Certificates) then outstanding plus accrued interest thereon. See "BASE RENTALS SCHEDULE."

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

No Reserve Fund

The Certificates are not secured by a reserve fund.

Factors that Could Impact Value of Property if Lease is Terminated

There is no guarantee that the Trustee will be able to liquidate its interest in the Leased Property in an amount equal to the amount of the outstanding Certificates (including any Additional Certificates).

General. The Town and the County will retain title to the Site and the Trustee initially will own the Project and will have a leasehold interest in the Site pursuant to the Site Lease. All of the Leased Property (including the Project) will be leased to the Town pursuant to the Lease. Upon termination of the Lease, the Trustee will have the right to use and possession of all of the Leased Property.

The Trustee is able to sell its interest in the Leased Property; however, ownership of the Project will revert to the Town and the County at the end of the Site Lease Term. As a result, it may be difficult for the Trustee to sell its interest in the Leased Property. The Trustee is not able to sell the remainder of the Leased Property upon the occurrence of an Event of Lease Default or an Event of Nonappropriation and as a result, the construction cost of the Project may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is

no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates, or that such subleasing or disposal can be accomplished in time to pay any installment of principal or interest on the Certificates when due.

Construction Risk. Construction of the Project will be financed in part with the net proceeds of the Certificates. There is no assurance that the Project can be completed with the net proceeds of the Certificates or within the budget proposed by the Town and contemplated within the Justice Center IGA. See “SOURCES AND USES OF FUNDS--The Project.” The United States of America (the “United States”) is currently experiencing an increased rate of inflation. This period of inflation may cause the costs of materials, labor and construction to increase and cause the cost of the Project to increase. Additionally, the United States is experiencing supply chain issues which are affecting the timely delivery of materials. This delay may also cause the cost of the Project to increase. Furthermore, normal contingencies generally involved with the construction of any facility, such as natural disasters, labor difficulties, unanticipated engineering or structural problems, difficulties in obtaining materials, weather conditions and economic conditions in general, or issues related to the water table on the Site may cause delays resulting in increased costs. Any unanticipated increase in the cost of the Project could require the issuance of Additional Certificates which would dilute the revenues available to pay Base Rentals. Further, if the Project is not completed for any reason, or is downsized or partially completed, the Trustee may not be able to sublease the Leased Property or otherwise sell or dispose of its interest in the Leased Property for an amount equal to the aggregate principal amount of the Certificates then outstanding, plus accrued interest.

Current Uses of Property; Title Restrictions and Zoning; Valuation. The Town anticipates expending approximately \$19,500,000 of Certificate proceeds on the Project. However, the amount spent on the improvements may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. Upon a termination of the Lease, there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its leasehold interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates. The Leased Property is subject to pre-existing title restrictions which may make the Leased Property less attractive to potential users if the Trustee must leave, sell or otherwise dispose of the Leased Property. Further, the Leased Property is subject to present and future zoning requirements or other land use regulations imposed by the Town.

Zoning and land use regulations in effect in the future may restrict the future uses of the Leased Property. Should that occur, the Leased Property may have less value to third parties than its current value would indicate.

Limited Duration of Site Lease

The term of the Site Lease is 10 years longer than the term of the Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The Trustee’s interest in the Leased Property, including the Project, will terminate up termination of the Site Lease. The net proceeds received from those activities are to be applied to

pay the Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee's rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease in an amount sufficient to pay the Certificates.

Enforceability of Remedies; Liquidation Delays

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

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

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by an Owner of Certificates subsequent to such termination. There is no assurance that any amounts representing interest received by the Owners of the Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or Event of Lease Default will be excludable from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, Owners of the Certificates should not assume that payments allocable to interest received from the Certificates would be excludable from gross income for federal or State income tax purposes if an Event of Nonappropriation or an Event of Lease Default occurs, and the Lease is terminated. See "TAX MATTERS."

In the event of a termination of the Town's obligations under the Lease, there is no assurance that Owners of Certificates would be able to transfer their interests without compliance with federal securities laws.

Condemnation Risk

In the mid-1990's, the Town of Sheridan, Colorado ("Sheridan") exercised its eminent domain powers to acquire an administration building it previously had leased under an annually terminable lease purchase agreement. Sheridan sought to use its condemnation power to acquire the property at a fraction of the remaining lease payments (which would be paid to owners of certificates of participation in Sheridan's lease). Sheridan's condemnation suit was successful; however, Sheridan was unable to pay the court-determined amount representing the value of the

property and eventually vacated the building in favor of the trustee. Sheridan eventually reached a settlement with the trustee and reacquired possession of the building from the trustee. Pursuant to this settlement, certificate holders reportedly received less than half of the amounts due them under the certificates. The Town considers the occurrence of a situation such as the one described above to be unlikely; however, there is no assurance that the Leased Property (or portions thereof) would not be condemned in the future.

Casualty Risk

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

Insurance Risk

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

Future Changes in Laws

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

Forward-Looking Statements

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

Secondary Market

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

Climate Change

Changing weather patterns have impacted the State, including the Town. The impacts include increasing temperatures, more extreme weather patterns, longer periods of drought, and increased wildfires. Recent wildfires have been widespread and, in some cases, have occurred near the Town. Wildfires are a fact of life in the Colorado mountains, and significant resources for prevention, management and eradication of fires are provided by a combination of federal, State and local firefighting agencies.

It is difficult to predict whether or how a changing climate will impact the Town and its finances, but increased wildfire activity could impact the Town’s facilities, including the Leased Property. The Town maintains casualty property insurance policies to insure against damage or destruction of its facilities.

Extensive wildfire activity in or near the Town could impact tourism which may impact revenues from Town excise taxes such as sales tax. Wildfires could also damage or destroy private properties located in the Town. Such damage or destruction could potentially impact the Town’s property tax revenues.

Cybersecurity

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

disruption in the operations of the Town and may adversely affect revenues. The Town carries cyber security coverage and has protocols in place to protect confidential data and detect unauthorized intrusions. No assurances can be given that these security measures will successfully prevent all cyber-attacks.

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SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The Town expects to apply the proceeds of the Certificates as set forth below.

Sources and Uses of Funds

	<u>Amount</u>
<u>Sources of Funds</u>	
Par amount of the Certificates.....	\$17,775,000.00
Plus: original issue premium.....	1,972,035.45
Plus: County Grants	<u>2,500,000.00</u>
Total:	<u>\$22,247,035.45</u>
 <u>Uses of Funds</u>	
The Project	\$22,000,000.00
Costs of issuance (including Underwriter's discount) ..	<u>247,035.45</u>
Total:	<u>\$22,247,035.45</u>

Source: The Underwriter.

The Project

The Project consists of construction of for rent work force housing, and more particularly, two, 3-story buildings for a total of 52 units, consisting of 14 studios, 28 one-bedroom units, and 10 two-bedroom units. There will be 71 parking spaces including 21 covered/carport spaces. The Project will be developed using factory-built units that are constructed off-site by Fading West in Buena Vista, Colorado. All of the apartments will include energy efficient appliances and in unit washer/dryers. Assigned storage lockers will also be available to the tenants. Photovoltaic panels will be installed on the two residential buildings and the three carports to offset approximately 60% of the electricity demand. The Project is adjacent to the Breckenridge Recreation Center with trail connection to the Summit County Recreation Path along the Blue River. Public transit is available thru the Breckenridge Free Ride and shopping and services are less than one block from the Leased Property.

The budget for the Project is \$22,000,000. As provided in the Justice Center IGA, the County has secured (1) a Two Million Dollar (\$2,000,000) grant from the Colorado Department of Local Affairs ("DOLA"), which is funded in part with federal funds made available from Coronavirus State and Local Fiscal Recovery Funds and (2) a Five Hundred Thousand Dollar (\$500,000) Energy & Mineral Impact Assistance Program Grant from DOLA. Pursuant to the Justice Center IGA, any increase or unanticipated costs of the Project will be paid equally by the Town and the County; provided, however, if such increase or unanticipated cost arises solely from the action or inaction of the Town or the County, such party will be solely responsible for the payment of such increase or unanticipated costs. See "CERTAIN RISK FACTORS – Factors that Could Impact Value of Property if Lease is Terminated – Construction Risk" herein.

Planning, design and Project entitlements begin in early 2022 with preliminary site work proceeding in the fourth quarter of 2022. Additional site work including foundations and

utilities will be completed in the spring of 2023. State and local permits will be issued in February and March of 2023. Modular units will be fabricated in the factory beginning March 2023 through early July 2023. The Project is expected to be completed December 1, 2023.

The apartments will serve local workforce and primarily target 80% AMI households. The County and the Town have initially agreed in the Justice Center IGA that fifty percent (50%) of the units will be offered for lease to persons who work in the Upper Blue River Basin and fifty percent (50%) of the units will be offered for lease to persons who work in Summit County. (The income requirements will be managed and verified by the property manager at time of lease.)

THE CERTIFICATES

General

The Certificates are dated as of their date of delivery and mature on the dates set forth on the inside cover page of this Official Statement. The Certificates bear interest (based on a 360-day year consisting of twelve 30-day months) from their dated date to maturity, payable semiannually on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2023*. The Certificates are issuable as fully registered certificates and initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Certificates. Purchases by Beneficial Owners of the Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in “Book-Entry Only System” and Appendix C.

Payment Provisions

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

Interest shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the 15th day of the calendar month (whether or not a Business Day) immediately preceding the Interest Payment Date (the “Regular Record Date”), irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such

* Preliminary, subject to change.

interest shall be given by providing a copy thereof by either electronic means or by first class mail postage prepaid at least 10 days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

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

Redemption Provisions

Optional Redemption. The Certificates maturing on or prior to December 1, 2032, shall not be subject to optional redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 2033, shall be subject to redemption prior to their respective maturity dates at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 2032, and on any date thereafter, at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date without a premium.

In the case of a Prepayment in part of Base Rentals under the Lease, the Trustee shall confirm that the revised Base Rentals Schedule to be provided by the Town Representative pursuant to the Lease sets forth Principal Portions and Interest Portions of Base Rentals that are equal to the principal and interest due on the Certificates that remain Outstanding after such Optional Redemption. For such confirmation, the Trustee may rely on a certification of the Town Representative or other person as provided in the Lease.

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 2042 (the "Term Certificates") are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date, as more particularly described below.

The following principal amounts of the Certificates maturing December 1, 2042, are subject to mandatory sinking fund redemption (after credit as described below) on December 1 of the following years:

Redemption Date (December 1)	Principal Amount
2038	\$1,115,000
2039	1,170,000
2040	1,230,000
2041	1,290,000
2042 (maturity)	<u>1,355,000</u>
	\$6,160,000

On or before the 30th day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next December 1 and give notice of such call without other instruction or notice from the Town.

The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the Town.

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

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

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

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

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

Partial Redemption. The Certificates are to be redeemed only in integral multiples of \$5,000. The Trustee shall treat any Certificates of denomination greater than \$5,000 as representing that number of separate Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such Certificates by \$5,000. Upon surrender of any Certificates for redemption in part, the Trustee is to execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificates or Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption notice which is required to be immediate), give notice of redemption to all Owners of all Certificates to be redeemed by Electronic Means or by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Any notice of redemption is to (1) be given in the name of the Trustee, (2) identify the Certificates to be redeemed, (3) specify the redemption date and the redemption price, (4) in the event of optional redemption, state that the Town has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (5) state that such redemption is subject to the deposit of the funds related to such option by the Town on or before the stated redemption date and (6) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificates Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

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

Tax Covenants

In the Lease, the Town covenants for the benefit of the owners of the Certificates that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the Town or any facilities financed or refinanced with the proceeds of the Certificates (except for the possible exercise of the Town's right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the Town's right to terminate the Lease, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Certificates, until the date on which all obligations of the Town in fulfilling the above covenant under the Tax Code and Colorado law have been met.

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

Book-Entry Only System

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

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

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

BASE RENTALS SCHEDULE

The following table sets forth the schedule of Base Rentals due pursuant to the Lease in each year, including the Principal Component and the Interest Component. The Town previously entered into other lease-purchase agreements in connection with the Prior Certificates, which are also payable from legally available revenues. The Town separately budgets the base rental payments for each of the Prior Certificates and will also separately budget for the Certificates. See “TOWN DEBT STRUCTURE – Long-Term Contracts and Leases” and “TOWN FINANCIAL OPERATIONS –Budget Process.”

Schedule of Base Rentals(1)(2)

Calendar Year	Principal Component	Interest Component	Total Base Rentals	2021 Certificates Base Rentals	2020 Certificates Base Rentals	2016 Certificates Base Rentals	Grand Total
2023	\$585,000	\$ 836,906	\$1,421,906	\$ 697,550	\$ 3,028,523	\$ 854,500	\$ 6,002,479
2024	565,000	859,500	1,424,500	697,550	3,029,075	851,800	6,002,925
2025	590,000	831,250	1,421,250	696,800	3,031,293	848,650	5,997,993
2026	620,000	801,750	1,421,750	700,300	3,027,845	583,850	5,733,745
2027	650,000	770,750	1,420,750	697,800	3,027,866	583,650	5,730,066
2028	685,000	738,250	1,423,250	699,550	2,789,658	582,850	5,495,308
2029	720,000	704,000	1,424,000	700,300	2,784,970	581,450	5,490,720
2030	755,000	668,000	1,423,000	700,050	2,787,416	579,450	5,489,916
2031	790,000	630,250	1,420,250	698,800	2,786,632	581,250	5,486,932
2032	830,000	590,750	1,420,750	696,550	2,786,757	583,500	5,487,557
2033	875,000	549,250	1,424,250	698,300	2,783,382	584,500	5,490,432
2034	915,000	505,500	1,420,500	698,800	2,785,957	584,250	5,489,507
2035	965,000	459,750	1,424,750	698,200	2,785,882	582,750	5,491,582
2036	1,010,000	411,500	1,421,500	686,800	2,788,157	--	4,896,457
2037	1,060,000	361,000	1,421,000	675,000	2,790,088	--	4,886,088
2038	1,115,000	308,000	1,423,000	672,800	2,783,954	--	4,879,754
2039	1,170,000	252,250	1,422,250	674,800	2,784,910	--	4,881,960
2040	1,230,000	193,750	1,423,750	675,800	2,317,600	--	4,417,150
2041	1,290,000	132,250	1,422,250	670,800	2,316,400	--	4,409,450
2042	1,355,000	67,750	1,422,750	--	2,317,200	--	3,739,950
2043	--	--	--	--	2,314,800	--	2,314,800
2044	--	--	--	--	2,319,200	--	2,319,200
Total	<u>\$17,775,000</u>	<u>\$10,672,406</u>	<u>\$28,447,406</u>	<u>\$13,136,550</u>	<u>\$60,167,565</u>	<u>\$8,382,450</u>	<u>\$110,133,971</u>

(1) Totals may not add due to rounding.

(2) The Base Rentals are due semi-annually on May 21 and November 20 of each year that the Lease remains in effect (10 days prior to the payment dates for the Certificates). The Trustee will use the Base Rentals to pay the principal and interest due on the Certificates on June 1 and December 1 of each year.

Source: The Underwriter.

SECURITY FOR THE CERTIFICATES

General

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

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

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

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

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

Additional Certificates

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

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

(a) the costs of acquiring, constructing, improving and installing any capital improvements of the Town or any New Facility, or of acquiring a Site for any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);

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

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

In such case, the Costs of Execution and Delivery of the Additional Certificates and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

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

THE TOWN

General

General. The Town is located in the Upper Blue River Valley in Summit County, Colorado, approximately 85 miles west of Denver, Colorado on Colorado State Highway 9. The Town encompasses approximately 6.02 square miles. The Town is the county seat of the County and also is the home of the Breckenridge Ski Area (described in more detail in “ECONOMIC AND DEMOGRAPHIC INFORMATION--Recreation and Tourism”).

The basic municipal services provided by the Town include water service, planning services, building inspection, police protection, public works (including street, snow removal, and bus services), cemetery, public recreation facilities and services, and municipal court. Certain other basic municipal services are provided by local improvement and service districts which are independent legal entities. Sanitary sewer services for the Town are provided by the Upper Blue Sanitation District. Fire protection is provided by Red, White & Blue Fire Protection District. Public schools in the County are provided by Summit County School District RE-1. Other services, such as private recreation, electric and natural gas, telephone, cable and solid waste disposal are provided by private companies.

History. The Town was founded in 1859 and was incorporated as a statutory town on March 3, 1880. The Town developed in the early 1860's as a service community for the area's gold and silver mines. Mining and ore processing dominated the local economy for the next half century and the Town's fortunes fluctuated along with the demand for precious metals and ores. In 1898, dredging activity began along the Blue River, bolstering the mining base of the Town's economy. With the end of dredging operations prior to World War II the economy of the Town came to a near standstill. During the early 1950's, employment still was centered in mining and agriculture. The mid-1950's marked the beginning of an economic revival as recreational activities became a major income-generating sector of the local economy. In 1961 the Breckenridge Ski Resort opened. In the 1980's the Town began focusing on ways to attract tourists during the remainder of the year by the construction of a golf course and through development of bicycle paths.

Population. According to the State Division of Local Government, the Town had an estimated permanent population of 5,078 as of the 2020 Census (latest figure available). The Town has a “peak” population of more than 36,000, occurring around the Christmas holiday. Peak population is the total number of people who are in the Town at one time, including permanent residents, second homeowners, day-visitors, day skiers, along with an assumed 100% occupancy of all available lodging units. Peak population is an important figure for the Town because service requirements (including utility infrastructure capacities) are based on the actual number of people using Town services at any one time.

The Town's existing economy is dominated by the tourism industry and thus the Town's economic health is dependent upon providing quality winter and summer experiences for the visitor. The Town has evolved into a year-round resort community offering skiing and other winter activities as well as summer activities. Winter activities include downhill (Alpine) skiing and snowboarding provided by the Breckenridge Ski Resort and cross-country (Nordic) skiing and snowshoeing. Numerous recreational activities are available in the vicinity of the Town, including

camping, hiking, biking, rock-climbing, in-line skating, horseback riding, fishing, sailing, golfing, and kayaking. See “ECONOMIC AND DEMOGRAPHIC INFORMATION--Recreation and Tourism.”

Annexations. The following annexations occurred over the past five years from 2015 to 2020: Huron Landing in November 2015, Claimjumper Condominiums in March 2016, and Kingdom Park Townhomes in June 2019. The Town continues to annex parcels of property in accordance with its Master Plan and in accordance with the Joint Upper Blue Basin Master Plan adopted by the Town, the Town of Blue River and the County in 2011. Approximately 78.6 acres have been annexed since 2010. Individual requests for annexation are considered on a case-by-case basis by the Council. As part of its annexation policy, the Town does not grant new density to parcels proposed for annexation. Existing density must be moved from another parcel or purchased. The result of this policy is that annexation is somewhat more difficult to accomplish, and density tends to remain in the Town center rather than in outlying areas.

Town Powers

The Town existed as a statutory town until April 1, 1980, when the Charter was adopted by a majority of the electors of the Town. Pursuant to the Charter, the Town has the power of local self-government and home rule, as well as all municipal powers established by the constitution and laws of the State. The Council may, by ordinance, provide a system for the assessment, levy, and collection of all Town taxes, including the Sales Tax, Accommodations Tax, Transfer Tax, and other excise taxes.

Governing Body

Under the Charter, the Town has a Council-Manager form of government, and is governed by a seven-member Council, including a Mayor who is elected specifically to that position and a Mayor Pro Tem, who is elected by the Council from its membership. The Mayor and Council Members are compensated for their service; currently the Mayor earns \$1,500 per month and Council Members earn \$1,000 per month. The Council holds regular meetings on the second and fourth Tuesdays of each month. Special meetings may be held as needed in accordance with the Charter.

The present Mayor and members of the Council are as follows:

<u>Name and Title</u>	<u>Principal Occupation</u>	<u>First Elected/ Appointed</u>	<u>Term Expires</u>
Eric Mamula, Mayor	Restaurateur	2016	2024
Kelly Owens, Mayor Pro Tem	Consultant	2019	2024
Jeffrey Bergeron, Council Member	Retired/writer	2016	2024
Dick Carleton, Council Member	Restaurateur	2018	2024
Jay Beckerman, Council Member	Restaurateur	2022	2026
Todd Rankin, Council Member	Realtor	2022	2026
Carol Saade, Council Member	Communications Strategist	2020	2022

Pursuant to the State Constitution, Council members are limited to two consecutive terms of office. Town voters may lengthen, shorten or eliminate the term limitations; however, no election to do so has been held within the Town.

The Council effects its decisions through the passage of ordinances, resolutions, or motions. Every act making an appropriation, creating an indebtedness, authorizing the borrowing of money, levying a tax, establishing any rule or regulation for the violation of which a penalty is imposed, or placing any burden upon or limiting the use of private property, is required to be by ordinance (with the exception of adoption of the budget, which may be done by resolution).

Administration and Management

The Town has a council-manager form of government. The Town Manager is appointed by the Council and serves for a definite or indefinite term as determined by the Council (currently, on a contract basis). Town Manager administers the policies of the Mayor and the Council. In addition to the Town Manager, the municipal judge, the Town attorney, and the Town's planning commission are appointed by the Council. Other Town employees, including the employees listed below, are hired administratively by staff.

The following is a list of the administrative and management personnel involved in the issuance of the Certificates, their duties, and their background and experience.

Town Manager. The Town Manager is the chief executive and administrative officer of the Town. The Town Manager possesses and exercises all the executive powers and administrative powers vested to him in the Charter. Pursuant to the Charter, the administrative departments of the Town, which are under the general supervision of the Town Manager, consist of those in existence at the time of adoption of the Charter, and such other departments as have thereafter been established by ordinance. The principal departments of the Town presently consist of the finance department, the police department, the department of community development (planning), the department of public works, the department of human resources and the recreation department.

Rick Holman was appointed Town Manager effective January 1, 2016, after having served as Assistant Town Manager from 2012 to 2015. Prior to that time, Mr. Holman served as the Town's Police Chief from 2001 to 2012. Mr. Holman holds a BS degree in Criminal Justice from Metro State University in Denver, Colorado, and an MA degree in Management from Webster University in St. Louis.

Deputy Town Manager. The Deputy Town Manager is an executive and high-level administrative officer of the Town. The Deputy Town Manager serves as a liaison and partner regarding Town-wide issues; oversees Town staff efforts and outcomes; manages and oversees complex projects and policy matters; conducts research and analysis; and expedites resolution of certain high-profile issues. The Deputy Town Manager serves a key role in providing strategic leadership for management, staff, departments and divisions. The Deputy Town Manager partners with the Town Manager to engage and support the public and its elected officials by developing plans and priorities, strategically managing and achieving outcomes, and leading change.

Shannon Haynes was appointed Deputy Town Manager effective January 1, 2022, after having served as Assistant Town Manager from 2016 thru 2021. Prior to that time, Ms. Haynes served as the Town's Police Chief from 2012 to 2016. Ms. Haynes holds a BS degree in General Studies from Teikyo Post University in Waterbury, Connecticut, a MS degree in Criminal

Justice with a focus on Leadership and Executive Management from Kaplan University in Davenport, Iowa, and a Public Manager certification from University of Colorado, Denver.

Director of Finance. The Director of Finance (“*Finance Director*”) is responsible for preparation, review, evaluation, and management of Town budget, accounting and information systems, annual audit, debt, cash, and investments. In addition to the Revenue Manager, the Finance Director leads the accounting, accounts payable and payroll administration for the Town.

Dave Byrd has been the Town’s Finance Director since April 2022. Mr. Byrd brings over 20 years of senior financial and executive experience including rolls of CFO, COO, President and CEO of public, private, and non-profit companies. He brings a unique blend of financial and operational experience to the Town. Dave is a certified public accountant and has a BS/BA in Accounting and MS/MIS degree from The University of Texas at Dallas.

Revenue Manager. The Revenue Manager is responsible for the leadership and direct supervision of the accounting staff, initiatives, policies, and practices. In addition to the leadership role, the Revenue Manager performs complex analytical work related to a variety of accounting functional areas. Functional areas overseen and managed by the Revenue Manager include: Budgeting; Accounting; Financial Reporting; Revenue Collection including Cash Receipting; Accounts Receivable (including Utility Billing); Business Licensing; Tax Collection and Tax Audit functions; Real Estate Transfer Tax and Short-Term Accommodations Fees and Compliance.

Pam Ness became the Revenue Manager for the Town in May 2022. Ms. Ness has a demonstrated history of working in the hospitality industry and HOAs as well as a background in administrative and operational roles, including accounting and financial management, various roles with a high-end luxury hotel and a non-for-profit condominium and conference center entity. Ms. Ness has a BBA in Hotel Management with a major in Finance from the Gilon Institute of Higher Education in Bulle, Switzerland.

Municipal Services Manager/Town Clerk. The Municipal Services Manager fulfills the role of Town Clerk as designated in Town Charter and Town Code and as required legally in other circumstances. The Municipal Services Manager/Town Clerk also serves as the chief election official, the custodian of the Town’s official records, and oversees the Municipal Court operations and staff as well as training and overseeing administrative support staff in related Town Clerk functions.

Helen Cospolich has been the Municipal Services Manager/Town Clerk since 2013. Prior to that time, she served as the Deputy Municipal Clerk from 2012 to 2013 and as the Town’s Recreation Department Marketing Coordinator from 2004 to 2012. Ms. Cospolich holds a BA degree in English from the University of Virginia. She is a member of the Colorado Municipal Clerks Association, the Colorado Association of Municipal Court Administrators, and the International Institute of Municipal Clerks.

Town Attorney. The Town Attorney is the legal representative of the Town and advises the Council and Town officials in matters relating to their official powers and duties.

Kirsten Crawford has been the Town attorney since October 2021. After graduating from University of Denver Law School, Ms. Crawford was a law clerk to the Honorable Raymond D. Jones, Colorado Court of Appeals, and then went into private practice as an associate litigation attorney for Wells, Anderson and Race, LLC, where she defended government entities and individuals in employment and constitutional claims. Kirsten has held positions with two counties, served as the City Attorney of the City of Littleton, and served as the chief legal advisor for the Denver City Council where she was involved with a broad spectrum of issues, including significant charter, ballot, and land use matters.

Town Employees; Benefits; Retirement Plans

Employees. As of October 1, 2022, the Town currently has 203 full-time employees and 75 full-time seasonal employees and 78 part-time and seasonal employees. None of the Town employees is a member of a labor union. According to the Town Manager, the state of employee relations within the organization is excellent.

The Town has been and is committed to remaining one of the top employers in the County with regards to benefits and compensation.

Benefits. The Town provides a comprehensive compensation and benefits package to its employees. Benefits include: a self-insured medical plan and dental coverage for employees and dependents (with differing premium levels); a wellness benefit that includes recreation center, ice rink, and Nordic passes to full-time year-round employees; a cafeteria plan including golf, dental plan, supplemental insurance, flexible spending accounts; an employee assistance program; vacation, sick days, personal time and paid holidays; and long-term disability and term life insurance.

The Town partially self-insures its medical and dental insurance claims. See Note 9 in the audited financial statements attached hereto as Appendix A-1 for a description of coverage limits and information about historic claims liability.

Retirement Matters. The Town provides pension benefits through a defined contribution money purchase plan administered by ICMA Retirement Corporation. Covered employees are required to participate in the plan and are fully vested after six years of continuous service. The plan provisions can be modified by the Town Council. The Town contributes an amount equal to 7% or 9% of each covered employee's salary each month, depending upon the employee's length of full-time regular employment with the Town. During the year ended December 31, 2020, contributions totaled \$953,389. Pursuant to GASB Statement No. 32: Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the Town established a trust to hold the assets of its Deferred Compensation Plan and modified the plan document to state that the plan is "held in trust for the exclusive benefit of participants and their beneficiaries." As such the plan's assets are no longer the property and rights of the Town and are not reflected in the financial statements of the Town. See Note 8 in the audited financial statements attached here to as Appendix A-1 for a further description of the Town's retirement commitments.

Other Post-Employment Benefits ("OPEB"). The Town provides a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the

Town. An employee is eligible for retiree coverage when he or she has reached a minimum age of 55 years and satisfies one of the following:

- For continuous employment, the employee has been employed by the Town for a minimum of 15 years on a regular full-time basis; or

- For non-continuous employment, the employee has been employed by the Town in aggregate a minimum of 15 years on a regular full-time basis. Any period of unemployment with the Town shall not exceed five years at any one time.

The Town follows the Rule of 75 which enables an employee to retire as early as age 55, and with a minimum of 15 years of regular full-time employment, without a benefit reduction, provided the combined credited service and age at termination equals or exceeds the sum of 75. If an employee would have qualified for the Rule of 70 prior to July 1, 2016, they will be permitted to participate in the employer's retiree coverage. The benefit allows retired employees to obtain insurance at the employee rate until age 65. Employees are required to pay their portion of the medical premiums. See Note 11 and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A-1 for a further description of the Town's pay-as-you-go funding of the plan, various assumptions, and historical information with respect to the Net OPEB Obligation.

Intergovernmental and Other Agreements

The Town is party to numerous intergovernmental and other agreements which impose obligations upon the Town. None of those agreements have a material impact on the Town's legally available revenues.

Capital Improvement Plan

A five-year capital improvement program ("CIP") is presented to the Council each year along with the budget for the succeeding year. The current CIP covers the years 2023-27. The capital planning process represents an effort to translate Council discussions of goals and objectives for the Town into budgets over a five-year period. The capital planning process helps assure that priorities for projects are established and that the necessary financial, engineering, and planning factors are given attention. The CIP projects are annually reevaluated and amended to reflect the changing circumstances and financial capability of the Town.

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Since the adoption of the 2022 budget, additional projects have been approved by the Council. These projects include \$2.8M for infrastructure improvements. The following table illustrates the 2023-27 CIP, to include these additional projects. These projects are included in the Town's 2023 budget approved by the Town Council on November 22, 2022.

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>
Public Works	\$ 9,100,000	\$18,500,000	\$12,950,000	\$5,850,000	\$4,850,000	\$51,250,000
Recreation	2,400,000	--	--	--	--	2,400,000
Parking/Transportation Fund	805,000	3,650,000	3,350,000	1,600,000	12,600,000	22,005,500
Sustainability (1)	750,000	790,000	790,000	790,000	790,000	3,910,000
Child Care (2)	875,000	--	--	--	10,000,000	10,875,000
Total	\$13,930,000	\$22,940,000	\$17,090,000	\$8,240,000	\$28,240,500	\$90,440,500

(1) Includes energy upgrades for the Town's facilities, solar/renewable implementation, Solarize Summit rebates, electric vehicle charger implementation and material management centers.

(2) The Town expects to construct a new childcare center.

CIP projects are funded through a variety of sources, including current revenues, carryover funds from prior years, royalties, open space funds, housing sales tax, grants, contributions, transfers from the Conservation Trust Fund and certificates of participation.

Risk Management

The Town is exposed to various risk of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure against these risks of loss, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"), a separate and independent governmental and legal entity formed by intergovernmental agreement among member municipalities. See Note 9 in the audited financial statements attached hereto as Appendix A for a further discussion of CIRSA. The Town's current CIRSA coverages include property coverage (including auto), liability coverage (general, auto, law enforcement and public officials' errors and omissions), and crime coverage. Each coverage is subject to self-insured retentions, deductibles and aggregate coverage limits. The Town's current workers compensation coverage is provided by Pinnacol Assurance in accordance with statutory limits. The current coverages expire December 31, 2023. In the opinion of the Town Manager, the Town's insurance policies provide adequate insurance protection for the Town.

CURRENT SOURCES OF AVAILABLE REVENUE

General

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

The Town receives General Fund revenues from a variety of sources, including: ad valorem property taxes, auto ownership taxes, various excise taxes (primarily Sales Taxes, Accommodations Taxes and Transfer Taxes), licenses and permits, intergovernmental revenues (including motor vehicle fees, highway user taxes, road and bridge taxes, grants and other

payments passed through from the State), charges for services, fines and forfeitures, investment income and miscellaneous revenues.

The significant sources of legally available revenues available in the General Fund in 2021 were property tax, Sales Tax, Accommodations Tax and Transfer Tax, each of which is discussed in more detail below. Also see “TOWN FINANCIAL INFORMATION.” The Town imposes other excise taxes which are not legally available to pay Base Rentals under the Lease.

The Town Sales Tax

General. The Town currently levies its sales tax (the “*Sales Tax*”) at a rate of 2.5%. The Sales Tax is administered pursuant to Section 3-1-1 through Section 3-1-46 of the Town’s Municipal Code (the “*Sales Tax Code*”). The Charter authorizes the levy of sales taxes after approval of the Town’s voters. The Sales Tax initially was imposed at a rate of 2% beginning January 1, 1976; the increase to 2.5% was approved at an election in 1996 and became effective June 1, 1997. Revenue generated from the additional 0.5% Sales Tax is required to be used solely for open space acquisition; as described below, those revenues are deposited to the Town’s Open Space Acquisition Fund. Accordingly, proceeds from the additional 0.5% tax are not available to pay Base Rentals on the Certificates.

Overlapping Sales Tax Rate. The total sales tax paid by purchasers within the Town boundaries is 8.875%, comprised of the Town’s 2.5% Sales Tax, the State’s 2.9% sales tax, and the County’s 2.5% sales tax (including a 0.75% mass transit tax) and the Summit Combined Housing Authority’s 0.725% sales tax. Pursuant to the provisions of a 1970 election within the County, the State (on behalf of the County), distributes revenue from the County sales tax (imposed at a rate of 2%) collected within the Town directly to the Town (less a vendor fee of 3.33%).

Description of the Sales Tax. The Sales Tax is levied on the purchase price paid or charged upon all sales, purchases, rentals, and leases of tangible personal property at retail (including food) and on specific services as provided in the Sales Tax Code. Taxable transactions are set forth in the Section 3-1-3 of the Sales Tax Code and generally include sales and exchanges of property as well as the sale of tangible personal property for money. Specific services subject to the Sales Tax include, but are not limited to: telecommunication; gas, electric and steam services; computer software sales; cable television services; and the transaction of furnishing accommodations.

The Sales Tax is imposed on all taxable transactions in the Town, subject to certain stated exemptions, including but not limited to the following: sales to the United States government and to the State and political subdivisions thereof; sales of cigarettes; sales to charitable organizations; sales to religious organizations; sales which the Town is prohibited from taxing under the constitution or laws of the United States or the State; food purchased with food stamps; food purchased with WIC vouchers or checks pursuant to the Federal program for women, infants and children; cover charges; sales made to nonprofit schools; sale of certain construction and building materials if picked up by the purchaser or if the purchaser provides to the retailer a building permit or other documentation acceptable to the Town evidencing that a local use tax has been paid or is required to be paid; transfers of tangible personal property without consideration to an out-of-state vendee for use outside the State in selling products normally sold at wholesale by the transferor; sales of motor fuel upon which the motor fuel tax prescribed by the Colorado

Motor Fuel Tax of 1933 has been paid; sales and purchase of motor vehicles, trailers, mobile homes or other vehicles required to be registered under State motor vehicle laws when the purchaser is not a resident of the Town and the vehicle or mobile home is to be registered and will be housed primarily outside the Town; sales of medical supplies if the sale is to a purchaser who is not a resident or does business outside the Town; 50% of the purchase price of factory-built housing; sales of containers or bags to vendors or retailers of food and beverages if such container is not charged for separately; sales of construction and building materials to contractors for use in building and repair of public works owned or used by: (1) the United States, the State or its political subdivisions, (2) charitable organizations, or (3) nonprofit schools; sales to and purchases of tangible personal property by a manufacturer, which property becomes an ingredient or component of the product or service which is deemed wholesale sales and exempt from taxation; certain tangible personal property which becomes a constituent part of a food product intended for sale at retail for human consumption; sales and purchases of electricity, coal, gas, fuel, oil and coke for use in mining, refining, irrigation, construction, telecommunication and transportation services and all industrial uses; sales and purchases of newsprint and printer's ink for use by newspapers and commercial printers; sales and purchase of newspapers; sales of certain exempt commercial packaging materials; sale of tangible personal property for testing, modification, inspection or similar types of activities in the State if the ultimate use of such property occurs outside the State and if the test, modification or inspection period does not exceed 90 days; certain retail sales which involve the exchange of property; and all sales of customized computer software where the design or writing of a computer program is for a specific application of an individual user. Reference is made to Sections 3-1-4 and 3-1-6 of the Sales Tax Code for a complete list of exemptions from the Sales Tax.

Collection and Administration. The Sales Tax is imposed on the purchaser at retail. Vendors have the duty to collect and remit the Sales Tax to the Town. Every vendor is liable and responsible for the payment of an amount equal to 2.5% of all sales made (or services provided) which are subject to the Sales Tax. Vendors make a return of sales and remit 2.5% of such sales to the Finance Director before the 20th day of each month for the preceding calendar month. The Sales Tax Code contains penalties for failure to collect and remit Sales Tax. Vendors also must retain three years of records related to collection and remittance of the Sales Tax. Vendors are not entitled to retain any portion of the Sales Tax as a vendor's fee. Pursuant to the Sales Tax Code, all revenues collected by the Town as a result of the elimination of the vendor's fee in 1992 are designated for the Town's Marketing Fund.

The Town collects its own Sales Tax. The Town Finance Director is responsible for the proper administration of the Sales Tax. A license is required for any person to engage in the business of selling tangible personal property at retail within the Town. The Finance Director issues such licenses and may revoke the license of any vendor found to have violated any provision of the Sales Tax Code. In 2022, there were 7,794 Business Licenses within the Town (including vendors, nonprofits, lodges, in-home vendors, seasonal vendors, short-term rentals and chalet homes).

The Finance Director may make refunds upon application of the vendor in accordance with the Sales Tax Code. Refund claims must be made within three years of the date of purchase.

Enforcement and Remedies for Collection of Delinquent Taxes. The Sales Tax constitutes a first and prior lien on the real and personal property of or used by the taxpayer, including without limitation the good, inventory (stock in trade) and business fixtures of such taxpayers. That lien takes precedence over all other liens, encumbrances, security interests and claims of whatsoever kind or nature.

If a retailer neglects or refuses to make a return in payment of the Sales Tax or to pay any Sales Tax as required, the Finance Director makes an estimate, based on available information, of the amount of Sales Tax due and adds to such estimate the amount of \$15 or 10% of the delinquency, whichever is greater, together with interest on such delinquent taxes at an interest rate established pursuant to State law. Written notice of the estimated Sales Tax, penalty and interest is sent by first-class mail to the last-known address of the delinquent taxpayer. Within 20 days after such notice is mailed, the taxpayer may petition the Finance Director for a hearing. Following a hearing, taxpayers may appeal the Finance Director's decision to the courts.

If any taxes, penalties or interest imposed and due are not paid within five days after the same or due, then the Finance Director may issue a notice, setting forth the name of the taxpayer, the amount due, the date of the accrual thereof and the Town's claim to a first and prior lien therefore on the property listed above. The notice may be filed in the office of the county clerk and recorder in the county in which the taxpayer owns real or tangible personal property, and the filing of such notice creates a lien on such property in that county and constitutes notice thereof. The Finance Director also may issue a warrant authorizing the levy, seizure and sale of sufficient property to satisfy the amount due together with interest, penalties and costs as provided by law. The Finance Director also may seek recovery of any unpaid tax by any appropriate action at law. The Sales Tax Code also provides for fines and/or imprisonment for violation of any of its provisions.

History of Sales Tax Collections

The following table sets forth a history of the portion of the Town's Sales Tax collections deposited into the General Fund since 2016. The table includes sales tax revenues received from the County. Although the Town does not expect any material change in the sales tax revenue distributed by the County to the Town, the Town cannot make any representations regarding the reliability of such revenues in the future.

History of Sales Tax Collections

<u>Year</u>	<u>Sales Tax Revenues⁽¹⁾</u>	<u>Percent Change</u>
2016	20,758,147	-
2017	21,567,073	3.90
2018	23,534,523	9.12
2019	25,979,792	10.40
2020	23,922,394	(7.90)
2021	29,613,879	23.80
2022 ⁽²⁾⁽³⁾	23,250,573	36.73

- (1) Collections at a rate of 2% only (less amounts deposited to the Marketing Fund). Includes only those sales tax revenues deposited to the General Fund and sales tax revenues received from the County. Does not include amounts deposited to the Marketing Fund or Open Space Funds. Unaudited year-end information only; subject to accruals and adjustments during the audit process.
- (2) Year-to-date collections through August 31, 2022.
- (3) Year-to-date compared to the same period in 2021. As of August 31, 2022, year -to-date collections are currently 36.73% higher than 2021.

Source: The Town.

Principal Sales Tax Generators. Six of the Town's top 10 Sales Tax generators are short-term lodging businesses; the remainder of the top 10 include a grocery/liquor store, a utility, a construction business and a restaurant/bar. The top 10 individual generators of Sales Tax accounted for approximately 22.6% of total Sales Tax collected within the Town in 2021; the largest individual generator of Sales Tax accounted for approximately 7.8% of Sales Tax collected within the Town in 2021. Because of the confidential nature of the gross sales of Sales Tax generators, the identities of the individual vendors and the amount of Sales Tax revenues generated by each vendor cannot be divulged under penalty of law. Because of the small size of the Town, it is not possible to identify individual vendors in the Town generically without revealing the identities of the largest vendors. Accordingly, the following table provides information about the generators of Sales Tax revenues within the Town, by categories.

Taxable Sales by Category – 2022

<u>Sales Tax Sector</u>	<u>Taxable Sales</u>	<u>% of Total</u>
Short-term lodging	\$205,508,120	36.08%
Retail sales	139,568,549	24.50
Restaurants/bars	120,156,344	21.09
Grocery/Liquor	50,506,656	8.87
Construction	23,051,872	4.05
Utilities	22,386,037	3.93
Weedtail	6,807,586	1.20
Undefined	1,623,028	0.28
Total	\$569,608,192	100.00%

Source: The Town as of August 31, 2022.

The Town Accommodations Tax

General. The Town imposes a public accommodations tax of 3.4% of the price paid for the leasing or rental of any hotel room, motel room, or other accommodation located in the Town (the “*Accommodations Tax*”). The Accommodations Tax originally was imposed at a rate of 2%; that rate was increased to 2.4% effective November 1, 1992. In 2010, Town voters approved a 1% increase in the Accommodations Tax, effective January 1, 2011. The revenues generated by the 1992 0.4% increase and the 2011 1.0% increase are required to be deposited to the Town’s Marketing Fund; generally, those funds are used for the payment of expenses incurred in connection with the marketing and promotion of the Town as a year-round resort, for the marketing, advertising and promotion of activities and events which are of general benefit to the economic vitality of the community.

Manner of Collection and Administration. The Accommodations Tax is collected by persons providing public accommodations. Those persons are required to hold a Town-issued business license. According to the Town, in 2022 there are 4,470 Business Licenses collecting Accommodation Tax within the Town. Each business must file a return, together with Accommodations Tax revenue collected in the preceding month, by the 20th of each month. Business license tax holders must retain records related to the Accommodations Tax for a period of three years.

Enforcement and Remedies. The Accommodations Tax is a first and prior lien on real property and on tangible person property in which the person responsible for collecting the tax has an ownership interest, subject to prior valid mortgages or other liens of record at the time of the recording of a tax lien for nonpayment of the Accommodations Tax. The Town’s Revenue Services Administrator auditor also monitors the Accommodations Tax.

History of Accommodations Tax Collections. The following table sets forth a history of the portion of the Town’s Accommodations Tax collections deposited into the General Tax Fund since 2016.

History of Accommodations Tax Collections

<u>Year</u>	<u>Accommodations Tax Revenues⁽¹⁾</u>	<u>Percent Change</u>
2016	\$2,976,739	--
2017	3,068,530	3.10%
2018	3,473,823	13.21
2019	3,901,868	12.32
2020	3,882,070	(0.50)
2021	5,916,325	52.40
2022 ⁽²⁾⁽³⁾	4,243,013	25.05

⁽¹⁾ Reflects collections at a rate of 2% only (i.e., those funds deposited to the General Fund).

⁽²⁾ Year-to-date collections through August 31, 2022.

⁽³⁾ Year-to-date compared to the same period in 2021. As of August 31, 2021, year-to-date collections are currently 25.05% higher than 2021.

Source: The Town.

Town Real Estate Transfer Taxes

General. Title 3, Chapter 3 of the Municipal Code codifies the Transfer Tax provisions. The Transfer Tax generally is an amount equal to 1% of the consideration paid for the transfer of real property (or 1% of the “gross consideration” as defined in the Municipal Code when transfers occur among co-owners) and is paid when the transfer is made. Exemptions from the Transfer Tax are codified in Section 3-3-6 of the Municipal Code and include, but are not limited to: transfers for which the consideration is \$500 or less; transfers in which the United States or an agency thereof or the State or a political subdivision thereof is the grantee; true gifts of real property; change of title or interest by reason of death; certain transfers made among related corporations; transfers made to effect a lien confirmed in a bankruptcy situation; transfers made for the purpose of clearing title, granting easements or making minor boundary adjustments; termination of co-ownerships where no consideration is paid for such termination; decrees of a court quieting or vesting title; transfers between spouses made pursuant to a separation agreement or dissolution of marriage; transfers of cemetery lots; any mineral transfer or royalty transfer; transfers made to satisfy debt or other obligations or release property which is security for a debt or other obligation; transfers by deed in lieu of foreclosure under certain circumstances; and transfers in connection with execution sales or foreclosure sale or judicial decrees under certain circumstances.

The purchaser or grantor must apply for and obtain a certificate of exemption for any transaction that qualifies for an exemption from the Transfer Tax. The certificate must be issued by the Town Manager prior to the date on which the tax is payable. If the Town Manager denies an exemption, appeal is to the Council. If an application is not granted before a transfer takes place, the Transfer Tax must be paid at the time of transfer and a refund will be granted later if the exemption is allowed. The Transfer Tax is due and payable at the time of the transfer and constitutes a perpetual lien property over all other liens except general tax liens and special improvement district assessments.

Manner of Collection. The person responsible for payment of the Transfer Tax is the purchaser or the person to whom the transfer is made. The Town has implemented various measures to facilitate the collection and enforcement of the Transfer Tax. The Town has adopted and recorded an ordinance providing notice to purchasers of real property in the Town of the existence of the Transfer Tax. The practical effect of that notice is that title companies generally require proof of payment of the tax as a condition to the issuance of a title policy.

Enforcement and Remedies. If the Transfer Tax is not paid within 30 days of the transfer it is considered delinquent and a delinquency penalty of 10% of the tax due shall accrue. In addition, interest shall accrue at the rate of 1.5% per month on the amount of the tax from the date the tax becomes delinquent to the date of payment. Interest and penalty accrued become part of the tax due. The Town may foreclose the lien in the manner provided by State law for the foreclosure of mortgages.

History of Transfer Tax Collections. The following table sets forth a history of Transfer Tax collections since 2016.

History of Real Estate Transfer Tax Collections

<u>Year</u>	<u>Real Estate Transfer Tax Revenues</u>	<u>Percent Change</u>
2016	\$5,240,098	--
2017	6,239,221	19.1%
2018	6,156,677	(1.3)
2019	7,166,614	16.4
2020	7,838,100	9.4
2021	11,038,657	40.8
2022 ^{(1) (2)}	4,618,893	(26.80)

⁽¹⁾ Year-to-date collections through August 31, 2022.

⁽²⁾ Year-to-date compared to the same period in 2021. As of August 31, 2022, year-to-date collections are currently 26.80% lower than 2021.

Source: The Town.

Other Town Excise Taxes

The Town imposes or receives other excise taxes, including cigarette taxes, nicotine tax, marijuana taxes, utility taxes, lift ticket taxes and franchise fees. The cigarette tax revenues are those distributed to the Town from the State according to the percentage of State sales tax collections within the Town. The County also imposes special sales taxes on the sale of cigarettes, tobacco products and nicotine products and shares the revenue with the Town. The Town imposes an excise tax on marijuana. The utilities tax is imposed on each telephone utility company operating in the Town. The lift ticket tax is imposed on single or multiday ski lift tickets for use at a ski area within the Town during the annual period between November 1 and April 30. Franchise fees are collected from private utilities (currently telephone, cable and gas/electric) in respect of the provision of service within the Town.

Other than lift ticket taxes, none of these sources of revenue accounted for more than 5% of the total revenues in the General Fund in 2021. Lift ticket tax revenues are not legally available to pay Base Rentals under the Lease.

General Fund - Budget Summary and Comparison

General. Set forth in the following tables are comparisons of the Town's 2021, 2022 and 2023 budgets for the General Fund and the Excise Fund. The tables below are presented in budgetary format and are not intended to conform to generally accepted accounting principles ("GAAP").

The Excise Fund was established by the Town to account for the receipt of sales, cigarette, franchise, accommodations and real estate transfer taxes. Effective for fiscal year 2011, the Town adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). As a result of application of

GASB 54, the Excise Fund was merged with the General Fund for GAAP reporting purposes and the Excise Fund is no longer reported separately in the audit. Activity associated with the Excise Fund (including the Sales Tax, Accommodations Tax and Transfer Tax) is included in the General Fund for GAAP purposes. However, the Excise Tax is budgeted separately by the Town.

Fund Balance Policies. In addition to the Town's required reserves, the Town maintains the following reserves:

- Operations reserve (aka "Rainy-day fund") equal to 4 months of current year budgeted General Fund expenditures.
- Debt reserve equal to two years of debt payments. This is in addition to any required debt reserve.
- Capital reserve equal to next three years of capital projects, as show in the CIP. The purpose of this reserve is to ensure the funds are on hand to complete these planned projects, even with an economic down-turn.

This reserve analysis is presented to the Council at the annual budget retreat, presentation of the Capital Improvement Plan, and during times of unusual events affecting budgeted revenues and/or expenditures. Most recently, a revised reserves analysis was presented to Council on October 11, 2022, reflecting potential impacts to the Town resulting from COVID-19 and projected end of year reserves and available fund balance.

[Tables follow on the next page.]

Budget Summary and Comparison - General Fund

	<u>2021 Budget</u>	<u>2022 Budget</u>	<u>2023 Budget</u>
FUND BALANCE, JANUARY 1	\$16,759,087	\$15,175,898	\$16,836,011
REVENUES			
Taxes (property and SOT)	3,665,910	4,425,065	3,865,040
Licenses and Permits	470,983	618,287	642,850
Charges for Services	584,541	925,092	599,003
Intergovernmental	1,099,573	1,194,319	1,395,676
Fines and Forfeits	146,254	137,300	152,300
Recreation Fees	2,249,005	3,563,013	3,748,434
Miscellaneous Income	1,126,740	1,145,823	1,239,940
Transfers from other funds ⁽¹⁾	<u>12,589,719</u>	<u>16,477,030</u>	<u>18,136,741</u>
Total Revenue	<u>\$21,931,725</u>	<u>\$28,485,929</u>	<u>\$29,779,984</u>
TOTAL AVAILABLE	<u>\$38,690,812</u>	<u>\$43,661,827</u>	<u>\$46,615,995</u>
EXPENDITURES			
General Gov't/Executive Mgmt.	2,870,958	4,435,017	5,468,680
Finance	1,167,664	1,519,522	1,398,677
Public Safety	3,768,044	4,367,961	5,026,393
Community Development	1,672,749	2,234,363	2,184,586
Public Works	7,733,537	9,547,755	10,356,805
Recreation	5,026,945	6,667,716	8,066,075
Transfers out	--	<u>300,000</u>	-
Total Expenditures	<u>\$22,239,905</u>	<u>\$29,072,332</u>	<u>\$32,501,216</u>
Revenues Over (Under) Expenditures	\$ (308,180)	\$(586,403)	\$(2,721,232)
FUND BALANCE, DECEMBER 31	\$16,450,895	\$14,589,496	\$14,114,779
Restriction – Nordic Loan	-	\$1,185,469	\$1,147,899
Restriction – Operations	-	9,690,777	10,833,739
Restriction – Debt Service	-	-	<u>942,368</u>
AVAILABLE FUND BALANCE, DECEMBER 31	<u>\$16,450,895</u>	<u>\$3,713,249</u>	<u>\$1,190,774</u>
Reserve – Retirement	-	188,355	292,513
Reserve – Tabor	-	3,417,666	2,465,519
Reserve – Nicotine Program	-	(588,814)	999,120
TOTAL RESERVES	-	<u>\$3,017,207</u>	<u>\$3,757,152</u>

⁽¹⁾ Includes transfers in from the Excise Fund (which is a budgetary fund only). See the following table.
Source: Derived from the Town's 2022 and 2023 budgets.

Budget Summary and Comparison - Excise Fund

	<u>2021 Budget</u>	<u>2022 Budget</u>	<u>2023 Budget</u>
FUND BALANCE, January 1	\$31,051,732	\$54,149,501	\$63,326,602
REVENUE			
Sales Tax	19,136,853	29,805,800	32,551,152
Cigarette Tax	54,987	52,700	44,035
Franchise Taxes	799,102	832,300	907,020
Real Estate Transfer Taxes	5,500,000	6,000,000	5,405,283
Accommodation Tax (2)	2,956,104	5,118,200	5,476,500
Investment Income	<u>113,185</u>	<u>87,065</u>	<u>1,000,000⁽¹⁾</u>
Total Revenue	<u>\$28,560,231</u>	<u>\$41,896,065</u>	<u>\$45,383,990</u>
Total Available	<u>\$59,611,963</u>	<u>\$96,045,566</u>	<u>\$108,710,592</u>
EXPENDITURES			
Transfer to General Fund	\$12,419,816	16,300,000	18,000,000
Transfer to Capital Fund	1,716,157	13,855,000	13,195,000
Transfer to Marketing Fund	698,950	--	--
Transfer to Housing Fund	--	--	6,362,188
Transfer to Special Projects Fund	2,490,249	4,299,000	3,595,000
Transfer to Parking & Transp. Fund	2,317,675	8,568,675	--
Transfer to Health Benefits Fund	--	-	--
Transfer to Child Care Fund (3)	--	--	1,200,000
Debt Service	<u>593,215</u>	<u>541,515</u>	<u>510,775</u>
Total Expenditures	<u>\$20,162,062</u>	<u>\$43,574,190</u>	<u>\$44,862,963</u>
FUND BALANCE, December 31	<u>\$39,429,901</u>	<u>\$52,471,376</u>	<u>\$63,847,629</u>
Reserved for Debt Service	\$200,054	200,254	1,014,600
Discretionary Reserve for Debt	880,676	--	--
Capital Funding Reserve (4)	23,598,587	15,927,000	48,270,000
NET FUND BALANCE	\$14,750,584	\$36,344,122	\$14,563,029

(1) Increased based on increased interest rates by the Federal Reserve

(2) In 2022, the Town budgeted for tourism to be back to pre-Covid-19 levels.

(3) This amount is for the planned childcare center in the CIP.

(4) These amounts are for funding in part the projects contained in the CIP.

Source: Derived from the Town's 2022 budget and 2023 budget.

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General Fund - History of Revenue, Expenditures and Changes in Fund Balance

The following table provides a five-year comparative statement of revenues, expenditures and changes in fund balance in the General Fund for the years 2017 through 2021. This table has been derived from the Town's audited financial statements for the years 2017 through 2020 and the unaudited financial statements for the year 2021.

The information in this table should be read together with the Town's audited basic general-purpose financial statements for the year ended December 31, 2020, and the accompanying notes included as Appendix A-1 to this Official Statement and the unaudited financial statements for the year ended December 31, 2021 included as Appendix A-2 to this Official Statement. Audited financial statements for prior years may be obtained from the sources listed in "INTRODUCTION--Additional Information."

[Table follows on the next page.]

General Fund-History of Revenues, Expenditures and Changes in Fund Balances

<u>Revenues</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Taxes	\$38,593,019	\$41,234,845	\$45,190,035	\$44,116,295	\$55,469,534
Licenses and permits	1,092,229	872,141	964,643	1,335,844	1,895,794
Intergovernmental	1,264,035	1,278,971	1,326,614	2,354,813	3,051,174
Charges for services	5,745,556	6,587,098	7,377,604	4,752,478	7,319,273
Fines and forfeits	312,188	291,072	255,340	348,845	343,621
Interest earnings	236,537	385,528	864,494	257,303	(12,989)
Miscellaneous	<u>381,871</u>	<u>419,506</u>	<u>776,122</u>	<u>304,553</u>	<u>417,250</u>
Total Revenues	<u>47,625,435</u>	<u>51,069,161</u>	<u>56,754,852</u>	<u>53,470,131</u>	<u>68,483,657</u>
<u>Expenditures</u>					
General government	3,361,950	3,880,411	4,324,928	3,937,636	4,278,017
Public safety	4,073,393	4,420,323	4,070,443	5,035,834	5,141,647
Community development	2,265,417	2,723,193	2,774,116	2,908,242	12,903,697
Public works	10,858,622	12,155,244	13,259,844	12,751,251	2,673,256
Culture and recreation	6,792,019	7,441,773	7,785,028	6,750,268	6,997,211
Grants to other agencies	1,199,398	1,154,864	970,030	3,392,349	1,824,837
Capital outlay	3,315,343	1,686,601	6,861,191	35,000	22,234,695
Debt service					
Principal	380,000	395,000	405,000	2,570,000	1,260,000
Interest and charges	157,919	144,158	130,502	775,740	1,583,250
Debt Issuance Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>314,613</u>	<u>(54,664)</u>
Total Expenditures	<u>32,404,061</u>	<u>34,001,567</u>	<u>40,581,082</u>	<u>38,470,933</u>	<u>58,841,946</u>
Excess of Revenues Over (Under) Expenditures	15,221,374	17,067,594	16,173,770	14,999,198	9,641,711
<u>Other Financing Sources (Uses)</u>					
Issuance of Certificates of Participation (COPs)	--	--	--	43,651,562	--
Payment to refunding escrow bank	--	--	--	--	--
Sale of capital assets	--	--	--	--	--
Transfers in	690,824	5,629,504	131,414	133,368	134,708
Transfers out	<u>(23,980,213)</u>	<u>(13,896,456)</u>	<u>(13,301,197)</u>	<u>(16,942,357)</u>	<u>(3,564,100)</u>
Total Other Sources (Uses)	<u>(23,289,389)</u>	<u>(8,266,952)</u>	<u>(13,169,783)</u>	<u>26,842,573</u>	<u>(3,429,392)</u>
Change in Fund Balance	(8,068,015) ⁽¹⁾	8,800,642	3,003,987	41,841,771	6,212,319
Fund Balances - Beginning	40,446,736	32,378,721	\$41,179,363	\$44,183,349	\$86,025,120
Fund Balances - Ending	\$32,378,721	\$41,179,363	\$44,183,349	\$86,025,120	\$92,237,439

⁽¹⁾ In 2017, the Town transferred \$17,700,000 from the General Fund to the Capital Fund, which the majority of these unreserved funds were used for renovation of the Town's recreational facility and the addition of a tennis facility, aligning with the Town's pay-as-you-go capital program that is often utilized by the Town.

Source: Derived from the Town's audited financial statements for the years ended December 31, 2017 through 2021.

Ad Valorem Property Taxes

General. The procedures for collection of general tax revenues, as well as certain ad valorem property tax data with respect to the Town, are set forth below. Certain statutory and constitutional limitations limit the amount of property taxes the Town can levy. The Town cannot increase its existing General Fund mill levy without voter approval. See “LEGAL MATTERS--Certain Constitutional Limitations” for a discussion of those limitations.

COVID-19 Information. The Governor, State agencies and the General Assembly took several actions in response to COVID-19 that impacted the administration of property taxes, such as extending filing deadlines, extending deadlines for the payment of property taxes and authorizing county treasurers to waive delinquent interest on late property tax payments for a period of time. It is not possible to know whether Governor Polis will issue additional executive orders authorizing county treasurers to extend payment deadlines and waive interest. There is no guarantee that additional executive orders or legislation deferring the payment of property taxes to a later date, permanently waiving interest, or forgiving property tax liability in its entirety will occur and, if these or similar measures are adopted into law, the receipt of property taxes by the Town may be delayed or reduced, and such reduction could be material.

Property Subject to Taxation. Subject to the limitations imposed by Article X, Section 20 of the State constitution (the Taxpayers Bill of Rights or “*TABOR*,” described in “LEGAL MATTERS--Certain Constitutional Limitations”), the Council has the power to certify to the Commissioners a levy for collection of ad valorem taxes against all taxable property within the Town.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the Town. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner’s land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County Assessor to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the

statutory “actual” value of all taxable property within the county as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor’s office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2017 (collection year 2018) were based on an analysis of sales and other information for the period January 1, 2015 to June 30, 2016. The following table sets forth the State Property Appraisal System for property tax levy years 2015 through 2020.

<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2016	2015	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2017	2016	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2018	2017	July 1, 2016	Jan. 1, 2015 to June 30, 2016
2019	2018	July 1, 2016	Jan. 1, 2015 to June 30, 2016
2020	2019	July 1, 2018	Jan. 1, 2017 to June 30, 2018
2021	2020	July 1, 2018	Jan. 1, 2017 to June 30, 2018

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

Residential Property.

Prior to tax levy year 2021, the residential assessment rate was adjusted every two years in connection with the general reassessment of property described in “Determination of Statutory Actual Value” above. This adjustment was mandated by a provision of the State

constitution (the “*Gallagher Amendment*”) to avoid extraordinary increases in residential real property taxes when the base year level of value changed. As a result of application of the Gallagher Amendment and TABOR, the residential assessment ratio has declined each year since 1989 (when the residential assessment rate was 15% of statutory actual value); for levy years 2019 and 2020, the residential assessment rate was 7.15%. The residential assessment rate cannot increase above 7.15% without the approval of Colorado voters due to the provisions of TABOR.

In November 2020, the State’s voters approved a referred measure to repeal the Gallagher Amendment (the “*Repeal*”). The General Assembly is now responsible for setting future residential assessment rates. In its 2021 session, the General Assembly adopted legislation (“*SB21-293*”) temporarily reducing the residential assessment rate for the next two years (levy years 2021 and 2022) and designating multifamily residential property as a new subclass of residential property.

Pursuant to SB21-293, as amended by SB22-238 (described below), for property tax year 2022, the residential assessment rate for all residential property other than multifamily residential property is temporarily reduced to 6.95% and the multifamily residential rate is temporarily reduced to 6.8%.

In its 2022 session, the General Assembly adopted legislation (“*SB22-238*”) (i) temporarily reducing the assessment rate for all residential property and certain classes of nonresidential property, (ii) temporarily reducing the amount of actual value to which the rate is applied for all residential property and all commercial property for property tax year 2023, (iii) temporarily reducing the assessment rate for multifamily residential property for property tax year 2024, and (iv) temporarily reducing the assessment rate for all residential property other than multifamily residential real property for property tax year 2024 by an amount determined by the property tax administrator to cumulatively, with other provisions of SB22-238, reduce statewide property tax revenue for property tax years 2023 and 2024 to a total of \$700,000,000. SB22-238 also requires the State to reimburse local governments, excluding school districts, in 2024 up to \$240,000,000 for reductions in their property tax revenues in 2023 resulting from SB22-238.

The following changes are made to the residential assessment rate and the amount of actual value pursuant to SB22-238:

- the residential assessment rate for multifamily residential property is temporarily reduced to 6.765% for property tax year 2023 and is temporarily reduced to 6.8% for property tax year 2024;
- the residential assessment rate for all residential real property other than multifamily residential real property is temporarily reduced to 6.765% for property tax year 2023;
- for the 2023 property tax year, the valuation for assessment rate for all residential real property under any residential real property classification code is 6.765% of the amount equal to the actual value minus the lesser of \$15,000 or the amount that reduces the valuation for assessment to \$1,000; and

- for the 2024 property tax year, the ratio of valuation for assessment for all residential real property, other than multifamily residential real property, is temporarily reduced to the percentage necessary for the aggregate reduction of local government property tax revenue during the 2023 and 2024 property tax years to equal a total of \$7,000,000.

Pursuant to SB22-238, the treasurer of each county is required to calculate the total property tax revenues lost by each local governmental entity, excluding school districts, within the treasurer's county as a result of the changes made by SB22-238. Each county assessor is required to calculate the difference in assessed value of real property within the assessor's county for the 2022 and 2023 property tax years. Each county treasurer is required to report the amount of property tax revenues lost to the property tax administrator by March 1, 2024. No later than April 15, 2024, the State treasurer is required to issue a reimbursement warrant to each county treasurer that is payable upon demand from additional State revenues and, if necessary, from the general fund, in the following amounts:

- 100% of the total property tax revenues lost by each local governmental entity, excluding school districts, as a result of the changes made by SB22-238 for any county with a population of less than 300,000 that had an increase of less than 10% in assessed value from property tax year 2022 to property tax year 2023;
- 90% of the total property tax revenues lost by each local governmental entity, excluding school districts, as a result of the changes made by SB22-238 for any county with a population of less than 300,000 that had an increase of 10% or more in assessed value from property tax year 2022 to property tax year 2023;
- 65% of the aggregate reduction of local government property tax revenue during the 2023 property tax year for all local governmental entities, excluding municipalities, fire districts, health service districts, water districts, sanitation districts, school districts and library districts;
- 90% of the aggregate reduction of local government property tax revenue during the 2023 property tax year for each municipality, fire district, health service district, water district, sanitation district, and library district that had an increase of 10% or more in assessed value from property tax year 2022 to property tax year 2023; and
- 100% of the aggregate reduction of local government property tax revenue during the 2023 property tax year for each municipality, fire district, health service district, water district, sanitation district, and library district that had an increase of less than 10% in assessed value from property tax year 2022 to property tax year 2023.

Each county treasurer is then required to distribute the total amount received from the State treasurer to the local governmental entities, excluding school districts, within the county pursuant to the percentages determined above as if the revenues had been regularly paid as property taxes.

SB22-238 also requires the State treasurer to transfer \$200,000,000 from the general fund on July 1, 2022, to the State public schools fund for the purpose of offsetting reductions in school district property tax revenue.

The General Assembly may take additional action to reduce the assessment rate or calculation of actual value for residential or non-residential property at any time in the future.

Non-residential property.

Prior to SB21-293, all non-residential taxable property, with certain specified exceptions, was assessed at 29% of its statutory actual value. Pursuant to the Repeal, the General Assembly is also now responsible for setting future commercial assessment rates.

Pursuant to SB 21-293, agricultural property, lodging property and renewable energy production property are new subclasses of nonresidential property. The commercial assessment rate for agricultural and renewable energy property is temporarily reduced to 26.4% for property tax years 2022 and 2023. All other commercial rates remain at 29%, subject to SB22-238, which states as follows:

- the commercial assessment rate for lodging property is temporarily reduced to 27.9% of an amount equal to the actual value minus the lesser of \$30,000 or the amount that reduces the valuation for assessment to \$1,000 for property tax year 2023;
- the commercial assessment rate for agricultural property and renewable energy production property is temporarily reduced to 26.4% for property tax year 2024;
- the commercial assessment rate for all of the property listed by the assessor under any improved commercial subclass codes is temporarily reduced to 27.9% of an amount equal to the actual value minus the lesser of \$30,000 or the amount that reduces the valuation for assessment to \$1,000 for property tax year 2023; and
- the commercial assessment rate for all other nonresidential property is temporarily reduced to 27.9% for property tax year 2023.

The commercial assessment rate cannot increase above 29% without the approval of Colorado voters due to the provisions of TABOR. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property and may petition for a hearing thereon before the County's Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is

reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the Town's assessed valuation may be subject to modification following any such annual assessment study.

Homestead/Disabled Veterans Property Tax Exemptions. The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009 to 2012), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the Town. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the Town the assessed valuation of property within the Town no later than August 25th of each year. If the County Assessor makes changes in the valuation for assessment or the total actual value prior to December 10, the County Assessor notifies the Town of those changes. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Council computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the Town's property tax, and together with other legally available Town revenues, will raise the amount required by the Town in its upcoming fiscal year. The Town subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a

mill levy of 25 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by the Town. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the applicable county. If the Commissioners fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 are being collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the Town on a monthly basis. The payments to the Town must be made by the tenth of each month and shall include all taxes collected through the end of the preceding month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the Town and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to a county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas"

to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority currently exists within the County. If a public highway authority value capture area is implemented in the future, it is impossible to predict the terms of the plan, including whether it would negatively impact the Town's property tax revenues.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. None of the property within the Town is located within an urban renewal authority; however, such authorities may be formed in the future. With respect to the property included in the boundaries of an urban renewal authority or downtown development authority in the future and subject to a renewal plan, the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above this "base" amount is paid to the applicable authority.

Ad Valorem Property Tax Data

A history of the Town's assessed valuation and mill levies is set forth in the following chart.

History of Assessed Valuations and Mill Levies for the Town

Levy Year	Collection Year	Assessed Valuation	Percent Change	Mill Levy
2017	2018	\$565,153,160	--	5.070
2018	2019	575,060,770	1.75%	5.070
2019	2020	684,873,880	19.10	5.070
2020	2021	690,307,190	0.79	5.070
2021	2022	746,286,520	8.11	5.070
2022 ⁽¹⁾	2023	729,001,920	(2.32)	5.070

(1) Preliminary figure as of August 25, 2022. The final assessed value will not be certified until approximately December 10, 2022. The 2022/2023 mill levy will not be certified until approximately December 15, 2022.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2017-2021; and the Summit County Assessor's Office.

The following chart sets forth a five-year history of the Town's ad valorem property tax collections.

Property Tax Collections for the Town

Levy Year	Collection Year	Taxes Levied	Current Collections ⁽¹⁾	Collection Rate
2016	2017	\$2,649,791	\$2,874,541	108.48%
2017	2018	2,865,327	2,857,497	99.73
2018	2019	2,915,558	2,911,420	99.86
2019	2020	3,472,311	3,450,350	99.37
2020	2021	3,499,857	3,490,264	99.73
2021	2022 ⁽²⁾	3,783,673	3,757,531	--

(1) The County treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.

(2) Figures are for collections from January 1 through September 30, 2022.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2016-2021; and the Summit County Treasurer's Office.

Based upon the most recent information available from Summit County, the following table represents the ten largest taxpayers within the Town. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following chart. Furthermore, the taxpayers shown in the chart may own additional parcels within the Town not included herein.

No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the Town.

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Ten Largest Taxpayers in the Town for 2021

Taxpayer Name	2021 Assessed Valuation	Percentage of Total Assessed Valuation
Vail Summit Resorts Inc.	\$16,900,806	2.468%
Peak 8 Properties LLC	10,666,881	1.557
Gold Point Lodging & Realty Inc.	10,466,860	1.528
Grand Lodge on Peak 7 Intrvl. Owner Assoc.	7,882,460	1.151
Public Service Co. of Colorado	7,849,750	1.146
Beaver Run Interim Centr Acquisition LLC	6,081,387	0.888
Riva Re Holdings LLC	5,495,094	0.802
Valdoro Mtn. Lodge Interval Owner Assoc.	3,233,894	0.472
Marriott Ownership Resorts Inc.	3,191,342	0.466
Welk Resorts Breckenridge LCC	<u>2,928,102</u>	<u>0.428</u>
TOTAL	<u>\$74,696,576</u>	<u>10.104%</u>

Source: Summit County Assessor's Office.

The following table sets forth the assessed valuation of specific classes of property within the Town based upon the Town's preliminary 2022 assessed valuation. As shown below, residential property accounts for the largest percentage of the Town's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the Town.

2022 Preliminary Assessed Valuation of Classes of Property in the Town

Class	Total Assessed Valuation ⁽¹⁾	Percent of Total Assessed Valuation
Residential	\$553,009,289	75.86%
Commercial	138,676,232	19.02
Vacant	29,259,161	4.01
State Assessed	<u>8,057,236</u>	<u>1.11</u>
TOTAL	<u>\$729,001,918</u>	<u>100.00%</u>

(1) Preliminary figures as of August 25, 2022. The final assessed values will not be certified until approximately December 10, 2022.

Source: Summit County Assessor's Office.

Sample Mill Levy Affecting Property Owners within the Town

In addition to the Town's ad valorem property tax levy, owners of property within the Town are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the Town's boundaries may be subject to different mill levies depending upon the location of their property. The following table reflects a sample mill levy that may be imposed on certain properties within the Town and is not intended to portray the mills levied against all properties within the areas shown. Property owners may be subject to a larger or smaller total mill levy than the sample given in the following table.

Sample Mill Levy Affecting Town Property Owners

<u>Taxing Entity⁽¹⁾</u>	<u>2021 Mill Levy⁽²⁾</u>
Summit County	19.530
Summit School District RE-1	18.835
Red, White and Blue Fire Protection District	9.110
Colorado Mountain College	4.013
Colorado River Water Conservation District	0.501
Middle Park Water Conservancy District	0.046
Total Overlapping Sample Mill Levy	52.035
The Town	5.070
Total Sample Mill Levy	<u>57.105</u>

(1) Middle Park Conservation District and Upper Blue Sanitation District also overlap the Town, but do not assess a mill levy.

(2) One mill equals 1/10 of one percent. Mill levies certified in 2021 result in the collection of property taxes in 2022. The 2022/2023 mill levy will not be certified until approximately December 15, 2022.

Source: Summit County Assessor's Office.

Estimated Overlapping General Obligation Debt

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

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Estimated Overlapping General Obligation Debt

Entity ⁽¹⁾	2021 Assessed Valuation ⁽²⁾	Outstanding General Obligation Debt	Outstanding General Obligation Debt Chargeable to the Town ⁽³⁾	
			Percent	Debt
Breckenridge Mountain Metro. District	\$59,324,240	\$22,555,000	100.00%	\$22,555,000
Summit School District RE-1	2,441,567,493	67,825,000	30.57	<u>20,734,103</u>
TOTAL				<u>\$43,289,103</u>

- (1) The following entities also overlap the Town, but have no reported general obligation debt outstanding: Alpine Metropolitan District; Colorado Mountain College; Colorado River Water Conservation District; Middle Park Conservation District; Middle Park Water Conservancy District; Red, White and Blue Fire Protection District; Summit County; and Upper Blue Sanitation District.
- (2) Assessed values certified in 2021 are for collection of ad valorem property taxes in 2022.
- (3) The percentage of each entity's outstanding debt chargeable to the Town is calculated by comparing the assessed valuation of the portion overlapping the Town to the total assessed valuation of the overlapping entity. To the extent the Town's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the Town are responsible will also change.

Sources: Summit County Assessor's Office; and information obtained from individual taxing entities.

TOWN FINANCIAL OPERATIONS

The Certificates are not obligations of the Town, and the Town's obligation to pay Base Rentals and Additional Rentals pursuant to the Lease is subject to the annual appropriation of such amounts by the Council. See "SECURITY FOR THE CERTIFICATES" and "CERTAIN RISK FACTORS." The information in this section is provided for informational purposes only and does not indicate that any of the sources of revenue described herein are pledged to the payment of the Certificates or that any such revenue is currently available to pay Base Rentals under the Lease.

Budget Process

Pursuant to the Charter, the Town budget is submitted by the Town Manager to the Council once a year. The prepared budget is required to provide a complete financial plan of all Town funds and activities for the ensuing fiscal year. In addition, the Town Manager is required annually to submit to the Council a capital program for the Town's infrastructure, equipment, and public buildings for the next five years. See "THE TOWN--Capital Improvement Plan."

A public hearing is conducted on the proposed budget and proposed capital program at least 45 days before the end of the fiscal year. After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficits. The Council must adopt a budget by resolution on or before the final day of its fiscal year. If it fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year are deemed adopted for the ensuing fiscal year on a month-to-month basis, until the Council adopts a budget for the ensuing

fiscal year. Adoption of the budget by the Council constitutes appropriation of the amounts specified therein for expenditure from the funds indicated. The Council is required to cause the property tax levy to be certified to the County no later than December 22 of each year for collection as required by law.

The Charter provides that if, during the fiscal year the Town Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. In addition, to meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations.

Furthermore, the Charter requires that if, at any time during the fiscal year, it appears probable to the Town Manager that the revenues available will be insufficient to meet the amount appropriated, he must report such deficit to the Council, which must then take such action as necessary to prevent or minimize any deficit. For that purpose, the Council may by ordinance reduce one or more appropriations. Further, any unencumbered appropriation balance among programs within a department or agency may be transferred to another department, upon approval by the Council, acting by resolution.

Financial Statements

The “Colorado Local Government Audit Law” and the Charter require that an independent annual audit be made of the Town’s financial affairs at the end of the fiscal year. Pursuant to the Charter the audited financial statements of the Town must be completed within four months of the close of the fiscal year. Pursuant to State law, the Town must forward a copy of its audit report to the State auditor within thirty days after receipt of such audit report. The Town filed its 2020 audit in a timely fashion. Shortly before the Town’s 2021 audit was due to the State auditor, the Town’s previous auditor informed the Town they were not able to complete the Town’s 2021 audit due to staffing issues and COVID-19 audit requirements. The Town obtained a waiver from the State auditor on July 30, 2022. The Town will forward the 2021 audit to the State shortly after it receives the 2021 audit. See “INTRODUCTION – Continuing Disclosure Undertaking.”

The Town’s financial statements for the year ended December 31, 2021, are attached to this Official Statement as Appendix A. The audited financial statements for the year ended December 31, 2021 represent the most recent audited financial statements of the Town.

TOWN DEBT STRUCTURE

General

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

General Obligation Debt

General. Indebtedness and other obligations of the Town may be incurred as provided in the Charter and in accordance with TABOR. The Council has the power to contract indebtedness on behalf of the Town and upon the credit thereof by borrowing money or issuing bonds or other obligations. General obligation bonds may be issued only pursuant to an ordinance and the approval, at a special or regular election, of a majority of the registered electors voting thereon. Pursuant to the TABOR, the Town may refund existing debt at a lower interest rate without an election; however, the Amendment requires all other multiple fiscal year obligations to have voter approval.

Limitation on Indebtedness. Pursuant to the Charter, there is no limitation as to the amount of bonds and securities which may be issued by the Town, subject to the election provisions of the Charter, the election provisions of TABOR, and the provisions of any authorizing bond ordinances.

Outstanding General Obligations. The Town currently has no general obligation debt outstanding.

Special Revenue Obligations

The Town has the power to issue revenue bonds for the purpose of purchasing, constructing, or otherwise acquiring, extending, or improving any municipal utility system or other income producing project payable solely from the net revenue derived from the operation of such system or project. In addition, revenue bonds may be issued for any public purpose and made payable from any taxes (except general ad valorem property taxes) which generate revenue for the Town. Such obligations do not constitute an indebtedness of the Town; however, TABOR requires that all multiple fiscal year obligations of the Town have voter approval. The issuance of revenue bonds by the Town acting by and through a properly qualified enterprise would be exempt from the provisions of TABOR. See "LEGAL MATTERS--Certain Constitutional Limitations."

The Town is a party to a loan agreement with the Colorado Water Resources and Power Development Authority ("CWRPDA"). Pursuant to the related Governmental Agency Bond issued by the Town to the CWRPDA, the Town is required to make payments of approximately \$3.3 million annually through August 1, 2039. The loan is secured by water system revenues.

Special Assessment Bonds

The Town has the authority, pursuant to the Charter, to issue special assessment bonds subject to voter approval of all multiple-year fiscal obligations as set forth in the

Amendment. Special assessment bonds are payable solely from moneys to be collected by the Town from special assessments levied upon properties within special improvement districts and are not a debt of Town nor is any revenue of the Town to be pledged to the repayment of such bonds. The Town presently has no outstanding special assessment bonds.

Short-Term Borrowing

The Town may borrow money without an election by issuing short-term notes. Such short-term notes must mature within the fiscal year in which they are issued. The Town has done no short-term borrowing in the current fiscal year.

Long-Term Contracts and Leases

In addition to the lease-purchase agreements entered into for the Prior Certificates, the Council may enter into lease-purchase and installment-purchase agreements as a means acquiring any real or personal property for public purposes.

The Town also leases GPS units for its golf course and bus batteries for its transit fleet.

The Town has separate long-term funding agreements with Breckenridge Creative Arts (“BCA”), Breckenridge Tourism Office (the “BTO”) and Breckenridge History. Pursuant to each agreement, the Town provides a substantial amount of funding for BCA, BTO and Breckenridge History, subject to the annual review and annual appropriation by the Town. The amount of funds requested for appropriation is based upon the respective budgets of BCA, BTO and Breckenridge History for the upcoming year. The Council is not required to appropriate funds for any of these entities in any year.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population

The following table sets forth a history of the populations of the Town, the County and the State. Between 2010 and 2020, the Town's population increased 11.9%. During the same time period, the populations of the County and State increased 10.9% and 14.8%, respectively.

<u>Population</u>						
Year	Town of Breckenridge	Percent Change	Summit County	Percent Change	Colorado	Percent Change
1970	548	--	2,665	--	2,207,259	--
1980	818	49.3%	8,848	232.0%	2,889,735	30.9%
1990	1,285	57.1	12,881	45.6	3,294,394	14.0
2000	2,408	87.4	23,548	82.8	4,301,261	30.6
2010	4,540	88.5	27,994	18.9	5,029,196	16.9
2020	5,078	11.9	31,055	10.9	5,773,714	14.8

Source: United States Department of Commerce, Bureau of the Census.

Income

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

<u>Per Capita Personal Income</u>			
Year ⁽¹⁾	Summit County	Colorado	United States
2016	\$62,322	\$52,390	\$49,613
2017	65,209	55,251	51,550
2018	69,416	58,453	53,786
2019	73,435	62,124	56,250
2020	77,754	65,358	59,765
2021	n/a	70,706	64,143

(1) Figures for Summit County updated November 16, 2021; state and national figures updated September 30, 2022. All figures are subject to periodic revisions.

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

Employment

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

<u>Labor Force and Percent Unemployed</u>					
Year	Summit County ⁽¹⁾		Colorado ⁽¹⁾		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2017	21,663	1.7%	2,963,789	2.6%	4.4%
2018	22,291	2.0	3,049,640	3.0	3.9
2019	22,770	1.7	3,100,598	2.6	3.7
2020	21,962	9.3	3,087,271	6.9	8.1
2021	22,727	4.0	3,156,110	5.4	5.3
<u>Month of August⁽²⁾</u>					
2021	22,205	3.8%	3,175,446	5.2%	5.2%
2022	23,063	2.2	3,266,884	3.3	3.7

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

(2) Due to the seasonal nature of much of the employment in the County, the monthly estimates are not necessarily representative of overall employment in the area.

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

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The following table sets forth the number of individuals employed within selected Summit County industries which are covered by unemployment insurance. In 2021, the largest employment sector in the county was accommodation and food services (comprising approximately 31.8% of Summit County's work force), followed, in order, by retail trade; arts, entertainment and recreation; government; and construction. For the 12-month period ended December 31, 2021, total average employment in the County increased 7.1% as compared to the same 12-month period ending December 31, 2020. Total average wages increased 4.1% during the same time period.

Average Number of Employees within Selected Industries - Summit County

Industry	2017	2018	2019	2020	2021	2022 ⁽³⁾
Accommodation and Food Services	7,039	7,207	7,399	5,889	6,676	8,298
Administrative and Waste Services	900	941	1,001	970	995	829
Agriculture, Forestry, Fishing, Hunting	16	16	16	15	16	14
Arts, Entertainment and Recreation	1,546	1,729	1,783	1,418	1,641	2,327
Construction	1,291	1,391	1,467	1,391	1,392	1,247
Educational Services	950	919	914	817	808	836
Finance and Insurance	253	262	262	259	257	275
Government	1,593	1,606	1,630	1,544	1,528	1,479
Health Care and Social Assistance	1,350	1,325	1,345	1,256	1,268	1,199
Information	173	178	169	151	153	120
Management of Companies/Enterprises	25	30	44	52	52	48
Manufacturing	180	215	234	253	322	336
Mining	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾
Non-classifiable	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾
Other Services	564	561	589	515	521	635
Professional and Technical Services	678	683	695	700	791	891
Real Estate, Rental and Leasing	1,118	1,100	1,136	1,088	1,199	1,446
Retail Trade	2,963	2,827	2,824	2,667	2,779	3,067
Transportation and Warehousing	361	357	347	289	287	323
Utilities	87	88	90	89	90	89
Wholesale Trade	191	193	166	141	134	144
Totals ⁽¹⁾	<u>21,391</u>	<u>21,726</u>	<u>22,207</u>	<u>19,593</u>	<u>20,985</u>	<u>23,666</u>

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

(2) Data was not released due to confidentiality.

(3) Figures are averaged through the first quarter of 2021.

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

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

Largest Employers in the Town of Breckenridge

<u>Employer</u>	<u>Industry</u>	<u>Estimated Number of Employees</u>	<u>Percentage of Total⁽¹⁾</u>
Vail Resorts, Inc.	Tourism	2,157	33%
Breckenridge Grand Vacations	Tourism	583	9
Summit County	Government	436	7
Town of Breckenridge	Government	253	4
Beaver Run HOA/BRICA LLC		212	3
Dillon Company, Inc. d/b/a/ City Market	Grocery Store	128	2
Storm Enterprises Inc.		115	2
Breckenridge BBQ d/b/a Kenosha Steakhouse/Rita's Restaurant		80	1
Christy Sports		55	1
Breckenridge Building Center		<u>47</u>	1
Total		4,126	

⁽¹⁾ 63% of the total employees within the Town are employed by the above employers.

Source: The Town.

Recreation and Tourism

Year-round tourism and skiing-related businesses account for a significant portion of the employment and earned income of area residents.

General. The Town's economy is focused on catering to tourists who come to enjoy winter and summer recreational activities. The Town derives substantial revenues from retail trade, short-term rentals, restaurants, lodging and real estate. Severe and protracted declines in winter snowfall or adverse economic conditions that reduce visits to Breckenridge Ski Resort (the "Ski Resort") will adversely affect the economy of the Town. Lower consumer spending will also affect collections of excise tax revenues.

The Ski Industry in the State. A study of Colorado's travel and tourism market (conducted by Longwoods International for the Colorado Tourism Office) reflected a strong economic recovery in 2021, the most recent year available. According to the study, total day and overnight trips to Colorado totaled 84.2 million, an increase of 10.1 million over 2020 when the pandemic sharply curtailed travel and tourism. Overnight trips accounted for 43.1 percent of those trips (36.3 million) and overnight visitors spent a record-tying \$17.0 billion.

Skier Visit Information. Vail Resorts, Inc. ("Vail Resorts"), a publicly held company (NYSE: MTN), headquartered in Broomfield, Colorado, and the owner of the Ski Resort, no longer provides figures for individual ski areas. The National Ski Areas Association ("NSAA"), the ski industry's trade group, however, reported that ski areas in the United States tallied a record 60.7 million skier visits during the 2021-22 season. This figure represents an increase of 2.9

percent over the 2020-21 season. (A skier visit represents a person participating in the sport of skiing or snowboarding for any part of one day at a mountain resort.) NSAA also reported that the Rocky Mountain Region (Colorado, Idaho, Montana, New Mexico, Utah and Wyoming) saw a record 25.2 million skier visits during the 2021-22 season.

The Ski Resort. Vail Resorts is the current owner of the Ski Resort. Vail Resorts also owns and operates Keystone Resort, another ski area located in the County close to the Town, as well as the Vail and Beaver Creek ski areas in neighboring Eagle County.

The Ski Resort is adjacent to the Town and has a vertical rise of 3,398 feet. The Ski Resort offers skiing and snowboarding for all levels with more than 2,900 acres spread across five interconnected mountains (Peaks 6, 7, 8, 9 and 10). The Ski Resort's present facilities include 187 trails accessed by 35 lifts, including an eight-passenger gondola, five high-speed six-passenger SuperChairs and eight high-speed quad lifts. The Ski Resort is home to the highest chairlift in North America, the Imperial Express SuperChair, which tops out at an altitude of 12,840 feet. The resort also offers four terrain parks and two half-pipes for snowboarders.

The eight-passenger BreckConnect Gondola ascends from the Town to the Peak 8 base area, thereby allowing skiers to park downtown and use the gondola to access the ski trails. The gondola has a capacity of 3,000 passengers per hour and includes a mid-station on Peak 7. Skiers can take the gondola back to the Town at the end of the day or use the Skyway Skiway trail to ski back to the parking lots.

Winter carnivals, festivals, and other events include various ski and snowboard competitions, the Lighting of Breckenridge, Ullr Fest, the International Snow Sculpture Championships, and the Spring Finale festival.

During the summer, the Ski Resort's Epic Discovery offers alpine slides, chairlift rides, hiking trails, and a ropes challenge course.

Nordic Centers. The Town also provides opportunities for cross country skiers, including two Nordic centers. The Breckenridge Nordic Center is one of the oldest cross-country skiing facilities in the State. More than 30 kilometers of groomed trails are available for track and skate skiing, along with 20 kilometers of snowshoe trails. A day lodge and full-service instruction and rentals are located on site.

The Town's Recreation Department manages the Gold Run Nordic Center, which offers approximately 30 kilometers of groomed classic and skate ski trails and 15 kilometers of snowshoe trails. Fat bikes are allowed on many of the trails. A club house, lessons and rental services are available on site.

Summer Activities. Although best known for its winter activities, the Town is a popular summer and fall destination due to outstanding art, history, music, nature and film programs. The summer offers opportunities for camping, hiking, biking, rock climbing, in-line skating, horseback riding, fly fishing, golfing and kayaking.

The Breckenridge Kayak Park in the Blue River provides boaters with an opportunity to learn or practice kayaking skills in a convenient location. It generally flows May

through August. The facility is located near the Town Recreation Center and is open free of charge as conditions permit. The 1,800-foot park includes 15 water features that challenge all levels of boaters.

The Town is the only municipality in the world to own a Jack Nicklaus designed, 27-hole golf course. The Breckenridge Golf Club opened for play in 1985 with nine holes and added another nine holes in 1987. During the summer 2001 golf season, the Town opened the final nine holes. All three championship nines are Jack Nicklaus Signature courses. Golf course amenities include a grass tee driving range, two practice greens for putting and chipping, an area for practicing sand bunker shots, a full-service restaurant and bar, on-course cart service, and lessons. The Breckenridge Golf Club Pro Shop has received *Golf Shop Operations* “America’s 100 Best Golf Shops” honor ten times.

The Town is located at the southern terminus of the Blue River Recpath that links the Town to the Town of Frisco. This paved bikeway provides bicycle and pedestrian access via connected trails to the towns of Dillon and Silverthorne; Keystone Resort; Copper Mountain through the Ten Mile Canyon; and the Town of Vail over Vail Pass.

The Town also has a recreation center; an ice arena offering year-round hockey, figure skating and curling; a tennis facility; a skate park; several parks and playgrounds; and a trail system. Additionally, the Town has an open space program to protect public lands that contain trails, sensitive natural resources, historical sites, or view corridors.

Current Construction

The following table sets forth the number of all permits issued in the unincorporated portions of the County during the time period indicated.

History of Building Permits Issued in Summit County

<u>Year</u>	<u>Total Permits⁽¹⁾</u>	<u>Total Valuation</u>
2017	852	\$185,554,092
2018	915	234,414,908
2019	718	330,046,809
2020	694	327,138,745
2021	1,046	264,207,517

(1) Summit County Building Department issues permits for all construction within unincorporated Summit County and the towns of Dillon and Montezuma.

Source: Summit County Community Development, Building Inspection Department.

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

History of Building Permits Issued in the Town of Breckenridge

Year	New Single Family		New Multi-Family		New Commercial	
	Permits	Value	Projects	Value	Permits	Value
2016	93	\$71,255,572	4	\$28,619,004	6	\$ 9,358,381
2017	75	72,495,426	64	9,238,812	24	51,663,093
2018	53	49,198,327	0	0	7	5,679,854
2019	41	67,150,039	0	0	2	44,000
2020	13	22,093,048	4	6,200,000	1	1,192,950
2021	39	76,113,525	11	25,409,217	0	0
2022 ⁽¹⁾	15	27,210,165	15	48,640,531	2	110,000

(1) Figures are for permits issues from January 1 through October 31, 2022.

Source: Town Building Department.

Foreclosure Activity

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

History of Foreclosures - Summit County

Year	Number of Foreclosures Filed	Percent Change
2017	36	--
2018	35	(2.8)%
2019	27	(22.9)
2020	30	11.1
2021	20	(33.3)
2022 ⁽¹⁾	21	--

(1) Figures are for foreclosures filed from January 1 through September 30, 2022.

Sources: Colorado Division of Housing (2017 to 2020) and Summit County Public Trustee's Office (2021 and 2022).

LEGAL MATTERS

Litigation

The Town Attorney states that to the best of his knowledge, there are no lawsuits or other proceedings pending or threatened that would materially adversely affect the Town's ability to enter into the Lease or to pay Base Rentals under the Lease as set forth therein, and no litigation challenging the validity, or the issuance of the Certificates is pending or threatened. The Town is, however, subject to certain pending and threatened litigation or administrative proceedings regarding various other matters arising in the ordinary course of the Town's business. It is the opinion of Town Attorney that the pending litigation will not result in final judgments against the Town which would, individually or in the aggregate, materially adversely affect the Town's financial position or its ability to perform its obligations to the owners of the Certificates.

Sovereign Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. 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. However, the Town may not be held liable either directly or by indemnification for punitive or exemplary damages unless the Town voluntarily pays such damages in accordance with State law.

For injuries occurring on or after January 1, 2018, 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 \$387,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. The maximum amounts that may be recovered will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index.

The Town may be subject to civil liability and damages including punitive or exemplary damages under various federal laws, and it may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Town may be enjoined from

engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

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

Certain Constitutional Limitations

General. At the general election on November 3, 1992, the voters of Colorado approved TABOR as Article X, Section 20 of the State constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the Town (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Some provisions of TABOR are unclear and will require further judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the Town, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

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

In the opinion of Special Counsel, based upon decisions of the Colorado appellate courts, the Lease does not constitute a “multiple fiscal year financial obligation” which requires an election under the terms of TABOR.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual

value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated.

At an election held in 1995, Town voters authorized the Town to collect, retain, and spend, without regard to the revenue and spending limitations imposed by TABOR, the full amount derived from the Town's existing sales and real estate transfer taxes, grants and, with the exception of revenues generated from ad valorem property taxes, revenues from all other sources.

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

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

Police Power

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

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TAX MATTERS

In the opinion of Special Counsel under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease and paid by the Trustee as interest on the Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), interest is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and interest on the 2022 Bonds is excludable from Colorado taxable income and Colorado alternative, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates.

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

The Tax Code and Colorado law impose several requirements which must be met with respect to the Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Certificates. These requirements include: (a) limitations as to the use of proceeds of the Certificates; (b) limitations on the extent to which proceeds of the Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Certificates above the yield on the Certificates to be paid to the United States Treasury. The Town covenants and represents in the Lease that it will, during the Lease Term, take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Certificates) to the extent necessary to maintain the exclusion of interest on the Certificates from gross income and alternative minimum taxable income under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Special Counsel's opinion as to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. (The foregoing covenant does not, however, preclude the Town from exercising its right to terminate the Lease at the times and in the manner previously described in this Official Statement.) The failure or inability of the Town to comply with these requirements could cause the interest on the Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Special Counsel's opinion also is rendered in reliance upon certifications of the Town and other certifications furnished to Special Counsel. Special Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Certificates.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Certificates. Owners of the Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Certificates made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406 or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Certificates were sold at a premium, representing a difference between the original offering price of those Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial Owner of such Certificates (if any) may realize a taxable gain upon their disposition, even though such Certificates are sold or redeemed for an amount equal to the Owner's acquisition cost. Special Counsel's opinion relates only to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Certificates. Owners of the Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Special Counsel are based on existing law as of the delivery date of the Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or State tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Certificates, the exclusion of interest on the Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the Certificates or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Certificates. Owners of the Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the Owners thereof for federal income tax

purposes. No assurances can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, the market value of the Certificates may be adversely affected. Under current audit procedures, the Service will treat the Town as the taxpayer and the Owners may have no right to participate in such procedures. The Town has covenanted in the Lease not to take any action that would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the Owners thereof for federal income tax purposes. None of the Town, the Underwriter or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Certificates.

INDEPENDENT AUDITORS

The audited financial statements of the Town as of December 31, 2021, and for the year then ended, included herein as Appendix A, have been audited by Hinkley & Company, PC, certified public accountants, Englewood, Colorado.

The Town will not obtain a consent letter from its auditor for the inclusion of the unaudited financial statements in this Official Statement. Hinkle & Company, the Town's independent auditor for the December 31, 2021 audit, has not been engaged to perform, and has not performed any procedures on the financial statements attached hereto as Appendix A. Hinkle & Company, PC, also has not performed any procedures relating to this Official Statement.

RATING

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado (the "Underwriter"), has agreed to purchase the Certificates at a price of \$19,667,047.95 (which is equal to the principal amount of the Certificates, (plus original issue premium of \$1,972,035.45), and less Underwriter's discount of \$79,987.50.

The Underwriter is committed to take and pay for all of the Certificates if any are taken. The Underwriters intend to offer the Certificates to the public at the offering prices

appearing on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

OFFICIAL STATEMENT CERTIFICATION

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

TOWN OF BRECKENRIDGE, COLORADO

By: /s/ *Eric Mamula*
Mayor

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

NOTE: The supplemental schedules contained in the Town's audit, including the combining, individual fund and account group financial statements, for the fiscal year ending December 31, 2021, of the Town were excluded from this Official Statement. Such supplemental statements provide supporting details and are not necessary for a fair presentation of the basic financial statements of the Town.

Prospective investors should be aware that the Certificates are payable solely from any legally available Town revenues that are annually appropriated for the purpose of paying Base Rentals under the Lease. The inclusion of the Town's audited basic financial statements in this Official Statement does not indicate that any of the sources of revenue described therein are pledged to the payment of the Certificates.

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Town of Breckenridge, Colorado

**Annual Comprehensive
Financial Report**

Year Ended December 31, 2021

Prepared By:

Finance Department

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Financial Section

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the Town Council
Town of Breckenridge, Colorado
Breckenridge, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Breckenridge, Colorado (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the Supplementary Information and the local highway finance report, as listed in the table of contents. The other information comprises the Supplementary Information and the local highway finance report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Hick & Company, PC

Englewood, Colorado
December 12, 2022



This section of the Town of Breckenridge's financial statements provides a narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the Town's financial statements which follow within this section, as well as the accompanying statistical information, and state compliance sections.

I. FINANCIAL HIGHLIGHTS

- The Town of Breckenridge remains in a financially sound condition. The Town's increase in net position and continued investments in infrastructure demonstrate our continued positive overall financial health.
- The assets and deferred outflows of resources of the Town of Breckenridge exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$379,461,555 (net position). Of this amount, \$75,488,106 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- General fund 2021 revenues increased by \$15 million or 28% as compared to 2020. Governmental funds tax revenues increased by 26.2% compared to 2020. This strong rebound is due to the Town's businesses opening up versus the impact for the COVID-19 pandemic. In the Town of Breckenridge, Restaurants recovered from the impacts of the COVID-19 shut down, with an increase of over \$45M (40%) in sales activity throughout the year. Overall, businesses in town experienced increased over prior year net taxable sales of: retail 33.6%, restaurant/bar 40%, and construction 13.4%. Increases experienced in other sectors are indicative of a strong tourism economy in the Town of Breckenridge. The Town experienced increases over prior year net taxable sales of: marijuana 4.9%, lodging 52.4%, grocery/liquor 9.3%.
- Since revenues exceeded budget and expenditures were below budget in 2021, the Town was able to increase its fund balances. As of the close of fiscal year 2021, the Town of Breckenridge's governmental funds reported a combined ending fund balance of \$147,136,893, an increase of \$21.8 million compared to fiscal year 2020. \$44,228,130 of the total is unassigned and equal to 55.6% of governmental expenditures.
- Certificates of Participation (COP) totaling \$13,999,249 were issued in September 2021 for Block 11 Apartments as part of the Affordable Housing Program. The COPs is payable over 20 years at an all-in true interest cost of 4.619% per annum.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide Financial Statements

The government-wide financial statements are intended to provide readers with a broad overview of the Town's financial condition. They are presented using accounting methods very similar to a private-sector business, or the economic resources measurement focus, and full accrual accounting.

- *The Statement of Net Position* presents information on all of the Town's assets, liabilities, and deferred inflows of resources, with the difference reported as *Net Position*. Over time, increases or decreases in net position can serve as an indicator of the Town's financial condition.
- *The Statement of Activities* presents information showing how the Town's net position changed during the given fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Capital expenditures are not included in this statement; however capital grant revenues are reported.

2. Fund Financial Statements

A *fund* is a grouping that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants, however Town Council establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

The governmental funds presentation is different from the governmental activities section of the government-wide financial statements even though these two statements account for essentially the same activities. Governmental funds presented have a budgetary or *current financial resources* measurement focus and use the modified accrual basis of accounting. That is, the governmental funds presentation focuses on the Town's near-term financial position and changes thereto.

Proprietary Funds

Proprietary funds are unlike governmental funds in that they report the business-type activities of the Town.

- *Enterprise funds* account for the operation of governmental programs that are intended to be supported primarily by user fees. These funds are presented as business-type activities on the government-wide financial statements but are presented in greater detail in the fund financial statements. In both cases, enterprise funds are presented using the *economic resources* measurement focus and full accrual accounting.
- *Internal service funds* account for goods and services provided by specific programs on a fee basis to the Town's other departments and programs.

3. Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a thorough understanding of the data provided in the government-wide and the fund financial statements.

III. GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, the Statement of Net Position can serve as an indicator of the overall financial condition of the Town. As of December 31, 2021, the Town had total assets of \$512,233,575. As of December 31, 2021, the Town's net position was \$379,461,555.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Discretely Presented Component-Unit	
	2021	2020	2021	2020	2021	2020	2021	2020
Current Assets	\$ 115,723,447	\$ 87,350,917	\$ 13,849,223	\$ 18,956,521	\$ 129,572,670	\$ 106,307,438	\$ 282,804	\$ 248,718
Capital Assets, net	224,787,100	198,694,933	97,502,649	93,592,318	322,289,749	292,287,251	6,974,465	7,428,370
Other Noncurrent Assets	53,951,340	57,256,592	6,419,616	6,419,616	60,370,956	63,676,208	226,712	216,323
Total Assets	<u>394,461,887</u>	<u>343,302,442</u>	<u>117,771,488</u>	<u>118,968,455</u>	<u>512,233,375</u>	<u>462,270,897</u>	<u>7,483,981</u>	<u>7,893,411</u>
Deferred Outflows of Resources	<u>519,494</u>	<u>599,290</u>	<u>-</u>	<u>-</u>	<u>519,494</u>	<u>599,290</u>	<u>-</u>	<u>-</u>
Current Liabilities	11,426,578	8,387,800	4,887,340	6,932,039	16,313,918	15,319,839	179,834	177,630
Noncurrent Liabilities	65,977,927	58,505,163	47,024,973	49,207,165	113,002,900	107,712,328	6,012,385	6,033,611
Total Liabilities	<u>77,404,505</u>	<u>66,892,963</u>	<u>51,912,313</u>	<u>56,139,204</u>	<u>129,316,818</u>	<u>123,032,167</u>	<u>6,192,219</u>	<u>6,211,241</u>
Deferred Inflows of Resources	<u>3,974,496</u>	<u>3,644,575</u>	<u>-</u>	<u>-</u>	<u>3,974,496</u>	<u>3,644,575</u>	<u>-</u>	<u>-</u>
Net Investment in Capital Assets	200,212,421	189,023,735	54,679,049	48,601,735	254,891,470	237,625,470	962,080	1,394,759
Restricted	49,081,979	33,628,759	-	-	49,081,979	33,628,759	-	-
Unrestricted	64,307,980	50,711,700	11,180,126	14,227,516	75,488,106	64,939,216	329,682	287,411
Total Net Position	<u>\$ 313,602,380</u>	<u>\$ 273,364,194</u>	<u>\$ 65,859,175</u>	<u>\$ 62,829,251</u>	<u>\$ 379,461,555</u>	<u>\$ 336,193,445</u>	<u>\$ 1,291,762</u>	<u>\$ 1,682,170</u>

Capital Assets make up the largest portion of the Town's Net Position. Capital assets include items such as infrastructure, buildings, equipment, machinery, land, art, and other tangible items. Infrastructure includes streets, traffic signals, buildings, and sidewalks. The Town uses capital assets to provide services to the community and thus they are not available for immediate spending. Although the Town of Breckenridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. During 2021, the Town added the following to its capital assets.

- The Town of Breckenridge's investment in capital assets for its governmental and business type activities as of December 31, 2021 amounts to \$322,289,749 net of related debt, up from \$292,287,251 in the preceding year. This investment in capital assets includes land, buildings, vehicles, art, equipment, roads, bridges, and utility system infrastructure.
- The total increase in the Town of Breckenridge's investment in capital assets (net of related debt) for the fiscal year ending 2021 was \$30,002,499. This is primarily due to the construction of the Block 11 Apartments Affordable Housing.

Additional information on the Town's capital assets can be found in the Capital Assets Note 5 in the Notes to the Financial Statements section.

At the end of the current fiscal year, the Town of Breckenridge had no bonded debt outstanding in the form of General Obligation Bonds.

Additional information on the Town's long-term debt can be found in the Long-Term Debt Note 6 in the Notes to the Financial Statements section.

The \$146,728,124 in Current Assets of the total Primary Government includes \$96,720,185 in equity in pooled cash and investments. This reflects the strong cash balances that the Town of Breckenridge has maintained during 2021.

At the end of 2021, the Town of Breckenridge is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate Governmental, Business-type, and Component-unit activities. The net position, unrestricted for the Governmental activities, equals 158.67% of total expenses in the statement of activities for governmental activities for 2021 and 141.63% of the total government-wide expenses, including Business-Type activities.

Statement of Activities

This statement presents information showing how the Town's net position changed during the given fiscal year. The following reflects the Town's change in net position:

	Condensed Statement of Activities						Discretely Presented	
	Governmental Activities		Business-type Activities		Total		Component-Unit	
	2021	2020	2021	2020	2021	2020	2021	2020
Program Revenues								
Charges for Services	\$ 11,747,146	\$ 7,950,074	\$ 9,786,223	\$ 8,235,334	\$ 21,533,369	\$ 16,185,408	\$ 479,501	\$ 442,637
Operating Grants and Contributions	3,105,621	2,451,808	-	-	3,105,621	2,451,808	-	-
Capital Grants and Contributions	1,622,813	349,842	2,191,713	923,897	3,814,526	1,273,739	-	-
Total Program Revenues	16,475,580	10,751,724	11,977,936	9,159,231	28,453,516	19,910,955	479,501	442,637
General Revenues								
Tax Revenues	68,547,054	50,910,030	-	-	68,547,054	50,910,030	-	-
Unrestricted Grants and Contribution	-	61,527	-	-	-	61,527	-	-
Unrestricted Investment Earnings	54,642	432,304	25,410	244,172	80,052	676,476	-	473
Gain on Sale of Assets	4,323,488	7,308	(72,544)	-	4,250,944	7,308	6,758	-
Other General Revenues	1,716,475	4,498,992	530	-	1,717,005	4,498,992	-	3,541
Total General Revenues	74,641,659	55,910,161	(46,604)	244,172	74,595,055	56,154,333	6,758	4,014
Total Revenues	91,117,239	66,661,885	11,931,332	9,403,403	103,048,571	76,065,288	486,259	446,651
Expenses								
General Government	12,171,546	8,806,877	-	-	12,171,546	8,806,877	-	-
Public Safety	7,230,812	5,477,252	-	-	7,230,812	5,477,252	-	-
Public Works	13,257,302	15,534,891	-	-	13,257,302	15,534,891	876,667	950,924
Community Development	5,077,048	4,992,313	-	-	5,077,048	4,992,313	-	-
Culture and Recreation	8,060,391	7,725,406	-	-	8,060,391	7,725,406	-	-
Open Space Acquisition	1,479,997	1,123,966	-	-	1,479,997	1,123,966	-	-
Grants to Other Agencies	2,052,920	3,392,349	-	-	2,052,920	3,392,349	-	-
Debt Issuance Costs	106,916	380,012	-	-	106,916	380,012	-	-
Interest Expense not Allocated	1,803,419	878,860	-	-	1,803,419	878,860	-	-
Utility Operations	-	-	5,619,712	3,170,087	5,619,712	3,170,087	-	-
Golf Operations	-	-	2,920,361	2,869,185	2,920,361	2,869,185	-	-
Cemetery Operations	-	-	37	8,405	37	8,405	-	-
Total Expenses	51,240,351	48,311,926	8,540,110	6,047,677	59,780,461	54,359,603	876,667	950,924
Excess Before Transfers	39,876,888	18,349,959	3,391,222	3,355,726	43,268,110	21,705,685	(390,408)	(504,273)
Capital Contributions & Transfers	361,298	(1,483,516)	(361,298)	1,483,516	-	-	-	-
Change in Net Position	40,238,186	16,866,443	3,029,924	4,839,242	43,268,110	21,705,685	(390,408)	(504,273)
Net Position - Beginning	273,364,194	256,497,751	62,829,251	57,990,009	336,193,445	314,487,760	1,682,170	2,186,443
Net Position - Ending	\$ 313,602,380	\$ 273,364,194	\$ 65,859,175	\$ 62,829,251	\$ 379,461,555	\$ 336,193,445	\$ 1,291,762	\$ 1,682,170

IV. FUND FINANCIAL STATEMENT ANALYSIS

As noted earlier, the Town uses fund accounting so as to segregate resources for the purpose of carrying on a specific activity or attaining certain objectives in accordance with regulations, restrictions or other limitations on the use of the funds.

Governmental Fund Balances

The focus on the Town of Breckenridge's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds reported a combined fund balance of \$147,136,893. Of that fund balance, \$33,116,901 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is categorized to indicate that it is not available for new spending, the largest of which is restricted for Capital Projects totaling \$56,481,293.

The General Fund is the chief operating fund of the Town of Breckenridge. At the end of the 2021, the General Fund balance was \$92,237,439 and 35.9% of the fund balance was unassigned. The General Fund balance increased in 2021 by \$6,212,319 or approximately 7.2%. This balance allows the Town to be in a strong financial position for future projects and investments.

The Capital Projects Fund has a total fund balance of \$18,848,721. The increase in fund balance during the current year was \$11,111,229. This increase is primarily due to the issuance of the Block 11 Apartment COP on September 30, 2021 with the majority of the expense is occurring in 2022. Balances remain in the Capital Projects Fund to provide spending for previously appropriated projects. The major revenue source for the Capital Projects Fund is a transfer from the Excise Tax Fund, which is rolled into the General Fund for financial reporting purposes.

Special Revenue Funds – These funds have a total combined fund balance of \$36,050,733. The main ongoing revenue sources for the special revenue funds are taxes (sales and accommodations). These tax revenues amounted to \$13,077,520 in 2021.

The Affordable Housing Fund balance decreased by \$716,413. Fund balance has decreased as a result of a new housing projects; these projects will ramp up again in 2022 and beyond. The Breckenridge Housing Authority is a blended component unit of this fund; resales of the housing units developed by the Town are sold through this Authority.

Other Special Revenue Funds balance increased by \$5,249,716, in 2021 due a decrease in open space land acquisition.

Proprietary Funds - The Town of Breckenridge's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail. Unrestricted net position of the Utility, Golf Course, and Cemetery funds at the end of the year amounted to \$17,599,050.

The Utility Fund net position increased by \$2,488,662. Fund balance has increased as a result of a rate structure that allows for planned increases in Net Position designed to pay for upcoming infrastructure projects.

The Golf Fund net position increased by \$424,932. The performance of the Golf Course continued to be strong despite COVID-19 pandemic.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget. These budget amendments fell into the following categories:

- Supplemental appropriations approved shortly after the beginning of the year to reflect projects and purchases not completed in the previous year.
- Supplemental appropriations approved after the beginning of the year to reflect new projects or revenues not previously considered.

Differences in the General Fund between the original budget and the final amended budget were related to both revenue and expenditures. The 2021 expenditure budget was increased by approximately \$2.1M. This was primarily due to consulting studies, Town Attorney, miscellaneous fees. In addition, \$12.2M was added to other Funds, primarily focused on capital for Fiber, Infrastructure, Child Care and Affordable Housing.

Economic Factors and Next Year's Budget

Tax (including property, sales, accommodations and real estate transfer) revenues are the main source of governmental revenues and are an important source for providing funds for the general operations and maintenance of the Town of Breckenridge.

- The national, state and local economies are currently in a state of uncertainty in relation to current economic conditions and a potential recession.
- The Town of Breckenridge is well positioned to weather this uncertainty due to healthy fund balances and conservative budget practices.
- For 2022, revenue budgeted for the General Fund (excluding transfers in and other financing sources) totals \$53,906,276, as compared to the (revised) 2021 budget of \$38,750,342. It is important to note that this budget for 2021 was adopted by Town Council during a time of great economic uncertainty, related to the COVID-19 pandemic.
- Tax revenues are budgeted in line with actual collections of sales tax and accommodation tax; while Real Estate Transfer Tax revenue for 2021 is budgeted at \$5,500,000, a 42.5% decrease from 2020 actual collections of \$7,838,100.
- Budgeted expenditures for 2021 were based on projections of 2020 annual budget, with the exception of the Capital Fund. The budgeted expenditures for 2021 are \$90,700,792, excluding transfers.

The Town of Breckenridge will continue to closely monitor its financial position throughout 2022. Continued fiscal discipline and scrutiny of initiatives will ensure that future annual operational expenditures remain in balance with future revenues in light of overall local and national economic conditions.

IV. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Finance Department, Town of Breckenridge, 150 Ski Hill Road, Breckenridge, CO 80424, via telephone at (970) 453-3382, or via e-mail at websitefinance@townofbreckenridge.com.

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Basic Financial Statements

Town of Breckenridge, Colorado
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Totals	Component Unit
Assets				
Cash and Investments	\$ 96,720,185	\$ 12,622,651	\$ 109,342,836	\$ 282,804
Restricted Cash and Investments	42,727,579	6,419,616	49,147,195	189,387
Receivables				
Accounts	458,961	1,226,572	1,685,533	-
Taxes	8,452,299	-	8,452,299	-
Intergovernmental Receivables	1,059,960	-	1,059,960	-
Prepaid Expenses and Deposits	7,000	-	7,000	-
Assets Held for Resale	9,025,042	-	9,025,042	-
Notes Receivable	11,223,761	-	11,223,761	-
Capital Assets				
Not Being Depreciated	115,298,344	18,252,625	133,550,969	-
Being Depreciated, <i>Net of Accumulated Depreciation</i>	109,488,756	79,250,024	188,738,780	6,974,465
Other Assets	-	-	-	37,325
Total Assets	394,461,887	117,771,488	512,233,375	7,483,981
Deferred Outflows of Resources				
OPEB, <i>Net of Accumulated Amortization</i>	519,494	-	519,494	-
Total Deferred Outflows of Resources	519,494	-	519,494	-
Liabilities				
Accounts Payable	6,205,514	433,340	6,638,854	28,188
Retainage Payable	152,084	1,637,069	1,789,153	-
Accrued Interest Payable	196,377	350,777	547,154	102,712
Accrued Liabilities	155,047	(692)	154,355	-
Accrued Salaries	513,003	47,327	560,330	-
Funds Held for Others	116,766	4,993	121,759	48,934
Unearned Revenues	221,559	-	221,559	-
Net OPEB Liability	1,458,362	-	1,458,362	-
Noncurrent Liabilities				
Due Within One Year	2,406,866	2,414,526	4,821,392	-
Due in More Than One Year	65,978,927	47,024,973	113,003,900	6,012,385
Total Liabilities	77,404,505	51,912,313	129,316,818	6,192,219
Deferred Inflows of Resources				
Property Taxes	3,783,673	-	3,783,673	-
OPEB, <i>Net of Accumulated Amortizations</i>	190,823	-	190,823	-
Total Deferred Inflows of Resources	3,974,496	-	3,974,496	-
Net Position				
Net Investment in Capital Assets	200,212,421	54,679,049	254,891,470	962,080
Restricted For				
Emergencies	346,314	-	346,314	-
Public Safety	22,104,162	-	22,104,162	-
Culture and Recreation	26,631,503	-	26,631,503	-
Unrestricted	64,307,980	11,180,126	75,488,106	329,682
Total Net Position	\$ 313,602,380	\$ 65,859,175	\$ 379,461,555	\$ 1,291,762

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	Component Unit
Primary Government								
<i>Governmental Activities</i>								
General Government	\$ 12,171,546	\$ 3,586,082	\$ 1,364,596	\$ -	\$ (7,220,868)	\$ -	\$ (7,220,868)	\$ -
Public Safety	7,230,812	2,431,006	47,903	-	(4,751,903)	-	(4,751,903)	-
Public Works	13,257,302	743,143	1,639,872	-	(10,874,287)	-	(10,874,287)	-
Community Development	5,077,048	1,434,658	-	1,562,729	(2,079,661)	-	(2,079,661)	-
Culture and Recreation	8,060,391	3,378,481	50,000	60,084	(4,571,826)	-	(4,571,826)	-
Open Space	1,479,997	173,776	3,250	-	(1,302,971)	-	(1,302,971)	-
Grants to Other Agencies	2,052,920	-	-	-	(2,052,920)	-	(2,052,920)	-
Interest Expense								
not Allocated	1,803,419	-	-	-	(1,803,419)	-	(1,803,419)	-
Debt Issuance Costs	106,916	-	-	-	(106,916)	-	(106,916)	-
Total Government Activities	51,240,351	11,747,146	3,105,621	1,622,813	(34,764,771)	-	(34,764,771)	-
<i>Business-Type Activities</i>								
Utility Fund	5,619,712	6,035,785	-	1,139,669	-	1,555,742	1,555,742	-
Golf Course	2,920,361	3,634,238	-	1,052,044	-	1,765,921	1,765,921	-
Cemetery Fund	37	116,200	-	-	-	116,163	116,163	-
Total Business-Type Activities	8,540,110	9,786,223	-	2,191,713	-	3,437,826	3,437,826	-
Total Primary Government	\$ 59,780,461	\$ 21,533,369	\$ 3,105,621	\$ 3,814,526	(34,764,771)	3,437,826	(31,326,945)	-
<i>Component Unit</i>								
Pinewood 2, LLLP	\$ 876,667	\$ 479,501	\$ -	\$ -	-	-	-	(397,166)
General Revenues								
Property Taxes					3,498,737	-	3,498,737	-
Specific Ownership Taxes					173,079	-	173,079	-
Sales and Use Taxes								
Marketing					599,075	-	599,075	-
Open Space					4,195,325	-	4,195,325	-
Other					33,826,867	-	33,826,867	-
Accommodation Taxes								
Marketing					4,132,857	-	4,132,857	-
Other					5,916,325	-	5,916,325	-
Marijuana Taxes					693,539	-	693,539	-
Franchise Fees					704,509	-	704,509	-
Real Estate Transfer Taxes					11,038,657	-	11,038,657	-
Lift Ticket Taxes					3,768,084	-	3,768,084	-
Investment Earnings					54,642	25,410	80,052	51
Gain (Loss) on Sale of Assets					4,323,488	(72,544)	4,250,944	-
Other Revenues					1,716,475	530	1,717,005	6,707
Transfers					361,298	(361,298)	-	-
Total General Revenues					75,002,957	(407,902)	74,595,055	6,758
Change in Net Position					40,238,186	3,029,924	43,268,110	(390,408)
Net Position, Beginning of year					273,364,194	62,829,251	336,193,445	1,682,170
Net Position, End of year					\$ 313,602,380	\$ 65,859,175	\$ 379,461,555	\$ 1,291,762

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Affordable Housing Fund	Other Governmental Funds	Capital Projects Fund	Totals
Assets					
Cash and Investments	\$ 63,533,242	\$ 2,914,761	\$ 12,590,397	\$ 5,960,324	\$ 84,998,724
Restricted Cash and Investments	24,529,931	-	-	18,197,648	42,727,579
Receivables					
Taxes Receivable	7,068,821	-	1,383,478	-	8,452,299
Accounts Receivable	316,071	125,738	-	(700)	441,109
Intergovernmental Receivables	1,059,960	-	-	-	1,059,960
Interest Receivable	-	-	16,411	-	16,411
Prepaid Items and Deposits	2,000	5,000	-	-	7,000
Notes Receivable	1,147,899	10,075,862	-	-	11,223,761
Assets Held for Resale	-	9,025,042	-	-	9,025,042
Total Assets	\$ 97,657,924	\$ 22,146,403	\$ 13,990,286	\$ 24,157,272	\$ 157,951,885
Liabilities					
Accounts Payable	807,857	24,933	38,713	5,308,551	6,180,054
Accrued Liabilities	25,026	150	401	-	25,577
Accrued Salaries	465,304	12,458	9,601	-	487,363
Funds Held for Others	117,066	(300)	-	-	116,766
Unearned Revenues	221,559	-	-	-	221,559
Total Liabilities	1,636,812	37,241	48,715	5,308,551	7,031,319
Deferred Inflows of Resources					
Property Taxes and Assessments	3,783,673	-	-	-	3,783,673
Total Deferred Inflows of Resources	3,783,673	-	-	-	3,783,673
Fund Balances					
Nonspendable					
Prepaid Items	2,000	5,000	-	-	7,000
Notes Receivable	1,147,899	-	-	-	1,147,899
Restricted					
Emergencies	346,314	-	-	-	346,314
Capital Projects	56,481,293	-	-	-	56,481,293
Affordable Housing	-	22,104,162	-	-	22,104,162
Open Space	-	-	8,520,274	18,111,229	26,631,503
Accommodation Unit Compliance	-	-	485,878	-	485,878
Marketing	-	-	556,213	-	556,213
Parks and Recreation	-	-	12,612	-	12,612
Committed					
Marketing	-	-	4,366,594	-	4,366,594
Nicotine Programs	298,705	-	-	-	298,705
Sustainability Programs	479,239	-	-	-	479,239
Assigned					
Capital Projects	-	-	-	737,492	737,492
Next Year's Budget	365,088	-	-	-	365,088
Unassigned	33,116,901	-	-	-	33,116,901
Total Fund Balances	92,237,439	22,109,162	13,941,571	18,848,721	147,136,893
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 97,657,924	\$ 22,146,403	\$ 13,990,286	\$ 24,157,272	\$ 157,951,885

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
December 31, 2021

**Amounts Reported for Governmental Activities
in the Statement of Net Position are Different Because:**

Total Fund Balances of Governmental Funds	\$ 147,136,893
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	220,230,438
Long-term liabilities and related items are not due and payable in the current year, and therefore, are not reported in governmental funds.	
Certificates of Participation Payable	(57,930,000)
Debt Premiums	(9,142,654)
Accrued Interest Payable	(194,856)
Accrued Compensated Absences	(1,004,869)
Net OPEB Liability	(1,458,362)
OPEB-related Deferred Outflows of Resources	519,494
OPEB-related Deferred Inflows of Resources	(190,823)
Internal Service Funds are blended into Governmental Activities	
Garage Service Net Position	10,130,773
Information Services Net Position	858,326
Facilities Maintenance Net Position	4,653,605
Health Benefits Net Position	<u>(5,585)</u>
Total Net Position of Governmental Activities	<u>\$ 313,602,380</u>

Town of Breckenridge, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Affordable Housing Fund	Other Governmental Funds	Capital Projects Fund	Totals
Revenues					
Taxes and Assessments	\$ 55,469,534	\$ 4,150,263	\$ 8,927,257	\$ -	\$ 68,547,054
Licenses and Permits	1,895,794	-	907,606	-	2,803,400
Intergovernmental	3,051,174	1,562,729	63,334	-	4,677,237
Charges for Services	7,319,273	683,518	659,876	73,427	8,736,094
Fines and Forfeitures	343,621	-	-	-	343,621
Investment Earnings	(12,989)	24,929	16,753	5,618	34,311
Other	417,250	4,654,902	40,218	-	5,112,370
Total Revenues	<u>68,483,657</u>	<u>11,076,341</u>	<u>10,615,044</u>	<u>79,045</u>	<u>90,254,087</u>
Expenditures					
Current					
General Government	4,278,017	-	3,992,194	-	8,270,211
Public Safety	5,141,647	-	-	-	5,141,647
Public Works	12,903,697	-	-	1,942,145	14,845,842
Community Development	2,673,256	1,656,102	-	-	4,329,358
Culture and Recreation	6,997,211	-	-	-	6,997,211
Open Space Acquisition	-	-	1,572,685	-	1,572,685
Grants to Other Agencies	1,824,837	-	-	-	1,824,837
Capital Outlay	22,234,695	-	-	10,215,039	32,449,734
Debt Service					
Principal	1,260,000	410,000	-	310,000	1,980,000
Interest	1,583,250	336,898	-	161,157	2,081,305
Debt Issuance Costs	(54,664)	-	-	161,580	106,916
Total Expenditures	<u>58,841,946</u>	<u>2,403,000</u>	<u>5,564,879</u>	<u>12,789,921</u>	<u>79,599,746</u>
Revenues Over (Under) Expenditures	<u>9,641,711</u>	<u>8,673,341</u>	<u>5,050,165</u>	<u>(12,710,876)</u>	<u>10,654,341</u>
Other Financing Sources (Uses)					
Financing Proceeds	-	-	-	11,320,191	11,320,191
Transfers In	134,708	-	1,220,506	12,501,914	13,857,128
Transfers Out	(3,564,100)	(9,389,754)	(1,020,955)	-	(13,974,809)
Total Other Financing Sources (Uses)	<u>(3,429,392)</u>	<u>(9,389,754)</u>	<u>199,551</u>	<u>23,822,105</u>	<u>11,202,510</u>
Net Change in Fund Balances	6,212,319	(716,413)	5,249,716	11,111,229	21,856,851
Fund Balances, Beginning of Year	<u>86,025,120</u>	<u>22,825,575</u>	<u>8,691,855</u>	<u>7,737,492</u>	<u>125,280,042</u>
Fund Balances, End of Year	<u>\$ 92,237,439</u>	<u>\$ 22,109,162</u>	<u>\$ 13,941,571</u>	<u>\$ 18,848,721</u>	<u>\$ 147,136,893</u>

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2021

**Amounts Reported for Governmental Activities
in the Statement of Activities are Different Because:**

Net Change in Fund Balances of Governmental Funds	\$ 21,856,851
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Capital Outlay	32,775,318
Depreciation Expense	(5,350,572)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Payments on Long-Term Debt	2,329,767
Proceeds from Long-Term Debt	(11,320,191)
Change in Accrued Interest Payable	(57,546)
Change in Accrued Compensated Absences	(88,197)
Change in Pension Asset	56,117
Change in Pension Related Deferred Outflows of Resources	(79,796)
Change in Pension Related Deferred Inflows of Resources	(46,105)
Internal Service Funds are blended into Governmental Activities:	
Change in Net Position:	
Garage Services	258,271
Information Technology	(160,177)
Facility Maintenance	690,167
Health Benefits	(625,721)
Change in Net Position of Governmental Activities	\$ <u>40,238,186</u>

Town of Breckenridge, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities			Governmental Activities
	Utility Fund	(Non-Major) Golf Course Fund	(Non-Major) Cemetery Fund	Internal Service Funds
Assets				
Current Assets				
Cash and Investments	\$ 8,921,836	\$ 3,465,517	\$ 235,298	\$ 11,721,461
Accounts Receivables	1,225,983	589	-	1,441
Total Current Assets	<u>10,147,819</u>	<u>3,466,106</u>	<u>235,298</u>	<u>11,722,902</u>
Noncurrent Assets				
Restricted Cash and Investments	6,419,616	-	-	-
Capital Assets				
Not Being Depreciated	14,146,238	4,106,387	-	-
Being Depreciated,				
Net of Accumulated Depreciation	<u>75,608,425</u>	<u>3,641,599</u>	<u>-</u>	<u>4,556,662</u>
Total Noncurrent Assets	<u>96,174,279</u>	<u>7,747,986</u>	<u>-</u>	<u>4,556,662</u>
Total Assets	<u>106,322,098</u>	<u>11,214,092</u>	<u>235,298</u>	<u>16,279,564</u>
Liabilities				
Current Liabilities				
Accounts Payable	2,027,898	42,511	-	177,544
Accrued Liabilities	789	(1,481)	-	129,470
Accrued Salaries	29,057	18,270	-	25,640
Accrued Interest Payable	350,389	388	-	1,521
Funds Held by Other	5,000	(7)	-	-
Current Portion of Long-term Liabilities				
Accrued Compensated Absences	10,972	8,656	-	7,866
Capital Lease Obligations Payable	<u>2,343,516</u>	<u>51,382</u>	<u>-</u>	<u>58,513</u>
Total Current Liabilities	<u>4,767,621</u>	<u>119,719</u>	<u>-</u>	<u>400,554</u>
Noncurrent Liabilities				
Accrued Compensated Absences	98,746	77,909	-	70,800
Capital Lease Obligations Payable	<u>46,714,801</u>	<u>133,517</u>	<u>-</u>	<u>171,091</u>
Total Noncurrent Liabilities	<u>46,813,547</u>	<u>211,426</u>	<u>-</u>	<u>241,891</u>
Total Liabilities	<u>51,581,168</u>	<u>331,145</u>	<u>-</u>	<u>642,445</u>
Net Position				
Net Investment in Capital Assets	40,695,557	7,564,568	-	4,327,058
Unrestricted	<u>14,045,373</u>	<u>3,318,379</u>	<u>235,298</u>	<u>11,310,061</u>
Total Net Position	<u>\$ 54,740,930</u>	<u>\$ 10,882,947</u>	<u>\$ 235,298</u>	<u>\$ 15,637,119</u>

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities				
	Utility Fund	(Non-Major) Golf Course Fund	(Non-Major) Cemetery Fund	Total	Internal Service Fund
Operating Revenues					
Charges for Services	\$ 5,296,503	\$ 3,590,138	\$ 116,200	\$ 9,002,841	\$ 4,191
Intergovernmental	-	-	-	-	1,197
Reimbursement of Expenses	314,515	-	-	314,515	775,705
Insurance Recoveries	-	-	-	-	13,115
Internal Service Revenue	-	-	-	-	8,224,029
Employee Paid Premiums	-	-	-	-	531,329
Other Operating Revenue	425,297	44,100	-	469,397	173,173
Total Operating Revenues	<u>6,036,315</u>	<u>3,634,238</u>	<u>116,200</u>	<u>9,786,753</u>	<u>9,722,739</u>
Operating Expenses					
Administration	2,614,255	212,120	37	2,826,412	-
Water Rights Maintenance	92,099	-	-	92,099	-
Depreciation	2,384,898	478,424	-	2,863,322	1,562,844
Motor Vehicle Maintenance	-	-	-	-	1,481,355
Facility Maintenance	-	-	-	-	197,219
Information Systems Maintenance	-	-	-	-	1,472,996
Health Program	-	-	-	-	4,867,381
Golf Course Maintenance	-	1,386,486	-	1,386,486	-
Golf Pro Shop	-	1,022,356	-	1,022,356	-
Total Operating Expenses	<u>5,091,252</u>	<u>3,099,386</u>	<u>37</u>	<u>8,190,675</u>	<u>9,581,795</u>
Operating Income	<u>945,063</u>	<u>534,852</u>	<u>116,163</u>	<u>1,596,078</u>	<u>140,944</u>
Nonoperating Revenues (Expenses)					
Interest Income	23,766	1,477	167	25,410	20,331
Interest Expense	(823,439)	(4,975)	-	(828,414)	(14,335)
Proceeds from Sale of Assets	325	(72,869)	-	(72,544)	15,600
Total Nonoperating Revenues (Expenses)	<u>(799,348)</u>	<u>(76,367)</u>	<u>167</u>	<u>(875,548)</u>	<u>21,596</u>
Income Before Capital Contributions & Transfers	<u>145,715</u>	<u>458,485</u>	<u>116,330</u>	<u>720,530</u>	<u>162,540</u>
Capital Contributions & Transfers					
Grant	1,052,044	-	-	1,052,044	-
Plant Investment Fees	1,139,669	-	-	1,139,669	-
Transfers In	252,389	-	-	252,389	-
Transfers Out	(101,155)	(33,553)	-	(134,708)	-
Total Capital Contributions & Transfers	<u>2,342,947</u>	<u>(33,553)</u>	<u>-</u>	<u>2,309,394</u>	<u>-</u>
Change in Net Position	<u>2,488,662</u>	<u>424,932</u>	<u>116,330</u>	<u>3,029,924</u>	<u>162,540</u>
Net Position, Beginning of Year	<u>52,252,268</u>	<u>10,458,015</u>	<u>118,968</u>	<u>62,829,251</u>	<u>15,474,579</u>
Net Position, End of Year	<u>\$ 54,740,930</u>	<u>\$ 10,882,947</u>	<u>\$ 235,298</u>	<u>\$ 65,859,175</u>	<u>\$ 15,637,119</u>

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities			Governmental Activities
	Utility Fund	(Non-Major) Golf Course Fund	(Non-Major) Cemetery Fund	Internal Service Fund
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 5,713,038	\$ 3,660,496	\$ 116,200	\$ 9,489,734
Cash Payments to Employees	(796,407)	(1,051,327)	-	(1,847,734)
Cash Payments to Vendors and Suppliers	(3,973,533)	(1,510,604)	(37)	(5,484,174)
Net Cash Provided by Operating Activities	943,098	1,098,565	116,163	2,157,826
Cash Flows From Noncapital Financing Activities				
Repayment of Loans to Other Funds	1,052,044	-	-	1,052,044
Transfers from Other Funds	252,389	213,885	-	466,274
Transfers to Other Funds	(101,155)	(62,539)	-	(163,694)
Net Cash Used in Noncapital Financing Activities	1,203,278	151,346	-	1,354,624
Cash Flows From Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(6,870,300)	(365,262)	-	(7,235,562)
Proceeds from Sale of Assets	389,406	-	-	389,406
Plant Investment Fees	1,139,669	-	-	1,139,669
Principal Payments on Debt	(2,295,776)	-	-	(2,295,776)
Interest Payments on Debt	(932,432)	(4,975)	-	(937,407)
Net Cash Used in Capital and Related Financing Activities	(8,569,433)	(370,237)	-	(8,939,670)
Cash Flows from Investing Activities				
Interest Received	23,766	1,477	167	25,410
Net Increase (Decrease) in Cash and Cash Equivalents	(6,399,291)	881,151	116,330	(5,401,810)
Cash and Cash Equivalents, Beginning of Year	21,740,743	2,584,366	118,968	24,444,077
Cash and Cash Equivalents, End of Year	<u>\$ 15,341,452</u>	<u>\$ 3,465,517</u>	<u>\$ 235,298</u>	<u>\$ 19,042,267</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 945,063	\$ 534,852	\$ 116,163	\$ 1,596,078
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	2,384,897	478,384	-	2,863,281
Changes in Asset and Liabilities				
Accounts Receivable	(323,277)	28,765	-	(294,512)
Accounts Payable and Accrued Liabilities	(2,076,936)	33,370	-	(2,043,566)
Accrued Salaries	1,772	1,384	-	3,156
Deposits	5,000	(2,507)	-	2,493
Accrued Compensated Absences	6,579	24,317	-	30,896
Net Cash Provided by Operating Activities	<u>\$ 943,098</u>	<u>\$ 1,098,565</u>	<u>\$ 116,163</u>	<u>\$ 2,157,826</u>

See Notes to the Financial Statements.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The Town of Breckenridge became a home rule municipal corporation in 1980. The Town is governed by a mayor and six-member council elected by the residents.

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it. As such, the reporting entity is comprised of the primary government and its component units, entities for which the government is considered to be financially accountable.

Blended component units are, in substance, part of the Town's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the Town. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

Blended Component Units

The Town of Breckenridge Finance Authority (the Finance Authority) was established to allow for the issuance of certificates of participation with subsequent leasing of the underlying assets to the Town. The Finance Authority is fully controlled by the Town Council. The transactions of the Finance Authority have been eliminated as part of the financial presentation, but it is hereby incorporated by reference.

On January 13, 2015, the Town established the Breckenridge Housing Authority (BHA) and Pinewood 2, LLC (LLC) to facilitate the construction of a 47-unit affordable rental housing project, Pinewood 2 (PW2). The BHA has a three-member board; the Mayor as Chairperson, the Mayor Pro Tem as Vice Chairperson, and the Town Manager (or designee) as Secretary and Executive Director of the Finance Authority. The BHA does not issue separate financial statements and is a blended component unit. The BHA is the sole member of the LLC, which does not issue separate financial statements. The LLC is presented as a blended unit in the Affordable Housing Fund.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit

Pinewood 2, LLC is the general partner of Pinewood 2, LLLP (LLLP). The LLLP contains the project itself, and its financials are presented discretely as a component unit of the Town. This organizational structure was utilized in order to allow the Town to realize the benefits of low-income housing tax credits (LIHTEC). The LLLP has another partner, the Midwest Housing Equity Group (MHEG). MHEG's membership in the LLLP allows for the monetization of the LIHTEC.

Separately issued financial statements for the Pinewood 2, LLLP can be obtained from Corum Real Estate at 600 S. Cherry Street Glendale, CO 80246.

Related Organizations

The Town's officials are also responsible for appointing four of nine members of the board of the Breckenridge Tourism Office (formerly known as GoBreck), a marketing organization that serves the Town's business community, but the Town's accountability for this organization does not extend beyond making the appointments. The BTO appoints the remainder of the board and submits a request to the Town each year for budget support. In 2020, the Town expended \$3,987,248 to the Breckenridge Tourism Office (BTO) out of its Marketing Fund.

The Breckenridge Historical Alliance (BHA) is another organization that works closely with the Town. The BHA is responsible for administering many of the Town's historical sites, such as the Barney Ford Victorian Home, Edwin Carter Discovery Center, and William H. Briggles House. They also provide walking tours of the Town's historic core. They also recommend and administer capital maintenance and improvements to our historic sites. The BHA maintains its own 7-member board. In 2020, the Town contributed \$470,058 to the BHA's efforts.

The Breckenridge Creative Arts (BCA) is an independent non-profit organization that works with the Town to maintain and program our Arts District campus. It has an eleven-member board, including one Town Council liaison (appointed by the Mayor) and the Town Manager as an *ex-officio* member. The remaining members are appointed by BCA. Town support for the BCA in 2020 was \$2,036,961. In addition, the BCA paid the Town \$173,174 for facility maintenance and \$38,327 for information technology.

The Town and Summit County cut the ribbon on Huron Landing, a 26-unit workforce housing rental development on County Road 450. The Huron Landing Authority is a 50-50 partnership between the Town and Summit County formed to operate the rental units. Each organization contributed funding, staff time and in-kind resources to the housing project. Summit County has owned the 1.7-acre property on CR 450 since the 1960s; the community identified it as a potential workforce housing site during the 2010 update of the Upper Blue Master Plan. Corum Real Estate Group will provide day-to-day property management services at Huron Landing. Four units are reserved for employees of the Town and Summit County government.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Town and its component unit.

The reporting information includes all of the non-fiduciary activities of the Town. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. In general, the effects of interfund activity have been eliminated from the government-wide financial statements. For 2020, this included the offset of internal service activity in the governmental activities presentation.

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. The Town presently does not treat any of its governmental or enterprise funds as non-major.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

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, are recorded only when payment is due. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the collection and disbursement of specific revenue sources. The Town's major Special Revenue Fund is as follows:

Affordable Housing Fund – The Affordable Housing Program is intended to assure the provision of housing for employees who work in the Upper Blue basin. The program's major components include the development and implementation of policies and programs that assure housing. A down payment assistance program for Town employees is provided to assist employees in obtaining housing in the area. This loan program is designed to assist with recruitment and retention. In addition, the Town provides limited transitional housing for employees in units both leased and owned by the Town. Costs related to owned and leased units including homeowner's association dues and general maintenance are accounted for in this fund as well.

Capital Projects Fund – This fund accounts for major Town multi-year capital projects. The Town accounts for the capital expenditures in this fund to facilitate the monitoring of operations in the Town's General Fund departments.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

In addition to the above, the Town reports the following nonmajor special revenue funds:

Open Space Acquisition Fund – A one half of one percent sales tax has been authorized by the voters for the purpose of an open space program. At times, implementing the goals of this program may require acquiring land for open space values. An open space master plan has been adopted which provides a framework for decisions on open space purchases. Revenues include a dedicated ½ of 1% sales tax, various grants, and annexation fees.

Marketing Fund – This fund accounts for the Town's participation in the Breckenridge Resort Chamber marketing program as well as community marketing grants through various non-profit organizations. The source of funding is a dedicated portion of the Town's sales and accommodations taxes as well as business license fees.

Conservation Trust Fund – This fund was established pursuant to Colorado State law to account for the receipt and disbursement of lottery funds. Each year the State distributes a percentage of the profits from the sale of lottery tickets to municipalities which may be used only to maintain, acquire or construct recreation facilities, park facilities, or open space. As the Town funds its capital projects through the Capital Fund, the Town transfers their conservation trust proceeds to the Capital Fund as allowed projects are completed.

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's enterprise funds are as follows:

Utility Fund – This fund accounts for the operations of the Town's water system.

Golf Course Fund (nonmajor) – This fund accounts for the operations of the Town's golf course.

Cemetery Fund (nonmajor) – This fund accounts for the operations of the Town's cemetery.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

Internal Service Funds – Internal Service Funds are used to account for operations that provide services to other departments or agencies of the Town on a cost-reimbursement basis. The Town's Internal Service funds are as follows:

Garage Fund – This fund accounts for the administration and operating expenses associated with the repair and maintenance of Town vehicles and equipment. The Fund will also purchase new vehicles and equipment. Costs related to the fund are allocated to the Town's other operating funds based on budgeted usage. Business-type activities represent only 1.61% of Garage Fund activities; therefore, the fund is consolidated with the governmental activities in the government-wide financial statements.

Information Services Fund – This fund is responsible for all aspects of the Town's computerized information systems. Costs related to the fund are allocated to the Town's other operating funds based on budgeted usage. Business-type activities represent only 9.24% of Information Services Fund activities; therefore, the fund is consolidated with the governmental activities in the government-wide financial statements.

Facility Maintenance Fund – This fund is responsible for certain aspects of the Town's facilities maintenance. Costs related to the fund are allocated to the Town's other operating funds based on budgeted usage. Business-type activities represent only 2.21% of Facilities Maintenance Fund activities; therefore, the fund is consolidated with the governmental activities in the government-wide financial statements.

Health Benefits Fund – This fund was created in 2018 to better track and predict the cost of the Town's employee health plan. Costs related to the fund are allocated to the Town's other operating funds based on budgeted use. Business-type activities represent 9.00% of Health Benefits Fund activities, therefore, the fund is consolidated with the governmental activities in the government-wide financial statements.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Town's charter contains the following budget language:
Adoption of the budget by council shall constitute appropriations of the amounts specified therein for expenditure from the funds indicated. The proceeds of any municipal borrowing authorized by Article XI of this Charter shall not be subject to any requirement of prior budgeting or appropriation as a condition to their expenditure. The amount necessary to repay any such municipal borrowing (including interest thereon) need not be budgeted or appropriated in full in the year in which the borrowing occurs; however, amounts necessary to pay debt service shall (except to the extent they may be payable from other legally available funds in the first year) be budgeted and appropriated on an annual basis, provided that no failure to budget and appropriate such annual debt service amounts shall affect the enforceability of any covenant of the town to make such payments. An appropriation for a capital expenditure shall continue in effect until the purpose for which the appropriation was made has been accomplished, or until the appropriation is abandoned or transferred. (Ord. 7, Series 2002, Election 4-2-2002)
- All appropriations lapse at year end except as noted previously. Colorado governments may not exceed budgeted appropriations at the fund level.
- By October 15th of each year the Town Administration submits to the Town Council, a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The Town certifies the mill levies to the Board of County Commissioners by December 15th.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Enterprise and Internal Service Funds are presented on a non-GAAP budgetary basis. Tap fees, grant revenues and debt proceeds are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents – Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of December 31, 2021, town management determined that an allowance was not necessary.

Inventory – Inventories are valued at cost, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses. Expenses are recorded when consumed rather than when purchased.

Capital Assets – Capital assets, which include land, buildings, equipment and all infrastructure owned by the Town, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings	5 - 100 years
Infrastructure	5 - 30 years
Collection and Distribution Systems	30 - 50 years
Machinery, Equipment and Vehicles	5 - 15 years

The Town capitalizes interest costs during construction. During 2001, interest was capitalized on the construction of the Town's 2nd water plant in the Utility Fund.

Compensated Absences – Employees of the Town are allowed to accumulate unused vacation time up to 240 hours and unused sick time up to 480 hours. One-third of sick leave will be paid out to any employee upon termination after three years of continuous service not to exceed 80 hours.

Accumulated unpaid vacation pay is accrued when earned. In the government-wide presentation, accumulated compensated absences not expected to be paid with current available resources are reported as long-term liabilities. Governmental Activity compensated absences have normally been liquidated by the General Fund. The Town has estimated that 10% of the outstanding compensated absence balances will be liquidated within the next twelve months.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Long-Term Obligations – In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Bond Premiums – For the government-wide presentation as well as proprietary fund types, bond premiums are included with long-term debt and amortized over the life of the bonds using straight-line method. In the governmental fund financial statements, bond premiums are recognized as current period expenditures.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the Town that is applicable to a future reporting period. The Town has one item that qualifies as a deferred outflow of resources related to its OPEB liability per GASB Statement No. 75. See Note 11 for additional information.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only two types of deferred inflows of resources, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In addition, the Town has deferred inflows of resources related to the OPEB liability per GASB Statement No. 75 has been recorded as of December 31, 2020. See Note 11 for additional information.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Net Position/Fund Balances – In the government-wide financial statements and for the proprietary fund statements, net position is either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as *non-spendable* include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *not in spendable form* criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts and notes receivable.

Fund balance should be reported as *restricted* when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Town Council, should be reported as *committed* fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as *assigned* fund balance. Through resolution, the Town Council has authorized the Town's financial services director or designee to assign fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Property Taxes

Property taxes attach as an enforceable lien on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at December 31.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits (OPEB)

The Town provides a single-employer defined benefit post-employment (OPEB) health care plan that covers eligible retired employees of the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Subsequent Events

We have evaluated subsequent events through December 12, 2022, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Cash Deposits

Cash and investments at December 31, 2021, consisted of the following:

Cash on Hand	\$	10,488
Deposits		46,152,869
Investments		76,789,905
Local Government Investment Pool		35,536,769
Total	\$	<u>158,490,031</u>

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

Cash and Investments	\$	109,342,836
Restricted Cash and Investments		49,147,195
	\$	<u>158,490,031</u>

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the Town had bank deposits of \$45,142,359 collateralized with securities held by the financial institution's agent but not in the Town's name.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 2: Cash and Investments (Continued)

Cash Deposits (Continued)

The discretely presented component unit – Pinewood 2, LLLP has cash deposits of \$472,191, of which \$282,804 is unrestricted and \$189,387 is restricted. Cash in excess of \$250,000 is collateralized by PDPA.

Restricted Cash

The General Fund has restricted cash of \$24,529,931 representing \$210,058 in forfeitures of retirement contributions and \$24,319,873 held by UMB Trust. The cash will be held by UMB until requests to draw against these funds are paid by the Town as construction expenses for the parking structure as incurred.

The Utility Fund has a restricted cash balance of \$6,419,616 that was held by Colorado Water Resources & Power Development Authority (CWRPDA). The cash will be held by CWRPDA until requests to draw against these funds are paid by the Town as construction expenses are incurred. The Note Payable that relates to this cash is described in Note 6 – Long Term Debt.

The Capital Fund has cash of \$18,197,648 restricted for the construction of the fiber infrastructure. The cash will be held by UMB until requests to draw against these funds are paid by the Town as construction expenses as incurred.

Investments

State statutes and the Town's investment policy specify the investment instruments meeting defined rating, maturity and concentration risk criteria in which the Town may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Town measures and records its investments using guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 2: Cash and Investments (Continued)

Investments (Continued)

The Town had the following investments at December 31, 2021:

Investment	Maturity	Rating	Level 1	Level 2	Level 2	Total
Cash and Cash Equivalents	N/A	N/A	\$ 6,419,616	\$ -	\$ -	\$ 6,419,616
ColoTrust Plus+	N/A	Aam	\$ 44,573,456	\$ -	\$ -	44,573,456
Money Market Funds			\$ 1,996,556	\$ -	\$ -	1,996,556
U.S. Treasuries	Less than 1 year		\$ -	\$ 5,991,500	\$ -	5,991,500
U.S. Treasuries	1 to 5 years		\$ -	\$ 17,808,777	\$ -	17,808,777
Total						\$ <u>76,789,905</u>

The Town's investments in U.S. Treasuries are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Fair Value Measurements – The Town reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2021, the Town's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). The Town's investments in the Invesco Treasury Money Market Fund and the local government investment pools were measured at the net asset value per share.

Interest Rate Risk – State statutes generally limit investment securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations.

Local Government Investment Pools – At December 31, 2021, the Town had a total of \$80,110,225 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pool are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 2: Cash and Investments (Continued)

Investments (Continued)

The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Custodial Credit Risk – At December 31, 2021, the Town's investments in U.S. Treasury and Agency securities were held by the counterparty (broker), but not in the Town's name.

Note 3: Note Receivable

A summary of the Changes in the Note Receivable is as follows:

Notes Receivable	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Breckenridge Nordic Center, LLC	\$ 1,183,469	\$ -	\$ (35,570)	\$ 1,147,899
Breckenridge Village Apartments, LLC	1,276,272	-	(1,276,272)	-
Pinewood 2, LLLC	6,033,611	-	(21,225)	6,012,386
Alta Verda Affordable Housing	-	3,986,731	-	3,986,731
Employee Verde Affordable Housing	136,519	-	(59,774)	76,745
	<u>\$ 8,629,871</u>	<u>\$ 3,986,731</u>	<u>\$ (1,392,841)</u>	<u>\$ 11,223,761</u>

The Town has outstanding notes receivable totaling \$1,183,469 at December 31, 2020 due from the Breckenridge Nordic Center, LLC under a loan agreement dated June 15, 2011 for the construction of a new facility and storage building. The note is collateralized by a deed of trust/security interest in the new facility. The note is paid in monthly installments of principal and interest over 30 years beginning May 1, 2014 at an interest rate of 4% per annum.

In January 2013, Town Council approved a resolution to enter into an agreement with Breckenridge Village Apartments, LLC (BVA) in order to assist BVA in securing interest in real property. The note was collateralized by a deed of trust and an assignment of leases and rents. The amount of the note outstanding as of December 31, 2013 was \$7,200,000. Under the agreement the note was paid in monthly installments interest only until the note was refinanced. In 2014, the note was refinanced and the principal was paid down to leaving a balance of \$1,400,000. As of December 31, 2020, the amount of this note receivable was \$1,276,272. The loan will be paid in monthly installments of principal and interest over 35 years at an interest rate of 3.5% per annum.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 3: Note Receivable (Continued)

The Town's 2015 contributions to Pinewood 2, LLLC, for construction of a new affordable rental housing project, Pinewood 2, are recognized as a note receivable in the Affordable Housing Fund. As of December 31, 2020, the amount of this note receivable was \$6,033,611. The project was completed in July of 2016. In 2017, the loan was converted from a construction loan to a permanent financing loan. The annual payments are to be made from the net income from the housing project. The first annual payment will be made in 2018 from the 2017 net income, and then annually thereafter. The term of the loan is an interest rate of 2.5% and a 40-year term.

In 2021, Town Council approved a resolution to enter into an agreement with Alta Verde, LLC in order to assist Alta Verde, LLC in securing interest in real property. The note was collateralized by a deed of trust and an assignment of leases and rents. The amount of the note outstanding as of December 31, 2021 was \$3,986,731. Under the agreement principal and interest is paid based upon surplus cash flow of the project. Any unpaid interest is capitalized into the principal on a monthly basis, with interest at a rate of 1.0% per annum.

In 2000, The Town instituted a housing down payment assistance program where regular (non-seasonal) Town employees can borrow money from the Town to purchase housing. The purpose of the program is to assist qualified Town of Breckenridge employees with the purchase of a home within a reasonable commuting distance of their jobs. Eligible activities are down payment assistance for a home purchase or new construction only. The Town's note is a second mortgage on the property with a fixed interest rate of 3% amortized over 20 years. The note is due in 10 years or upon sale or transfer of the home from the employee to another party. The default interest rate of Prime plus 3% is put into effect as the new fixed rate upon a payment past due 90 days or greater or 1 year after termination of employment from the Town. As of December 31, 2020, the amount of these notes outstanding totaled \$136,519.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Assets Held for Resale

The Town has a program whereas they acquire housing properties within the Town limits and resale the properties to employees of either the Town or Town employers. The Town holds 21 properties as of December 31, 2021. During 2021, the Town sold four (4) properties for a total of \$1,778,260, resulting in a net loss of \$263,030.

A summary of the activity is as follows:

	Balance	Additions	Sales	Balance	Loss on Sale of Properties
Val d Isere, Unit 111	\$ 336,768	\$ -	\$ -	\$ 336,768	\$ -
Now Colorado, Unit A8	305,548	-	(305,548)	-	(19,420)
Now Colorado, Unit E8	356,432	-	(356,432)	-	(75,124)
Gold Camp, I120	440,921	-	-	440,921	-
Highlands Green 205	400,803	-	-	400,803	-
Highlands Green 309	402,353	-	-	402,353	-
Berlin Placer #9	310,700	-	-	310,700	-
Berlin Placer #10	310,700	-	-	310,700	-
Bucyrus 145	-	675,852	-	675,852	-
Val d Isere, Unit 207	-	427,099	-	427,099	-
1915 Airport Rd, Unit 207	-	422,957	-	422,957	-
64 Reiling Rd	-	603,162	(603,162)	-	(135,452)
163 High Tor, #8	-	613,870	-	613,870	-
Gold Camp, E90	-	651,062	-	651,062	-
820 Kingdom Park	-	776,158	(776,158)	-	(33,034)
841 Farivew	-	1,135,867	-	1,135,867	-
850 Kingdom Park	-	849,827	-	849,827	-
Gold Camp E42	-	735,372	-	735,372	-
Peak 8 Village, B6	-	659,473	-	659,473	-
Gold Camp C66	-	651,418	-	651,418	-
Assets Held for Resales	<u>\$ 2,864,225</u>	<u>\$ 8,202,117</u>	<u>\$ (2,041,300)</u>	<u>\$ 9,025,042</u>	<u>\$ (263,030)</u>

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Capital Assets

Governmental capital assets activity for the year ended December 31, 2021, is summarized below:

Governmental Activities	Balance 12/31/20	Additions	Transfers	Deletions	Balance 12/31/21
Capital Assets, Not Being Depreciated					
Land	\$ 53,601,061	\$ 956,874	\$ -	\$ -	\$ 54,557,935
Art	117,914	-	-	-	117,914
Construction in Progress	70,536,703	31,818,442	(41,732,650)	-	60,622,495
Total Capital Assets, Not Being Depreciated	124,255,678	32,775,316	(41,732,650)	-	115,298,344
Capital Assets, Being Depreciated					
Buildings	63,392,031	-	39,289,730	-	102,681,761
Improvements	37,869,102	-	77,838	-	37,946,940
Infrastructure	21,480,959	-	2,365,082	-	23,846,041
Equipment	13,258,489	-	-	-	13,258,489
Internal Service Improvements	104,520	-	-	-	104,520
Equipment	16,310,119	230,267	-	(194,591)	16,345,795
Total Capital Assets, Being Depreciated	152,415,220	230,267	41,732,650	(194,591)	194,183,546
Less: Accumulated Depreciation for					
Buildings	(34,861,000)	(2,183,211)	-	-	(37,044,211)
Improvements	(10,386,567)	(1,855,416)	-	-	(12,241,983)
Infrastructure	(10,059,853)	(896,712)	-	-	(10,956,565)
Equipment	(12,151,917)	(415,233)	-	-	(12,567,150)
Internal Service Improvements	(45,855)	(6,968)	-	-	(52,823)
Equipment	(10,470,773)	(1,555,876)	-	194,591	(11,832,058)
Total Accumulated Depreciation	(77,975,965)	(6,913,416)	-	194,591	(84,694,790)
Total Capital Assets, Being Depreciated, Net	74,439,255	(6,683,149)	41,732,650	-	109,488,756
Governmental Activities Capital Assets, Net	\$ 198,694,933	\$ 26,092,167	\$ -	\$ -	\$ 224,787,100

Depreciation is allocated to the Town's governmental activities as follows:

Governmental Activities	
General Government	\$ 1,155,238
Public Safety	730,135
Public Works	1,851,702
Community Development	631,922
Culture and Recreation	981,575
Internal Service Funds	1,562,844
Total	\$ 6,913,416

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Capital Assets (Continued)

Business-type capital assets activity for the year ended December 31, 2021, is summarized below:

	Balance 12/31/20	Additions	Transfers	Deletions	Balance 12/31/21
Business-Type Activities					
Capital Assets, <i>Not Being Depreciated</i>					
Land	\$ 5,634,909	\$ -	\$ -	\$ -	\$ 5,634,909
Construction in Progress	65,636,928	6,870,300	(62,691,403)	(389,082)	9,426,743
Water and Water Storage Rights	3,190,973	-	-	-	3,190,973
Total Capital Assets, <i>Not Being Depreciated</i>	<u>74,462,810</u>	<u>6,870,300</u>	<u>(62,691,403)</u>	<u>(389,082)</u>	<u>18,252,625</u>
Capital Assets, <i>Being Depreciated</i>					
Buildings	9,037,666	-	59,988,690	-	69,026,356
Infrastructure	5,306,300	-	-	-	5,306,300
Improvements	13,054,474	-	2,702,713	-	15,757,187
Equipment	26,490,783	365,262	-	(1,183,416)	25,672,629
Total Capital Assets, <i>Being Depreciated</i>	<u>53,889,223</u>	<u>365,262</u>	<u>62,691,403</u>	<u>(1,183,416)</u>	<u>115,762,472</u>
Less Accumulated Depreciation for					
Buildings	(8,717,339)	(1,647,833)	-	-	(10,365,172)
Infrastructure	(1,024,154)	(370,418)	-	-	(1,394,572)
Improvements	(9,934,433)	(329,329)	-	-	(10,263,762)
Equipment	(15,083,787)	(515,702)	-	1,110,547	(14,488,942)
Total Accumulated Depreciation	<u>(34,759,713)</u>	<u>(2,863,282)</u>	<u>-</u>	<u>1,110,547</u>	<u>(36,512,448)</u>
Total Capital Assets, <i>Being Depreciated, Net</i>	<u>19,129,510</u>	<u>(2,498,020)</u>	<u>62,691,403</u>	<u>(72,869)</u>	<u>79,250,024</u>
Business-Type Activities Capital Assets, <i>Net</i>	<u>\$ 93,592,320</u>	<u>\$ 4,372,280</u>	<u>\$ -</u>	<u>\$ (461,951)</u>	<u>\$ 97,502,649</u>

Depreciation expense was charged to function/programs of the Town as follows:

Business-type Activities	
Utility Fund	\$ 2,384,898
Golf Course Fund	<u>478,384</u>
Total	<u>\$ 2,863,282</u>

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Capital Assets (Continued)

Component Unit capital assets activity for the year ended December 31, 2021, is summarized below:

	Balance 12/31/20	Additions	Transfers	Deletions	Balance 12/31/21
Discreetly Presented Component Unit					
Capital Assets, <i>Being Depreciated</i>					
Buildings and Improvements	\$ 9,035,023	\$ -	\$ -	\$ -	\$ 9,035,023
Equipment	787,735	-	-	-	787,735
Total Capital Assets, <i>Being Depreciated</i>	9,822,758	-	-	-	9,822,758
Less: Accumulated Depreciation for					
Buildings and Improvements	(2,394,388)	-	-	-	(2,394,388)
Equipment	-	-	-	-	-
Total Accumulated Depreciation	(2,394,388)	-	-	-	(2,394,388)
Total Capital Assets, <i>Being Depreciated, Net</i>	7,428,370	-	-	-	7,428,370
Discreetly Presented Component Unit Capital Assets, <i>Net</i>	\$ 7,428,370	\$ -	\$ -	\$ -	\$ 7,428,370

Note 6: Long-Term Debt

Governmental Activities

Following is a summary of long-term transactions for the year ended December 31, 2021:

	Balance 12/31/20	Additions	Payments	Balance 12/31/21	Due Within One Year
Governmental Activities					
Certificate of Participation, 2016	\$ 7,525,000	\$ -	\$ (560,000)	\$ 6,965,000	\$ 575,000
Premium	781,548	-	(52,103)	729,445	-
Certificate of Participation, 2020	43,145,000	-	(1,335,000)	41,810,000	1,380,000
Premium	6,630,682	-	(276,278)	6,354,404	-
Certificate of Participation, 2021	-	9,240,000	(85,000)	9,155,000	285,000
Premium	-	2,080,191	(21,386)	2,058,805	-
Capital Leases - Internal Services	285,269	-	(55,665)	229,604	58,513
Compensated Absences					
Governmental	916,672	179,864	(91,667)	1,004,869	100,487
Internal Services	85,808	1,439	(8,581)	78,666	7,866
Totals	\$ 59,369,979	\$ 11,501,494	\$ (2,485,680)	\$ 68,385,793	\$ 2,406,866

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

Certificates of Participation

On March 10, 2016, the Town issued certificates of participation in the amount of \$10,060,000 (2016 COPs). \$2,325,000 was used for the refunding of the 2005 COP (related to the construction of the police department facility) and \$7,735,000 was available for the construction of the Huron Landing affordable housing project. The certificates require semi-annual interest and annual principal payments on June 1 and December 1 through December 2030. The Certificates bear interest at rates varying from 2-5%. Payments are allocated between the Housing Fund and the Excise Fund, which is combined with the General Fund for reporting purposes.

The annual debt service requirements for the 2016 COPs are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 575,000	\$ 281,750	\$ 856,750
2023	590,000	264,500	854,500
2024	605,000	246,800	851,800
2025	620,000	228,650	848,650
2026	380,000	203,850	583,850
2027 - 2031	2,125,000	783,650	2,908,650
2032 - 2036	<u>2,070,000</u>	<u>265,000</u>	<u>2,335,000</u>
Total	<u>\$ 6,965,000</u>	<u>\$ 2,274,200</u>	<u>\$ 9,239,200</u>

In May of 2020, the Town Council approved the issuance of certificates of participation (2020 COPs). After final pricing, the proceeds for the Town for the 2020 Certificates of Participation total \$50,716,961. The underlying assets securing these COPs are the Breckenridge Grand Vacation Community Center (BGVCC), Breckenridge Town Hall, Breckenridge Recreation Center & Kingdom Park, Riverwalk Center Theatre, and the Police Department Building. The COPs are payable over 25 years at an all-in true interest cost of 2.734% per annum for the 2020A taxable bonds and 1.131% per annum for the 2020B tax exempt bonds. Of this issue, \$2.4M was used to retire the principle of the 2007 COP debt issue (related to the construction of a childcare facility). The remaining amount is designated to fund the construction of a parking structure and expansion of the Fiber Infrastructure project. Construction began in June of 2020.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

Certificates of Participation

The annual debt service requirements for the 2020 COPs are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,380,000	\$ 1,644,717	\$ 3,024,717
2023	1,430,000	1,598,523	3,028,523
2024	1,490,000	1,539,075	3,029,075
2025	1,555,000	1,476,293	3,031,293
2026	1,575,000	1,452,845	3,027,845
2027 - 2031	7,955,000	6,221,542	14,176,542
2032 - 2036	9,500,000	4,430,137	13,930,137
2037 - 2041	10,495,000	2,497,952	12,992,952
2042 - 2044	6,430,000	521,200	6,951,200
Total	\$ <u>41,810,000</u>	\$ <u>21,382,284</u>	\$ <u>63,192,284</u>

In December 2021, the Town Council approved the issuance of certificates of participation (2021 COPs). The proceeds of the 2021 COPs will be used for the purpose of finance the acquisition, construction, installation, equipping of for rent workforce housing on the leased property. The lease term is 20 years, maturing on December 1, 2041 with annual principal and interest payments of increasing from \$285,000 to \$645,000. Interest accrues at 5% per year.

The annual debt service requirements for the 2021 COPs are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 285,000	\$ 411,800	\$ 696,800
2023	300,000	397,550	697,550
2024	315,000	382,550	697,550
2025	330,000	366,800	696,800
2026	350,000	350,300	700,300
2027 - 2031	2,025,000	1,471,500	3,496,500
2032 - 2036	2,550,000	857,750	3,407,750
2037 - 2041	3,000,000	440,100	3,440,100
Total	\$ <u>9,155,000</u>	\$ <u>4,678,350</u>	\$ <u>13,833,350</u>

In 2019, the Town entered into a lease agreement for \$355,298 for the purchase of high voltage battery packs for the Town's buses. The lease term is six years, maturing on August 1, 2025 with monthly principal and interest payments of \$5,833. Interest accrues at 5% per year.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

Following is a schedule of the future lease payments under this capital lease and the present value of the lease payments at December 31, 2020:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 58,513	\$ 11,487	\$ 70,000
2023	61,507	8,493	70,000
2024	64,654	5,346	70,000
2025	44,930	1,737	46,667
Total	\$ 229,604	\$ 27,063	\$ 256,667

Compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

Business-Type Activities

Following is a summary of long-term debt transactions for the year ended December 31, 2021:

	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>
Business-Type Activities					
CWR&PDA Note Payable	\$ 50,344,189	\$ -	\$ (2,295,776)	\$ 48,048,413	\$ 2,343,516
Premium	1,066,010	-	(56,106)	1,009,904	-
Capital Lease	-	213,885	(28,986)	184,899	51,382
Compensated Absences Stormwater Fund	165,387	47,435	(16,539)	196,283	19,628
Totals	\$ 51,575,586	\$ 261,320	\$ (2,397,407)	\$ 49,439,499	\$ 2,414,526

Notes Payable

In November 2017, the Town entered into a loan agreement with the Colorado Water Resources Power Development Authority (CWRPDA) for a principal amount of \$56,990,796, in order to construct a 2nd water plant to serve the Town's growing needs. The loan has a prime interest rate and is payable in bi-annual payments beginning on February 1, 2018, with a maturity date of August 1, 2039. As of December 31, 2020, the Town had drawn \$50,571,180. The remaining amount available of \$6,419,616 held in trust for the benefit of the Town is reflected as Restricted Cash in the accompanying statement of net position.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Business-Type Activities

Notes Payable (Continued)

Annual debt service requirements for the business-type activities loans at December 31, 2021, were as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,343,516	\$ 888,183	\$ 3,231,699
2023	2,365,634	861,033	3,226,667
2024	2,410,399	816,783	3,227,182
2025	2,454,376	774,033	3,228,409
2026	2,497,507	733,033	3,230,540
2027 - 2031	12,915,967	3,233,151	16,149,118
2032 - 2036	13,825,369	2,324,891	16,150,260
2037 - 2039	9,235,645	451,207	9,686,852
Total	<u>\$ 48,048,413</u>	<u>\$ 10,082,314</u>	<u>\$ 58,130,727</u>

Capital Lease

In June 2021, the Town entered into a lease agreement for \$213,885 for the purchase of golf carts for use at the Town's golf course. The lease term is 48 months, maturing in May 2025 with monthly principal and interest payments of \$4,852. Interest accrues at 4.23% per year.

Following is a schedule of the future lease payments under this capital lease and the present value of the lease payments at December 31, 2021:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 51,382	\$ 6,836	\$ 58,218
2023	53,600	4,619	58,219
2024	55,913	2,306	58,219
2025	24,004	255	24,259
Total	<u>\$ 184,899</u>	<u>\$ 14,016</u>	<u>\$ 198,915</u>

Discretely Presented Component Unit

Pinewood 2 LLLP has a note payable to the Town of Breckenridge, related to an affordable housing project known as Pinewood 2. A bridge loan was issued in 2016 for \$3.37 million at 0.75% interest and retired with a payment in full through the refinancing process in 2017. The outstanding note payable was refinanced in 2017, converting the construction loan to a permanent financing loan, with interest only payments made from available cash flow at a rate of 2.50% annually, excess interest added to the principal balance, and the principal balance due at maturity, April 30, 2057. Loan balance as of December 31, 2020, was \$6,062,681 million at 2.5% interest. Payments are made annually from available cash flow.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 7: Interfund Balances and Transfers

It is the Town's policy to report all sales, accommodations and real estate transfer taxes into the General Fund and then distribute these receipts to the other funds for operating purposes. As the Town funds its capital projects during the year, through the Capital Fund, the Town transfers the Conservation Trust proceeds to the Capital Fund as allowed projects are completed.

During the year ended December 31, 2020, the Town made the following transfers:

Transfers Out	Transfers In:				
	General	Capital Projects	Special Revenue Funds		Total
			Marketing	Health Utility	
General Fund	\$ -	\$ 2,343,594	\$ 1,220,506	\$ -	\$ 3,564,100
Affordable Housing	-	9,154,754	-	235,000	9,389,754
Open Space	-	948,566	-	17,389	965,955
Conservation Trust	-	55,000	-	-	55,000
Utility	101,155	-	-	-	101,155
Golf Course	33,553	-	-	-	33,553
Total	\$ 134,708	\$ 12,501,914	\$ 1,220,506	\$ 252,389	\$ 14,109,517

Note 8: Retirement Commitments

Money Purchase Pension Plan

The Town provides pension benefits for its employees through a defined contribution money purchase plan. The plan is administered by the ICMA Retirement Corporation. Covered employees are required to participate in the plan from the date of employment and are fully vested after six years of continuous service. The plan provisions can be modified by the Town Council. The Town contributes an amount equal to 7% or 9% of the covered employee's salary each month, depending upon the employee's length of full-time regular employment with the Town. During the year ended December 31, 2020, contributions totaled \$953,389. The Town has no liability for this plan beyond its current annual contribution.

Deferred Compensation Plan

Pursuant to GASB Statement No. 32: *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town established a trust to hold the assets of its Deferred Compensation Plan, and modified the plan document to state that the plan is *held in trust for the exclusive benefit of participants and their beneficiaries*. As such the plan's assets are no longer the property and rights of the Town, and are not reflected in the financial statements of the Town.

Town of Breckenridge, Colorado
Notes to Financial Statements
December 31, 2021

Note 9: Commitments and Contingencies

Claims and Judgments

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2021, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment. The Amendment is complex and subject to judicial interpretation. The Town believes it is in substantial compliance with the requirements of the Amendment. However, the Town has made certain interpretations to determine compliance with the Amendment. The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment.

At December 31, 2021, the reserve was reported as restricted fund balance in the General and Street Capital Improvements Funds, in the amounts of \$372,000 and \$61,000, respectively.

Litigation

The Town is involved in various pending or threatened litigation. The outcome of the litigation cannot be predicted at this time. However, management does not believe the outcome will have a significant effect on the Town's financial position.

Subsequent Year Commitments

As of December 31, 2020, the Town had unexpended commitments that were rolled over into the 2021 budget in the amount of \$25,000 in the General Fund.

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 10: Risk Management

Colorado Intergovernmental Risk Sharing Agency

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage. The Town carries commercial insurance for workers compensation coverage.

Self-Insurance

The Town partially self-insures its medical and dental insurance claims. The Town provides coverage up to \$80,000 per employee and a total stop loss of \$2,243,005 or 125% of the prior year claims. The Town carries commercial insurance for all claims in excess of that amount.

A summary of the Town's self-insured claims and liability is as follows:

Claims Payable, December 31, 2019	\$ 393,509
Claims Incurred and Adjustments	4,486,045
Claims Paid	<u>(4,451,346)</u>
Claims Payable, December 31, 2020	428,208
Claims Incurred and Adjustments	5,090,752
Claims Paid	<u>(5,389,611)</u>
Claims Payable, December 31, 2021	<u>\$ 129,349</u>

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Other Post -Employment Benefits

Plan Description

The Town of Breckenridge provides a single employer defined benefit post-employment health care plan that covers eligible retired employees of the Town. An employee is eligible for retiree coverage when he or she has reached a minimum age of 55 years and satisfies one of the following:

- For continuous employment, the employee has been employed by the Town for a minimum of 15 years on a regular full-time basis; or
- For non-continuous employment, the employees have been employed by the Town in aggregate a minimum of 15 years on a regular full-time basis. Any period of unemployment with the Town shall not exceed five years at any one time.

The Town of Breckenridge follows the Rule of 70 which enables an employee to retire as early as age 55, and with a minimum of 15 years of regular full-time employment, without a benefit reduction, provided the combined credited service and age at termination equals or exceeds the sum of 70. If an employee would have qualified for the Rule of 70 prior to July 1, 2016, they will be permitted to participate in the employer's retiree coverage.

The spouse of a covered employee is eligible for retiree coverage on the same date the covered employee qualifies for retiree coverage only if the following two criteria are met:

- The spouse was covered under the Town's medical plan immediately prior to the employee becoming eligible for retiree coverage (regardless of whether the employee is enrolled in Medicare at the time of retirement); and
- He/she has been the employee's spouse (including common law or domestic partner if appropriate documents and affidavits are provided) for at least two years.

In the event the employee and spouse meet the retiree medical plan benefit eligibility criteria, but the employee dies before retiring, the surviving spouse will maintain his/her eligibility rights to retiree coverage, if timely elected. All other retiree medical plan provisions will apply.

Benefits Provided

Retirees are eligible for medical and dental benefits. Health care coverage is provided through one of two self-insured medical plans, a Health Reimbursement Arrange Plan (HRA) or a Health Savings Account (HSA).

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Other Post -Employment Benefits (Continued)

Contributions

Retiree premiums for the medical and dental program in 2021 are shown below. The rates are the same for the HRA and HSA plans. Retirees pay the same rates as actives.

<u>Coverage Category</u>	<u>Medical</u>	<u>Dental</u>
Retire Only	\$ 110.00	\$ 22.88
Retire + Spouse	\$ 235.00	\$ 43.12
Retire + Child(ren)	\$ 220.00	\$ 58.12
Retire + Family	\$ 345.00	\$ 73.47

Employees Covered by Benefit Terms

As of December 31, 2021, the number of active and inactive employees covered by the plan was as follows. The count of retirees does not include spouses unless covered as spouse only. The count of active employees does not include COBRA continues or employees who waived medical coverage.

Retired Employees Currently Receiving Benefit Payments	10
Active Employees	<u>167</u>
Total	<u><u>177</u></u>

Total OPEB Liability

The Town's total OPEB liability is \$1458,362 as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per year
Salary Increases	5.0%
Discount Rate	2.25%
Healthcare Cost Trend Rates	6.4 percent for 2021, decreasing 0.1 percent per year to an ultimate rate of 5.7 percent for 2027 and future years
Retirees' share of benefit-Related Costs	15.0 percent of projected health insurance premiums for retirees

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Other Post -Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The discount rate was based on S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2021.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020 – December 31, 2021.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability

Balance at December 31, 2020	\$ 1,514,479
Changes During the Year:	
Service Cost	117,494
Interest	34,076
Difference Between Expected and Actual Experience	(41,564)
Change of Assumption or Other Inputs	(37,201)
Employer Contributions	(128,922)
Net Changes	(56,117)
Balance at December 31, 2021	\$ 1,458,362

Changes of assumptions and other inputs reflect a change in the discount rate, participation rate, retirement and termination rates, medical and dental trend, payroll trend and excise tax, as further presented below:

<u>Assumption</u>	<u>Description of Change</u>	<u>Impact on Liability</u>
Discount Rate	Increased from 1.93% to 2.25%	\$ (37,201)

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Other Post -Employment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93%) than the current discount rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total OPEB Liability	\$ <u>1,577,676</u>	\$ <u>1,458,362</u>	\$ <u>1,348,073</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (5.4%) or 1-percentage-point higher (7.4%) than the current healthcare cost trend rates:

	1% Decrease (5.4%)	Current Trend Rate (6.4%)	1% Increase (7.4%)
Total OPEB Liability	\$ <u>1,302,689</u>	\$ <u>1,458,362</u>	\$ <u>1,643,139</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Town recognized negative OPEB expense of \$180,162. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 519,494	\$ -
Changes in assumptions and other inputs	<u>-</u>	<u>190,823</u>
Total	\$ <u>519,494</u>	\$ <u>190,823</u>

Town of Breckenridge, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Other Post -Employment Benefits (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources relate to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,

2022	\$	37,562
2023		37,562
2024		37,562
2025		37,562
2026		37,562
Thereafter		<u>140,861</u>
Total	\$	<u><u>328,671</u></u>

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Required Supplementary Information

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes:				
Property Taxes	\$ 3,499,410	\$ 3,499,410	\$ 3,491,458	\$ (7,952)
Specific Ownership Taxes	165,000	165,000	173,079	8,079
Sales Taxes	19,136,853	19,136,853	29,613,879	10,477,026
Accommodations Taxes	2,956,104	2,956,104	5,916,325	2,960,221
Marijuana Taxes	544,695	544,695	693,539	148,844
Franchise Taxes	799,102	799,102	704,509	(94,593)
Real Estate Transfer Taxes	5,500,000	5,500,000	11,038,657	5,538,657
Lift Ticket Taxes	-	-	2,621,565	2,621,565
Payments in Lieu of Tax	4,018,894	4,018,894	1,146,519	(2,872,375)
Other Taxes	54,987	54,987	62,725	7,738
Interest on Taxes	1,500	1,500	7,279	5,779
Total Taxes	<u>36,676,545</u>	<u>36,676,545</u>	<u>55,469,534</u>	<u>18,792,989</u>
Licenses and Permits				
Liquor Licenses and Fees	30,000	30,000	31,246	1,246
Animal Licenses	600	600	815	215
Street Cut Permits	15,000	15,000	30,800	15,800
Building Inspection Permits	323,550	323,550	619,085	295,535
Electrical Inspection Permits	28,760	28,760	55,183	26,423
Plumbing and Mechanical Permits	57,793	57,793	114,423	56,630
Parking Permits	-	-	203,681	203,681
Miscellaneous Licenses and Permits	15,280	15,280	840,561	825,281
Total Licenses and Permits	<u>470,983</u>	<u>470,983</u>	<u>1,895,794</u>	<u>1,424,811</u>
Intergovernmental				
Motor Vehicle Fees	27,999	27,999	26,624	(1,375)
Highway Users	214,862	214,862	239,532	24,670
Road and Bridge Levy	210,523	210,523	280,309	69,786
Grants	10,000	858,105	1,999,246	1,141,141
Other	636,189	636,189	505,463	(130,726)
Total Intergovernmental	<u>1,099,573</u>	<u>1,947,678</u>	<u>3,051,174</u>	<u>1,103,496</u>
Charges for Services				
Building Plan Review	251,600	251,600	451,186	199,586
Class A, B, C and D Fees	144,693	144,693	194,781	50,088
Recreation Fees and Contributions	2,248,005	2,248,005	3,378,481	1,130,476
Sales of Publication	2,400	2,400	841	(1,559)
Parking Fees	2,868,140	2,868,140	2,225,695	(642,445)
Administration Fees	-	-	127,317	127,317
Rental Income	787,886	787,886	192,502	(595,384)
Other Charges	185,798	185,798	748,470	562,672
Total Charges for Services	<u>6,488,522</u>	<u>6,488,522</u>	<u>7,319,273</u>	<u>830,751</u>

(Continued)

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues (Continued)				
Fines and Forfeitures				
Court Costs	20,000	20,000	7,750	(12,250)
Dog Fines	1,000	1,000	975	(25)
Parking Citations	-	-	228,593	228,593
Traffic Citations	50,000	50,000	75,602	25,602
Penal Fines	74,800	74,800	20,466	(54,334)
Municipal Forfeits	-	-	500	500
Other Fines	-	-	9,735	9,735
Total Fines and Forfeits	<u>145,800</u>	<u>145,800</u>	<u>343,621</u>	<u>197,821</u>
Investment Earnings	<u>321,563</u>	<u>321,563</u>	<u>(12,989)</u>	<u>(334,552)</u>
Other Revenue				
Reimbursement of Expenditures	8,000	8,000	133,063	125,063
Insurance Recoveries	35,000	35,000	12,802	(22,198)
Pension Forfeitures	55,000	55,000	157,659	102,659
Contributions and Donations	-	-	50,000	50,000
Other	197,038	197,038	63,726	(133,312)
Total Other Revenue	<u>295,038</u>	<u>295,038</u>	<u>417,250</u>	<u>122,212</u>
Total Revenue	<u>45,498,024</u>	<u>46,346,129</u>	<u>68,483,657</u>	<u>22,137,528</u>
Expenditures				
Current				
General Government				
Legislative	247,157	247,157	292,474	(45,317)
Committees	35,000	35,000	40,887	(5,887)
Judicial	189,270	189,270	179,085	10,185
Legal	182,725	182,725	174,273	8,452
Executive and Management	2,315,420	2,315,420	1,553,796	761,624
Town Clerk	385,812	385,812	420,692	(34,880)
Finance	1,167,664	1,167,664	1,199,069	(31,405)
Other Expenditures	159,954	160,138	417,741	(257,603)
Total General Government	<u>4,683,002</u>	<u>4,683,186</u>	<u>4,278,017</u>	<u>405,169</u>
Public Safety				
Police Services	<u>4,845,319</u>	<u>4,845,319</u>	<u>5,141,647</u>	<u>(296,328)</u>

(Continued)

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Public Works				
General Services	1,008,446	1,008,446	1,212,740	(204,294)
Street and Parks	4,675,786	4,675,786	4,498,562	177,224
Facilities Maintenance	2,031,579	2,031,579	1,885,928	145,651
Engineering and Construction	727,286	727,286	739,149	(11,863)
Public Transportation	4,261,956	4,261,956	4,567,318	(305,362)
Total Public Works	<u>12,705,053</u>	<u>12,705,053</u>	<u>12,903,697</u>	<u>(198,644)</u>
Community Development				
Planning Services	1,116,478	1,116,478	1,135,724	(19,246)
Building Services	555,395	555,395	638,284	(82,889)
Other Community Development	185,795	185,795	214,522	(28,727)
Special Projects	686,695	686,695	458,652	228,043
Child Care	235,642	235,642	226,074	9,568
Total Community Development	<u>2,780,005</u>	<u>2,780,005</u>	<u>2,673,256</u>	<u>106,749</u>
Culture and Recreation				
Recreation Programs	<u>7,031,548</u>	<u>7,031,548</u>	<u>6,997,211</u>	<u>34,337</u>
Grants to Other Agencies	<u>893,000</u>	<u>893,000</u>	<u>1,824,837</u>	<u>(931,837)</u>
Capital Outlay	<u>18,900,000</u>	<u>19,184,152</u>	<u>22,234,695</u>	<u>(3,050,543)</u>
Debt Service				
Principal	1,260,000	1,260,000	1,260,000	-
Interest	1,596,890	1,596,890	1,583,250	13,640
Debt Issuance Cost	-	-	(54,664)	54,664
	<u>2,856,890</u>	<u>2,856,890</u>	<u>2,788,586</u>	<u>68,304</u>
Total Expenditures	<u>54,694,817</u>	<u>54,979,153</u>	<u>58,841,946</u>	<u>(3,862,793)</u>
Excess Revenues Over (Under)				
Expenditures	<u>(9,196,793)</u>	<u>(8,633,024)</u>	<u>9,641,711</u>	<u>18,274,735</u>
Other Financing Sources (Uses)				
Transfers In	17,817,643	19,087,643	14,417,336	(4,670,307)
Transfers Out	<u>(20,121,510)</u>	<u>(20,121,510)</u>	<u>(17,846,728)</u>	<u>2,274,782</u>
Total Other Financing Sources (Uses)	<u>(2,303,867)</u>	<u>(1,033,867)</u>	<u>(3,429,392)</u>	<u>(2,395,525)</u>
Change in Fund Balance	<u>(11,500,660)</u>	<u>(9,666,891)</u>	<u>6,212,319</u>	<u>15,879,210</u>
Fund Balance, Beginning of Year	<u>70,591,420</u>	<u>70,591,420</u>	<u>86,025,120</u>	<u>15,433,700</u>
Fund Balance, End of Year	<u>\$ 59,090,760</u>	<u>\$ 60,924,529</u>	<u>\$ 92,237,439</u>	<u>\$ 31,312,910</u>

See Accompanying Independent Auditor's Report.

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Affordable Housing Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 3,123,902	\$ 3,123,902	\$ 4,150,263	\$ 1,026,361
Intergovernmental	291,200	1,820,700	1,562,729	(257,971)
Charges for Services	594,000	594,000	683,518	89,518
Investment Earnings	105,163	105,163	24,929	(80,234)
Other Revenue	-	-	347,653	347,653
	<u>4,114,265</u>	<u>5,643,765</u>	<u>6,769,092</u>	<u>1,125,327</u>
Expenditures				
Current				
Culture and Recreation	1,740,936	5,180,675	1,656,102	(3,524,573)
Debt Service				
Principal Payments	410,000	410,000	410,000	-
Interest Payments	171,000	171,000	336,898	165,898
Capital Outlays	2,156,000	2,156,000	-	(2,156,000)
	<u>4,477,936</u>	<u>7,917,675</u>	<u>2,403,000</u>	<u>(5,514,675)</u>
Excess Revenues Over (Under) Expenditures	(363,671)	(2,273,910)	4,366,092	6,640,002
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	2,800,000	2,800,000	4,307,249	1,507,249
Payments Received on Notes Receivable	287,928	287,928	-	(287,928)
Transfers Out	(6,835,000)	(6,835,000)	(9,389,754)	(2,554,754)
	<u>(3,747,072)</u>	<u>(3,747,072)</u>	<u>(5,082,505)</u>	<u>(1,335,433)</u>
Net Change in Fund Balance	(4,110,743)	(6,020,982)	(716,413)	5,304,569
Fund Balance, Beginning of Year	<u>20,240,983</u>	<u>20,240,983</u>	<u>22,825,575</u>	<u>2,584,592</u>
Fund Balance, End of Year	<u>\$ 16,130,240</u>	<u>\$ 14,220,001</u>	<u>\$ 22,109,162</u>	<u>\$ 7,889,161</u>

Town of Breckenridge, Colorado
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 117,494	\$ 126,782	\$ 68,527	\$ 71,686
Interest on Total OPEB Liability	34,076	17,451	30,163	40,237
Difference between Expected and Actual Experience	(41,564)	366,468	59,687	50,006
Change in Assumptions or Other Inputs	(37,201)	220,756	(20,641)	(192,711)
Employer Contribution	<u>(128,922)</u>	<u>(121,167)</u>	<u>(158,791)</u>	<u>(149,380)</u>
Net Change in OPEB Liability	(56,117)	610,290	(21,055)	(180,162)
Total OPEB Liability - Beginning of Year	<u>1,514,479</u>	<u>904,189</u>	<u>925,244</u>	<u>1,105,406</u>
Total OPEB Liability - End of Year	<u>\$ 1,458,362</u>	<u>\$ 1,514,479</u>	<u>\$ 904,189</u>	<u>\$ 925,244</u>
City's Covered Payroll	\$ 12,219,719	\$ 11,637,828	\$ 11,668,453	\$ 11,668,453
Contributions as a Percentage of Covered Payroll	11.9%	13.0%	7.7%	7.9%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

Town of Breckenridge, Colorado
Notes to Required Supplementary Information
December 31, 2021

Note 1: Stewardship, Compliance and Accountability

Budgetary Accounting

Budgets are adopted for all funds of the Town in accordance with State statutes. Fiduciary fund budgets are not required and have not been presented in the financial statements. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures, but depreciation and amortization are not budgeted.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- All appropriations lapse at year end.

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Supplementary Information

Town of Breckenridge, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds				
	Open Space Acquisition Fund	Marketing Fund	Conservation Trust Fund	Accommodation Unit Compliance Fund	Totals
Assets					
Cash	\$ 7,966,260	\$ 4,125,647	\$ 12,612	\$ 485,878	\$ 12,590,397
Receivables					
Taxes	585,998	797,480	-	-	1,383,478
Accounts Receivable	16,411	-	-	-	16,411
Total Assets	<u>\$ 8,568,669</u>	<u>\$ 4,923,127</u>	<u>\$ 12,612</u>	<u>\$ 485,878</u>	<u>\$ 13,990,286</u>
Liabilities					
Accounts Payable	\$ 38,393	\$ 320	\$ -	\$ -	\$ 38,713
Accrued Liabilities	401	-	-	-	401
Accrued Salaries	9,601	-	-	-	9,601
Total Liabilities	<u>48,395</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>48,715</u>
Fund Balances					
Restricted for					
Parks and Recreation	-	-	12,612	-	12,612
Marketing	-	556,213	-	-	556,213
Accommodation Unit Compliance	-	-	-	485,878	485,878
Open Space	8,520,274	-	-	-	8,520,274
Committed to					
Marketing	-	4,366,594	-	-	4,366,594
Total Fund Balances	<u>8,520,274</u>	<u>4,922,807</u>	<u>12,612</u>	<u>485,878</u>	<u>13,941,571</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,568,669</u>	<u>\$ 4,923,127</u>	<u>\$ 12,612</u>	<u>\$ 485,878</u>	<u>\$ 13,990,286</u>

Town of Breckenridge, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2021

	Special Revenue Funds				
	Open Space Acquisition Fund	Marketing Fund	Conservation Trust Fund	Accommodation Unit Compliance Trust Fund	Totals
Revenues					
Taxes	\$ 4,195,325	\$ 4,731,932	\$ -	\$ -	\$ 8,927,257
Licenses and Permits	-	907,606	-	-	907,606
Intergovernmental	3,250	-	60,084	-	63,334
Charges for Services	173,776	-	-	486,100	659,876
Investment Earnings	12,982	4,051	(58)	(222)	16,753
Other	40,218	-	-	-	40,218
Total Revenues	4,425,551	5,643,589	60,026	485,878	10,615,044
Expenditures					
Current					
General Government	-	3,992,194	-	-	3,992,194
Open Space Acquisition	1,572,685	-	-	-	1,572,685
Total Expenditures	1,572,685	3,992,194	-	-	5,564,879
Excess of Revenues Over (Under) Expenditures	2,852,866	1,651,395	60,026	485,878	5,050,165
Other Financing Sources (Uses)					
Transfers In	-	1,220,506	-	-	1,220,506
Transfers Out	(965,955)	-	(55,000)	-	(1,020,955)
Total Other Financing Sources (Uses)	(965,955)	1,220,506	(55,000)	-	199,551
Net Change in Fund Balances	1,886,911	2,871,901	5,026	485,878	5,249,716
Fund Balances, Beginning of year	6,633,363	2,050,906	7,586	-	8,691,855
Fund Balances, End of year	\$ 8,520,274	\$ 4,922,807	\$ 12,612	\$ 485,878	\$ 13,941,571

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Open Space Acquisition Fund
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 2,358,623	\$ 4,195,325	\$ 1,836,702
Intergovernmental	-	3,250	3,250
Charges for Services	164,931	173,776	8,845
Investment Earnings	28,542	12,982	(15,560)
Other	32,873	40,218	7,345
	<u>2,584,969</u>	<u>4,425,551</u>	<u>1,840,582</u>
Total Revenues			
	<u>2,584,969</u>	<u>4,425,551</u>	<u>1,840,582</u>
Expenditures			
Current			
Open Space Acquisition	1,427,148	1,572,685	(145,537)
	<u>1,427,148</u>	<u>1,572,685</u>	<u>(145,537)</u>
Total Expenditures			
	<u>1,427,148</u>	<u>1,572,685</u>	<u>(145,537)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,157,821</u>	<u>2,852,866</u>	<u>1,695,045</u>
Other Financing Sources (Uses)			
Transfers Out	(740,800)	(965,955)	(225,155)
Total Other Financing Sources (Uses)	<u>(740,800)</u>	<u>(965,955)</u>	<u>(225,155)</u>
Net Change in Fund Balance	417,021	1,886,911	1,469,890
Fund Balance, Beginning of Year	<u>5,368,108</u>	<u>6,633,363</u>	<u>1,265,255</u>
Fund Balance, End of Year	<u>\$ 5,785,129</u>	<u>\$ 8,520,274</u>	<u>\$ 2,735,145</u>

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Marketing Fund
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 2,402,933	\$ 2,402,933	\$ 4,731,932	\$ 2,328,999
Licenses and Permits	833,370	833,370	907,606	74,236
Investment Income	17,043	17,043	4,051	(12,992)
Total Revenues	3,253,346	3,253,346	5,643,589	2,390,243
Expenditures				
Current				
General Government	4,241,612	4,241,612	3,992,194	249,418
Total Expenditures	4,241,612	4,241,612	3,992,194	249,418
Excess of Revenues Over (Under) Expenditures	(988,266)	(988,266)	1,651,395	2,639,661
Other Financing Sources (Uses)				
Transfers In	2,020,962	741,462	1,220,506	479,044
	2,020,962	741,462	1,220,506	479,044
Net Change in Fund Balance	1,032,696	(246,804)	2,871,901	3,118,705
Fund Balance, Beginning of Year	1,546,057	1,546,057	2,050,906	504,849
Fund Balance, End of Year	<u>\$ 2,578,753</u>	<u>\$ 1,299,253</u>	<u>\$ 4,922,807</u>	<u>\$ 3,623,554</u>

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 55,000	\$ 60,084	\$ 5,084
Investment Earnings	<u>100</u>	<u>(58)</u>	<u>(158)</u>
Total Revenues	<u>55,100</u>	<u>60,026</u>	<u>4,926</u>
Excess of Revenues Over (Under) Expenditures	<u>55,100</u>	<u>60,026</u>	<u>4,926</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net Change in Fund Balance	100	5,026	4,926
Fund Balance, <i>Beginning of Year</i>	<u>6,106</u>	<u>7,586</u>	<u>1,480</u>
Fund Balance, <i>End of Year</i>	<u><u>\$ 6,206</u></u>	<u><u>\$ 12,612</u></u>	<u><u>\$ 6,406</u></u>

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Capital Projects Fund
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 91,000	\$ 91,000	\$ 73,427	\$ (17,573)
Investment Earnings	60,901	60,901	5,618	(55,283)
Total Revenues	151,901	151,901	79,045	(72,856)
Expenditures				
Current				
Public Works	1,745,000	1,745,000	1,942,145	(197,145)
Capital Outlay	35,927,354	30,299,411	10,215,039	20,084,372
Debt Service				
Principal Payments	310,000	310,000	310,000	-
Interest Payments	161,157	161,157	161,157	-
Debt Issuance Costs	-	-	161,580	(161,580)
Total Expenditures	38,143,511	32,515,568	12,789,921	19,725,647
Excess of Revenues Over (Under) Expenditures	(37,991,610)	(32,363,667)	(12,710,876)	19,652,791
Other Financing Sources (Uses)				
Proceeds from Issuance of	-	4,500,000	11,320,191	6,820,191
Certifications of Participation				
Transfers In	25,523,411	25,523,411	12,501,914	(13,021,497)
Total Other Financing Sources (Uses)	25,523,411	30,023,411	23,822,105	(6,201,306)
Net Change in Fund Balance	(12,468,199)	(2,340,256)	11,111,229	13,451,485
Fund Balance, Beginning of Year	9,107,391	9,107,391	7,737,492	(1,369,899)
Fund Balance, End of Year	<u>\$ (3,360,808)</u>	<u>\$ 6,767,135</u>	<u>\$ 18,848,721</u>	<u>\$ 12,081,586</u>

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Utility Fund
 Enterprise Funds
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 4,898,126	\$ 4,898,126	\$ 5,296,503	\$ 398,377
Grant Revenue	-	-	1,052,044	1,052,044
Investment Income	244,089	244,089	23,766	(220,323)
Plant Investment Fees	640,000	640,000	1,139,669	499,669
Other	510,375	510,375	740,137	229,762
Total Revenues	<u>6,292,590</u>	<u>6,292,590</u>	<u>8,252,119</u>	<u>1,959,529</u>
Expenditures				
Administration	2,559,448	2,556,047	2,614,255	(58,208)
Water Rights Maintenance	130,000	130,000	92,099	37,901
Debt Service				
Principal Payments	2,295,776	2,295,776	2,295,776	-
Interest Payments	833,279	833,279	823,439	9,840
Capital Outlays	6,990,941	6,990,941	6,870,300	120,641
Total Expenditures	<u>12,809,444</u>	<u>12,806,043</u>	<u>12,695,869</u>	<u>110,174</u>
Revenues Over (Under) Expenditures	(6,516,854)	(6,513,453)	(4,443,750)	2,069,703
Other Financing Sources and Uses and Transfers				
Transfers In	252,389	252,389	252,389	-
Transfers Out	<u>(101,154)</u>	<u>(101,154)</u>	<u>(101,155)</u>	<u>(1)</u>
Change in Net Position - Budgetary Basis	<u>\$ (6,365,619)</u>	<u>\$ (6,362,218)</u>	(4,292,516)	<u>\$ 2,069,702</u>
Adjustments to GAAP Basis				
Capital Outlay			6,870,300	
Debt Principal Payments			2,295,776	
Depreciation			<u>(2,384,898)</u>	
Change in Net Position, GAAP Basis			<u>\$ 2,488,662</u>	

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Golf Course Fund
 Enterprise Funds
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 2,710,421	\$ 2,710,421	\$ 3,590,138	\$ 879,717
Interest Income	50,000	50,000	1,477	(48,523)
Other	-	-	44,100	44,100
Total Revenues	<u>2,760,421</u>	<u>2,760,421</u>	<u>3,635,715</u>	<u>875,294</u>
Expenditures				
Administration	199,848	235,181	212,120	23,061
Gold Course Maintenance	972,659	972,659	1,386,486	(413,827)
Golf Pro Shop	940,948	940,948	1,022,356	(81,408)
Debt Service				
Principal Payments	-	-	28,986	(28,986)
Interest Payments	-	-	4,975	(4,975)
Capital Outlay	331,347	331,347	151,419	179,928
Total Expenditures	<u>2,444,802</u>	<u>2,480,135</u>	<u>2,806,342</u>	<u>(326,207)</u>
Revenues Over (Under) Expenditures	315,619	280,286	829,373	549,087
Other Financing Sources and Uses and Transfers				
Proceeds from Capital Leases	-	-	213,885	213,885
Transfers Out	-	-	(33,553)	(33,553)
Change in Net Position - Budgetary Basis	<u>\$ 315,619</u>	<u>\$ 280,286</u>	1,009,705	<u>\$ 729,419</u>
Adjustments to GAAP Basis				
Capital Outlay			151,419	
Gain (Loss) on Sale of Assets			(72,869)	
Proceeds from Capital Leases			(213,885)	
Debt Service Principal			28,986	
Depreciation			(478,424)	
Change in Net Position, GAAP Basis			<u>\$ 424,932</u>	

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Cemetery Fund
 Enterprise Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 15,609	\$ 116,200	\$ 100,591
Investment Income	-	167	167
Total Revenues	<u>15,609</u>	<u>116,367</u>	<u>100,758</u>
Expenditures			
Administration	<u>7,500</u>	<u>37</u>	<u>7,463</u>
Total Expenditures	<u>7,500</u>	<u>37</u>	<u>7,463</u>
Change in Net Position - Budgetary Basis	<u>\$ 8,109</u>	116,330	<u>\$ 108,221</u>
Adjustments to GAAP Basis			
None		<u>-</u>	
Change in Net Position, GAAP Basis		<u>\$ 116,330</u>	

Town of Breckenridge, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	Garage Services Fund	Information Technology Fund	Facility Maintenance Fund	Health Benefit Fund	Totals
Assets					
Current Assets					
Cash	\$ 5,992,410	\$ 995,320	\$ 4,607,154	\$ 126,577	\$ 11,721,461
Accounts Receivable	1,441	-	-	-	1,441
Total Current Assets	<u>5,993,851</u>	<u>995,320</u>	<u>4,607,154</u>	<u>126,577</u>	<u>11,722,902</u>
Noncurrent Assets					
Capital Assets					
Being Depreciated, Net of Accumulated Depreciation	4,504,965	-	51,697	-	4,556,662
Total Noncurrent Assets	<u>4,504,965</u>	<u>-</u>	<u>51,697</u>	<u>-</u>	<u>4,556,662</u>
Total Assets	<u>\$ 10,498,816</u>	<u>\$ 995,320</u>	<u>\$ 4,658,851</u>	<u>\$ 126,577</u>	<u>\$ 16,279,564</u>
Liabilities					
Current Liabilities					
Accounts Payable	\$ 84,758	\$ 84,727	\$ 5,246	\$ 2,813	\$ 177,544
Accrued Liabilities	121	-	-	129,349	129,470
Accrued Salaries	14,764	10,876	-	-	25,640
Accrued Interest	1,521	-	-	-	1,521
Accrued Compensated Absences, Current Portion	4,139	3,727	-	-	7,866
Capital Lease Obligations, Current Portion	58,513	-	-	-	58,513
Total Current Liabilities	<u>163,816</u>	<u>99,330</u>	<u>5,246</u>	<u>132,162</u>	<u>400,554</u>
Noncurrent Liabilities					
Accrued Compensated Absences	33,136	37,664	-	-	70,800
Capital Lease Obligations	171,091	-	-	-	171,091
Total Noncurrent Liabilities	<u>204,227</u>	<u>37,664</u>	<u>-</u>	<u>-</u>	<u>241,891</u>
Total Liabilities	<u>368,043</u>	<u>136,994</u>	<u>5,246</u>	<u>132,162</u>	<u>642,445</u>
Fund Balances					
Net Investment in Capital Assets	4,275,361	-	51,697	-	4,327,058
Unrestricted	5,855,412	858,326	4,601,908	(5,585)	11,310,061
Total Fund Balances	<u>10,130,773</u>	<u>858,326</u>	<u>4,653,605</u>	<u>(5,585)</u>	<u>15,637,119</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,498,816</u>	<u>\$ 995,320</u>	<u>\$ 4,658,851</u>	<u>\$ 126,577</u>	<u>\$ 16,279,564</u>

Town of Breckenridge, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	Garage Services Fund	Information Technology Fund	Facility Maintenance Fund	Health Benefit Fund	Totals
Revenues					
Internal Service Revenue	\$ 3,209,172	\$ 1,311,792	\$ 713,937	\$ 2,989,128	\$ 8,224,029
Charges for Services	4,191	-	-	-	4,191
Intergovernmental	1,197	-	-	-	1,197
Insurance Recoveries	13,115	-	-	-	13,115
Reimbursement of Expenses	57,008	-	-	718,697	775,705
Employee Paid Premiums	-	-	-	531,329	531,329
Other Revenue	-	-	173,173	-	173,173
Total Operating Revenues	<u>3,284,683</u>	<u>1,311,792</u>	<u>887,110</u>	<u>4,239,154</u>	<u>9,722,739</u>
Expenditures					
Depreciation	1,554,825	1,051	6,968	-	1,562,844
Health Program	-	-	-	4,867,381	4,867,381
Motor Vehicle Maintenance	1,481,355	-	-	-	1,481,355
Information Systems Maintenance	-	1,472,996	-	-	1,472,996
Facility Maintenance	-	-	197,219	-	197,219
Total Operating Expenditures	<u>3,036,180</u>	<u>1,474,047</u>	<u>204,187</u>	<u>4,867,381</u>	<u>9,581,795</u>
Operating Income	<u>248,503</u>	<u>(162,255)</u>	<u>682,923</u>	<u>(628,227)</u>	<u>140,944</u>
Non-Operating Revenue (Expense)					
Investments Earnings	8,503	2,078	7,244	2,506	20,331
Gain of Sale of Assets	15,600	-	-	-	15,600
Interest Expense	(14,335)	-	-	-	(14,335)
Total Non-Operating Revenue (Expense)	<u>9,768</u>	<u>2,078</u>	<u>7,244</u>	<u>2,506</u>	<u>21,596</u>
Change in Net Position	<u>258,271</u>	<u>(160,177)</u>	<u>690,167</u>	<u>(625,721)</u>	<u>162,540</u>
Net Position, Beginning of year	<u>9,872,502</u>	<u>1,018,503</u>	<u>3,963,438</u>	<u>620,136</u>	<u>15,474,579</u>
Net Position, End of year	<u>\$ 10,130,773</u>	<u>\$ 858,326</u>	<u>\$ 4,653,605</u>	<u>\$ (5,585)</u>	<u>\$ 15,637,119</u>

Town of Breckenridge, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	Garage Services Fund	Information Technology Fund	Facility Maintenance Fund	Health Benefit Fund	Totals
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 3,297,264	\$ 1,313,292	\$ 887,110	\$ 4,239,154	\$ 9,736,820
Cash Payments to Employees	(404,122)	(323,877)	-	-	(727,999)
Cash Payments to Vendors and Suppliers	(1,104,169)	(1,086,382)	(191,971)	(5,249,694)	(7,632,216)
Net Cash Provided by Operating Activities	<u>1,788,973</u>	<u>(96,967)</u>	<u>695,139</u>	<u>(1,010,540)</u>	<u>1,376,605</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(230,267)	-	-	-	(230,267)
Proceeds from Sale of Assets	15,600	-	-	-	15,600
Principal Payments on Debt	(55,665)	-	-	-	(55,665)
Interest Payments on Debt	(12,814)	-	-	-	(12,814)
Net Cash Used in Capital and Related Financing Activities	<u>(283,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,146)</u>
Cash Flows from Investing Activities					
Interest Received	<u>8,503</u>	<u>2,078</u>	<u>7,244</u>	<u>2,506</u>	<u>20,331</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,514,330	(94,889)	702,383	(1,008,034)	1,113,790
Cash and Cash Equivalents, <i>Beginning of Year</i>	<u>4,478,080</u>	<u>1,090,209</u>	<u>3,904,771</u>	<u>1,134,611</u>	<u>10,607,671</u>
Cash and Cash Equivalents, <i>End of Year</i>	<u>\$ 5,992,410</u>	<u>\$ 995,320</u>	<u>\$ 4,607,154</u>	<u>\$ 126,577</u>	<u>\$ 11,721,461</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 248,503	\$ (162,255)	\$ 682,923	\$ (628,227)	\$ 140,944
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	1,554,825	1,051	6,968	-	1,562,844
Changes in Asset and Liabilities					
Accounts Receivable	12,581	1,500	-	-	14,081
Accounts Payable and Accrued liabilities	(13,552)	57,478	5,248	(382,313)	(333,139)
Accrued Salaries	(657)	(326)	-	-	(983)
Accrued Compensated Absences	(12,727)	5,585	-	-	(7,142)
Net Cash Provided by Operating Activities	<u>\$ 1,788,973</u>	<u>\$ (96,967)</u>	<u>\$ 695,139</u>	<u>\$ (1,010,540)</u>	<u>\$ 1,376,605</u>

See Notes to the Financial Statements.

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Garage Services Fund
 Internal Service Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Operating Revenues			
Internal Service Revenue	\$ 3,204,896	\$ 3,209,172	\$ 4,276
Charges for Services	-	4,191	4,191
Intergovernmental	-	1,197	1,197
Other Revenue	188,695	70,123	(118,572)
	<u>3,393,591</u>	<u>3,284,683</u>	<u>(108,908)</u>
Total Operating Revenues			
Operating Expenses			
General Government	-	17,612	(17,612)
Motor Vehicle Maintenance	1,683,614	1,463,743	219,871
Capital Outlay	557,000	230,267	326,733
	<u>2,240,614</u>	<u>1,711,622</u>	<u>528,992</u>
Total Operating Expenses			
Operating Income	1,152,977	1,573,061	420,084
Non-Operating Revenues (Expenses)			
Investments Earnings	-	8,503	8,503
Gain (Loss) on Sale of Assets	151,000	15,600	(135,400)
Interest Expense	-	(14,335)	(14,335)
Total Non-Operating Revenue (Expenses)	151,000	9,768	(141,232)
Change in Net Position - Budget Basis	\$ <u>1,303,977</u>	<u>1,582,829</u>	\$ <u>278,852</u>
GAAP Basis Adjustments			
Capital Outlay		230,267	
Depreciation		(1,554,825)	
Total GAAP Basis Adjustments		<u>(1,324,558)</u>	
Change in Net Position - GAAP Basis		258,271	
Fund Balance, Beginning of Year		<u>9,872,502</u>	
Fund Balance, End of Year		\$ <u>10,130,773</u>	

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Information Technology Fund
 Internal Service Funds
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Internal Service Revenue	\$ 1,211,949	\$ 1,211,949	\$ 1,311,792	\$ 99,843
Other Revenue	14,520	14,520	-	(14,520)
Total Operating Revenues	1,226,469	1,226,469	1,311,792	85,323
Operating Expenses				
Information Systems Maintenance	1,478,841	1,482,154	1,472,996	5,845
Total Operating Expenses	1,478,841	1,482,154	1,472,996	5,845
Operating Income	(252,372)	(255,685)	(161,204)	91,168
Non-Operating Revenues (Expenses)				
Investments Earnings	(7,260)	(7,260)	2,078	9,338
Total Non-Operating Revenue (Expenses)	(7,260)	(7,260)	2,078	9,338
Change in Net Position - Budget Basis	<u>\$ (259,632)</u>	<u>\$ (262,945)</u>	<u>(159,126)</u>	<u>\$ 100,506</u>
GAAP Basis Adjustments				
Depreciation			(1,051)	
Total GAAP Basis Adjustments			(1,051)	
Change in Net Position - GAAP Basis			(160,177)	
Fund Balance, Beginning of Year			1,018,503	
Fund Balance, End of Year			<u>\$ 858,326</u>	

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Facility Maintenance Fund
 Internal Service Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Operating Revenues			
Internal Service Revenue	\$ 879,566	\$ 713,937	\$ (165,629)
Other Revenue	<u>-</u>	<u>173,173</u>	<u>173,173</u>
Total Operating Revenues	<u>879,566</u>	<u>887,110</u>	<u>7,544</u>
Operating Expenses			
Facility Maintenance	<u>31,142</u>	<u>197,219</u>	<u>(166,077)</u>
Total Operating Expenses	<u>31,142</u>	<u>197,219</u>	<u>(166,077)</u>
Operating Income	848,424	689,891	(158,533)
Non-Operating Revenues (Expenses)			
Investments Earnings	<u>-</u>	<u>7,244</u>	<u>7,244</u>
Total Non-Operating Revenue (Expenses)	<u>-</u>	<u>7,244</u>	<u>7,244</u>
Change in Net Position - Budget Basis	\$ <u><u>848,424</u></u>	<u>697,135</u>	\$ <u><u>(151,289)</u></u>
GAAP Basis Adjustments			
Depreciation		<u>(6,968)</u>	
Total GAAP Basis Adjustments		<u>(6,968)</u>	
Change in Net Position - GAAP Basis		690,167	
Fund Balance, Beginning of Year		<u>3,963,438</u>	
Fund Balance, End of Year		\$ <u><u>4,653,605</u></u>	

Town of Breckenridge, Colorado
 Budgetary Comparison Schedule
 Health Benefits Fund
 Internal Service Funds
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Operating Revenues			
Internal Service Revenue	\$ 2,988,000	\$ 2,989,128	\$ 1,128
Employee Paid Premiums	456,100	718,697	262,597
Reimbursement of Expenditures	<u>200,000</u>	<u>531,329</u>	<u>331,329</u>
Total Operating Revenues	<u>3,644,100</u>	<u>4,239,154</u>	<u>595,054</u>
Operating Expenses			
Health Program	<u>3,668,161</u>	<u>4,867,381</u>	<u>(1,199,220)</u>
Total Expenditures	<u>3,668,161</u>	<u>4,867,381</u>	<u>(1,199,220)</u>
Operating Income	(24,061)	(628,227)	(604,166)
Non-Operating Revenue (Expense)			
Investment Earnings	<u>6,400</u>	<u>2,506</u>	<u>(3,894)</u>
Net Change in Fund Balance	(17,661)	(625,721)	(608,060)
Fund Balance, Beginning of Year	<u>271,000</u>	<u>620,136</u>	<u>349,136</u>
Fund Balance, End of Year	<u>\$ 253,339</u>	<u>\$ (5,585)</u>	<u>\$ (258,924)</u>

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APPENDIX B

CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES

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

CERTAIN DEFINITIONS

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

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

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

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

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

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

Additional Rentals shall not include Base Rentals.

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

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

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

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

“Base Rentals Fund” means the fund created under the Indenture. See “THE INDENTURE--Funds and Accounts” below.

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

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

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

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

“Certificate of Completion” means the Certificate of Completion in substantially the form attached as Exhibit F to the Lease to be delivered by the Town Representative to the Trustee pursuant to the Lease.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement between the Underwriter and the Trustee relating to the Certificates.

“Certificates” means the “Certificates of Participation, Series 2022, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of December 22, 2022, between UMB Bank, N.A., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Breckenridge, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Closing” means the date of execution and delivery of the Certificates.

“Completion Date” means the earlier of (a) December 1, 2022, or such later date established by the Town with the Approval of Special Counsel, or (b) any date on which the Certificate of Completion is delivered by the Town Representative to the Trustee pursuant to the Lease.

“Continuing Disclosure Certificate” means the certificate executed by the Town of even date herewith which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Construction Fund” means the Construction Fund created under the Indenture. See “THE INDENTURE--Funds and Accounts” below.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee (under the provisions set forth under Section 3.05 of the Indenture) related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee, fees and disbursements of professionals and the

Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the Town as provided in the Lease.

“Costs of Execution and Delivery Fund” means the fund created under the Indenture. See “THE INDENTURE--Funds and Accounts” below.

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

(a) any costs paid or incurred for the acquisition of any real estate acquired as part of the Leased Property;

(b) obligations paid, incurred or assumed for labor, materials, and equipment in connection with the construction, acquisition, installation, equipping and improvement of the Project;

(c) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the Project;

(d) the costs of engineering, architectural and other professional and technical services including obligations incurred or assumed for preliminary design and development work, test borings, soils tests, surveys, environmental review, estimates and plans and specifications;

(e) administrative costs incurred in connection with the leasing of the Leased Property and the construction of the Project incurred prior to the Completion Date, including supervision of the construction, acquisition, installation and equipping as well as the performance of all of the other duties required by or consequent upon the construction, acquisition, installation and equipping of the Project, including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, building permit fees, water tap fees, sanitary sewer and wastewater fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees and advertising expenses in connection with the Project;

(f) costs incurred in connection with the Certificates, including the initial compensation and expenses of the Trustee, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, the premium for a qualified surety bond, if any, and accounting fees;

(g) all costs which are required to be paid under the terms of any Project Contract;

(h) any costs associated with the leasing of the Site pursuant to the Site Lease;

(i) costs related to the preparation of the Site for construction of the Project, including, but not limited to, the costs of demolition and cleanup of any existing improvements on the Site and costs associated with the provision of sewer, water, gas, electricity and other infrastructure improvements and services to the Site;

(j) payments to a reserve fund to the extent necessary to establish or maintain a reserve requirement, if any;

(k) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not adversely affect the exclusion

from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under the Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel; and

(l) any and all other costs necessary to effect the Trustee's leasing of the Site and the implementation and completion of the Project to the extent the same are permitted by the laws of the State of Colorado and will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under the Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel.

"Council" means the Town Council of the Town or any successor to its functions.

"Counsel" means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the Town.

"C.R.S." means Colorado Revised Statutes.

"Depository" means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 of the Indenture, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

"DTC" means the Depository Trust Company, New York, New York, and its successors and assigns.

"DTC Participant" means any broker-dealer, bank or other financial institution from time to time for which DTC holds Certificates as Depository.

"Electronic Means" or "electronic means" means telecopy, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission.

"Event(s) of Indenture Default" means those defaults specified in Section 7.01 of the Indenture.

"Event(s) of Lease Default" means any event as defined in Section 14.1 of the Lease. See "THE LEASE--Events of Lease Default" below.

"Event of Nonappropriation" means the termination and non-renewal of the Lease by the Town, determined by the Council's failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in Section 6.4 of the Lease. An Event of Nonappropriation may also occur under certain circumstances described in Section 10.3(c) of the Lease (described in "THE LEASE--Damage, Destruction and Condemnation - Insufficiency of Net Proceeds" below). The term also means a notice under the Lease of the Town's intention to not renew and therefore terminate the Lease or an event described in the Lease relating to the exercise by the Town of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

"Extraordinary Mandatory Redemption" means any redemption made pursuant to Section 4.03 of the Indenture.

"Federal Securities" means non-callable bills, certificates of indebtedness, notes or bonds which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Finance Director” means the Finance Director of the Town or his or her successor in functions, if any.

“Fiscal Year” means the Town’s fiscal year, which begins on January 1 of each calendar year and ends on December 31 of the same calendar year, or any other twelve-month period which the Town or other appropriate authority hereafter may establish as the Town’s fiscal year.

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

“Hazardous Substance” means and includes: (a) the terms “hazardous substance,” “release” and “removal” which, as used in the Lease, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term “hazardous substance” as used in the Lease shall also include “hazardous waste” as defined in paragraph (5) of 42 U.S.C. §6903 and “petroleum” as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term “superfund” as used in the Lease means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used in the Lease shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Indenture” means the Indenture of Trust, dated as of December 22, 2022, entered into by the Trustee, as the same may be amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of the Lease and terminates on December 31, 2021.

“Interest Payment Date” means, in respect of the Certificates, June 1 and December 1, commencing June 1, 2023.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) to the Lease.

“Lease” means the Lease Purchase Agreement, dated as of December 22, 2022, between the Trustee, as lessor, and the Town, as lessee, as the same may hereafter be amended.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in the Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in the Lease and in the Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the Town may exercise its option to renew the Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals under the Lease, as provided in and subject to the provisions of the Lease. “Lease Term” refers to the time during which the Town is the lessee of the Leased Property under the Lease.

“Leased Property” means the Site and the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof, including, without limitation,

the easements, rights of way, covenants and other rights set forth in the documents listed on Exhibit B attached thereto, and any New Facility.

“Mayor” means the Mayor of the Town, or his or her successor in duties.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the Lease or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under any Project Contract, or proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the Town and the Trustee.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Optional Redemption” means any redemption made pursuant to Section 4.01 of the Indenture and as provided in the form of the Certificates set forth in Exhibit A of the Indenture.

“Optional Redemption Date” means the date of redemption of the Certificates upon Prepayment of Base Rentals or the payment of the Purchase Option Price under the Lease.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to the Indenture as of the time in question, except:

- (a) All Certificates theretofore canceled or required to be canceled under the Indenture;

- (b) Certificates in substitution for which other Certificates have been executed and delivered under the Indenture;

- (c) Certificates which have been redeemed as provided in the Indenture;

- (d) Certificates for the payment or redemption of which provision has been made in accordance with the Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

- (e) Certificates deemed to have been paid pursuant to the Indenture (see “THE INDENTURE--Defeasance and Discharge” below).

“Owners” means the registered owners of any Certificates.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to the Indenture.

“Permitted Encumbrances” with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) the Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses,

permits and agreements as provided in the Lease or other Project Contracts; (d) any sublease of the Leased Property that are permitted pursuant to the terms and provisions of Section 13.2 of the Lease; and (e) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B to the Lease and which the Town Representative certifies do not and will not interfere in any material way with the intended use of the Leased Property.

“Permitted Investments” means those investments the Town is authorized to enter into under the Charter and the laws of the State of Colorado.

“Prepayment” means any amount paid by the Town pursuant to the provisions of the Lease as a prepayment of the Base Rentals due under the Lease.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) to the Lease.

“Project” means, to the extent financed with the proceeds of the Certificates, the construction and equipping of for rent workforce housing on the Site.

“Project Contract” means any contract entered into before the Completion Date by the Town regarding the design, acquisition, construction, improvement or installation of any portion of the Project, including, without limitation, the design contracts between the Town and the design consultants, the construction contracts between the Town and the contractors, and any other contracts between the Town and anyone performing work or providing services in connection with the implementation and completion of the Project.

“Project Documents” means the following: (a) plans, drawings and specifications for the Project, when and as they are approved by the Town, including change orders, if any; (b) any necessary permits for the Project, including any building permits and certificates of occupancy; (c) the Project Contracts; (d) policies of title insurance, insurance policies required under the Project Contracts, including general liability, property damage and automobile, worker’s compensation and builders’ risk insurance policies in respect of the general contractor for construction of the Project and, on and after the Completion Date of the Project, insurance policies required under Article 9 of the Lease, including commercial general liability and public liability, property and worker’s compensation insurance policies, or certificates of insurance for any of such policies thereof, as required by the Lease; (e) contractor’s performance and payment bonds with respect to the Project; and (f) any and all other documents executed by or furnished to the Town or the Trustee in connection with the Project.

“Purchase Option Price” means the amount payable on any date, at the option of the Town, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided in the Lease.

“Rating Agency” or “Rating Agencies” means Moody’s Investors Service or other nationally recognized securities rating agency or agencies as may be directed by the Town in writing to the Trustee.

“Rebate Fund” means the fund created under the Indenture. See “THE INDENTURE--Funds and Accounts” below.

“Regular Record Date” means the close of business on the 15th day of the calendar month immediately preceding the Interest Payment Date (or the Business Day immediately preceding such 15th day, if such 15th day is not a Business Day).

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of the Lease.

“Requisition” means the process by which the Town Representative will request the reimbursement to the Town or the payment to others of qualifying Costs of the Project, such Requisition to be initiated by the submission to the Trustee of a form substantially as set forth in Exhibit E to the Lease.

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

“Site” means the real property owned by the Town and leased by the Town to the Trustee under the Site Lease and subleased by the Trustee to the Town under the Lease, the legal description of which is set forth in Exhibit A to the Lease, or an amendment or supplement thereto.

“Site Lease” means the Site Lease Agreement, dated as of December 22, 2022, between the Town, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by The Bond Buyer, or any successor publication. So long as the Lease Term is in effect, the Town shall have the right to select Special Counsel.

“Supplement Act” means the Supplemental Public Securities Act, constituting Title II, Article 57 Part 2, C.R.S.

“Tax Certificate” means the Tax Certificate entered into by the Town with respect to the Lease.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Breckenridge, Colorado.

“Town Manager” means the Town Manager of the Town or his or her successor in function.

“Town Representative” means the Mayor, the Town Manager or the Finance Director or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under the Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means UMB Bank, N.A. , acting in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

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

THE SITE LEASE

Site Lease and Term

Under the Site Lease, the Town and the County lease the Leased Property to the Trustee, on the terms and conditions set forth in the Site Lease, subject to Permitted Encumbrances.

The term of the Site Lease shall commence on the date the Site Lease and shall end on December 1, 2052 (the "Site Lease Termination Date"), unless such term is sooner terminated as provided in the Site Lease. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee's leasehold interest in all of the Leased Property pursuant to Article 12 of the Lease as a result of the Town's payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in the Lease, then the term of the Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee's interest in the Site Lease, the Lease and the Indenture, shall not extend beyond December 3, 2052. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee's, sublessee's or assignee's respective interests in the Leased Property.

Rental

The Town and the County acknowledge that the following amount of \$19,747,035.45 constitutes full and adequate consideration for conveyance of the leasehold interest in the Site conveyed to the Trustee pursuant to the Site Lease: (1) there has been deposited to the Construction Fund \$19,500,000 in order to finance the Project, which will be leased to the Town pursuant to the Lease and (2) there has been deposited to the Costs of Execution and Delivery Fund the amount of \$247,035.45 to pay the Costs of Execution and Delivery. The estimated useful life of the Project exceeds the maximum term of this Site Lease.

Purpose

The Site Lease provides that the Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the Town pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the Town is required to vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in the Site Lease, the Lease and the Indenture.

Owner in Fee

The Town and the County have represented in the Site Lease they are the owners (as tenants in common) in fee of the Leased Property, subject to Permitted Encumbrances, and that the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property. The Trustee acknowledges that it is only obtaining a leasehold interest in the Leased Property and pursuant to the Site Lease.

Sales, Assignments and Subleases

Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under the Site Lease or sublet all or any portion of the Leased Property, without the written consent of the Town.

In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Site Lease, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of the Site Lease, the Lease and the Indenture. The Town and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by the Site Lease, the Lease and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the Town, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage or encumber the Leased Property or any portion thereof during the term of the Site Lease.

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

Termination

The Trustee agrees, upon the termination of the Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of the Site Lease shall remain thereon.

Taxes; Maintenance; Insurance

During the Lease Term of the Lease and in accordance with the provisions of the Lease, the Town covenants and agrees to pay any and all taxes, assessments or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, (b) the Site Lease is not terminated, and (c) the Trustee subleases all or any portion of the Leased Property or sells or assigns its interests in the Site Lease, the Trustee, or any purchaser, sublessee or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from the Site Lease) shall pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance under the Site Lease during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, (b) the Site Lease is not terminated, the Trustee, or any sublessee, purchaser or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as heretofore or hereafter amended), and (ii) property insurance in an amount not less than the full replacement value of the Leased Property. Any such insurance that is to be obtained

by the Trustee shall be paid for solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, including without limitation moneys (including any amounts under a Qualified Surety Bond) on deposit in the Reserve Fund, or (c) from other moneys furnished to the Trustee under the Indenture. All such insurance shall name the Trustee, any sublessee, purchaser or assignee and the Town as insured. The Trustee shall be named loss payee. The Town and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser or assignee, and the Town, and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Nothing in the preceding paragraphs or in the Site Lease shall be interpreted or construed to require the Trustee to sublease all or any portion of the Leased Property or sell or assign its interests in the Site Lease, in the event that the Lease is terminated for any reason and the Site Lease is not terminated.

Hazardous Substances

Except for customary materials necessary for operation, cleaning and maintenance of the Leased Property, none of the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Town and the Trustee and all Hazardous Substances, including customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property, provided unless the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, the Trustee shall have no responsibility to monitor or investigate whether the Leased Property complies with environmental laws or is subject to any Hazardous Substance. If the presence of Hazardous Substance on the Leased Property caused or permitted by the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the Town, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom, then the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties or assignees of the Site Lease that have not caused or permitted such contamination and are not so legally liable with respect to the Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the Town, shall be payable only if the cost of such defense has been annually appropriated by the Town. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the Town, the Trustee or any sublessee, purchaser or assignee is indemnifying any other person with respect to the Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by:

(a) the Trustee after the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the Town and the Trustee and promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

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

Damage, Destruction or Condemnation

The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Town and the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 10 of the Lease.

Default

In the event the Trustee shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the Town may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, the Site Lease shall not be terminated except as described above under "Site Lease and Term" above.

THE LEASE

Lease of the Leased Property

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

The Town and the Trustee acknowledge that the Town owns the Leased Property and the Town has leased the Leased Property to the Trustee pursuant to the Site Lease; and the Town and the Trustee intend that there be no merger of the Town's interests as sublessee under the Lease and the Town's ownership interest in the Leased Property so as to cause the cancellation of the Site Lease or the Lease, or an impairment of the leasehold and subleasehold interest intended to be created by the Site Lease and the Lease.

The Lease Term

The Lease Term shall commence as of the date of the Lease. The Initial Term shall terminate on December 31, 2022. The Lease may be renewed, solely at the option of the Town, for 2_ Renewal Terms, provided, however, that the Lease Term shall terminate no later than December 1, 204_. The Town finds that the maximum Lease Term under the Lease does not exceed the weighted average useful life of the Leased Property. The Town further determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e. the entire maximum Lease Term) does not exceed the useful life of the Leased Property.

The Town Manager or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town is directed in the Lease to include in the annual budget proposals submitted to the Council, in any year in which the Lease shall be in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the Town may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals

and Additional Rentals shall be made solely by the Council in its absolute discretion and not by any other official of the Town, as further provided in the following paragraph. During the Lease Term, the Town shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted. The Trustee shall have no duty to examine the Town's annual budget.

Not later than December 15 of the then current Initial Term or any Renewal Term the Town Representative shall give written notice (in substantially the form set forth in Exhibit D attached to the Lease) to the Trustee that either:

- (i) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in the Lease, whereupon, the Lease shall be renewed for the ensuing Fiscal Year; or
- (ii) the Town has determined, for any reason, not to renew the Lease for the ensuing Fiscal Year.

Subject to the provisions of Section 6.4(a) of the Lease, the failure to give such notice shall not constitute an Event of Lease Default, nor prevent the Town from electing not to renew the Lease, nor result in any liability on the part of the Town. The Town's option to renew or not to renew the Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in Article 6 of the Lease.

The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions of the Lease during the Initial Term, except that the Purchase Option Price and the Base Rentals shall be as provided in Article 12 and Exhibit C (Base Rentals Schedule) of the Lease.

Termination of the Lease Term

The Lease Term shall terminate upon the earliest of any of the following events:

- (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Section 4.1 and Article 6 of the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 of the Lease);
- (b) the occurrence of an Event of Nonappropriation under the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 of the Lease);
- (c) the conveyance of the Trustee's leasehold interest in the Leased Property under the Lease to the Town upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the Town for such purpose, as provided in Section 12.2(a) or (b) of the Lease; or
- (d) an uncured Event of Lease Default and termination of the Lease under Article 14 of the Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of the Lease, the Town agrees to peacefully deliver possession of the Leased Property to the Trustee.

Termination of the Lease Term shall terminate all unaccrued obligations of the Town under the Lease and shall terminate the Town's rights of possession under the Lease (except to the extent of the holdover provisions of Sections 6.5 and 14.2(c)(i) of the Lease, and except for any conveyance pursuant to Article 12 of the Lease). All obligations of the Town accrued prior to such termination shall be continuing until the Trustee gives written notice to the Town that such accrued obligations have been satisfied.

Upon termination of the Lease Term any moneys received by the Trustee in excess of the amounts necessary to terminate and discharge the Indenture, shall be paid to the Town.

The Town shall not have the right to terminate the Lease due to a default by the Trustee under the Lease.

Payments to Constitute Currently Budgeted Expenditures of the Town

The Town and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations under the Lease shall constitute currently budgeted expenditures of the Town, if an Appropriation has been effected for such purpose. The Town's obligations to pay Base Rentals, Additional Rentals and any other obligations under the Lease shall be from year to year only (as further provided in Article 4 and Sections 6.2 and 6.4 of the Lease), shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town or a general obligation or other indebtedness of the Town within the meaning of any constitutional, Charter provision or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado Constitution. No provision of the Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Constitution of the State. Neither the Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those for which an Appropriation has been effected by the Town for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of the Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of the Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

Base Rentals, Purchase Option Price and Additional Rental

(a) The Town shall pay Base Rentals for which an Appropriation has been effected by the Town, directly to the Trustee during the Initial Term and any Renewal Term, on the Base Rentals Payment Dates and in the "Total Base Rentals" amounts set forth in Exhibit C (Base Rentals Schedule) attached to the Lease and made a part of the Lease. For federal and State income tax purposes, a portion of each payment of Base Rentals for the Certificates is designated and will be paid as interest, and Exhibit C (Base Rentals Schedule) to the Lease sets forth the Interest Portion of each payment of Base Rentals for the Certificates. The Town shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The Town acknowledges that upon receipt by the Trustee of each payment of Base Rentals, the Trustee, pursuant to the terms of the Indenture, is to deposit the amount of such Base Rentals in the Base Rentals Fund.

The Base Rentals set forth in Exhibit C to the Lease shall be recalculated in the event of the execution and delivery of Additional Certificates as provided in the Indenture and shall also be recalculated in the event of a partial redemption of the Certificates. The Trustee may conclusively rely upon such revised

Exhibit C (Base Rentals Schedule) and has no duty to make an independent investigation in connection therewith.

(b) The Town may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating the Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in Article 12 of the Lease. Subject to the Approval of Special Counsel, the Town may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under the Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C (Base Rentals Schedule). Any such revised Exhibit C (Base Rentals Schedule) shall be prepared by the Town Representative and delivered to the Trustee. The Trustee may rely upon such revised Exhibit C (Base Rentals Schedule) and has no duty to make an independent investigation in connection therewith. The Town shall give the Trustee notice of its intention to exercise either of such options not less than forty-five (45) days in advance of the date of exercise and shall deposit with the Trustee by not later than the Business Day preceding the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the Town shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals which have been specifically appropriated by the Council for such purpose as if no such notice had been given. The Trustee may waive the right to receive forty-five (45) days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

(c) All Additional Rentals shall be paid by the Town on a timely basis directly to the person or entity to which such Additional Rentals are owed. Additional Rentals shall include, without limitation, the reasonable fees and expenses of the Trustee, reasonable expenses of the Trustee in connection with the Leased Property and for the cost of taxes, insurance premiums, utility charges, maintenance and repair costs and all other expenses expressly required to be paid under the Lease, and any other amounts due to the insurer of any of the Certificates, and any Rebate Fund payments required pursuant to the Lease and the Indenture. All of the payments required by this paragraph are subject to Appropriation by the Town; provided, however, a failure by the Town to budget and appropriate moneys for any of the payments required by this paragraph shall constitute an Event of Nonappropriation.

If the Town's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee under Section 4.1 of the Lease, the Town shall furnish an itemization of such estimated Additional Rentals to the Trustee on or before the 15th day preceding such Fiscal Year.

Nonappropriation

In the event that the Town gives notice that it intends to not renew the Lease as provided by Section 4.1 of the Lease or the Town shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in Section 4.1 of the Lease and this Article, or in the event that the Town is proceeding under the provisions of Section 10.3(c) of the Lease (when applicable), an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by Section 4.1 of the Lease or evidence that an Appropriation has been effected by the Town on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the Town that the Lease will not be renewed; provided that the Trustee's failure to declare an Event of Nonappropriation on such date shall not be construed as a waiver of the event of Nonappropriation or the consequences of an Event of Nonappropriation under the Lease. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the Town.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the Town, within 30 days of the receipt by the Town of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Town to such effect (subject to waiver by the Trustee as provided in the Lease).

If an Event of Nonappropriation occurs, the Town shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for in the Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.1 and 14.3 of the Lease, the Town shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Town shall continue to occupy, use or retain possession of the Leased Property.

Subject to Section 6.5 of the Lease, the Town shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred.

After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The Town acknowledges that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund, and any defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

Holdover Tenant

If the Town fails to vacate the Leased Property after termination of the Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default as provided in Section 14.2(a) of the Lease, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis and will be bound by all of the other terms, covenants and agreements of the Lease. Any holding over by the Town without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the Town is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

Title to the Leased Property

At all times during the Lease Term, title to the Site shall remain in the Town and the County, subject to the Site Lease, the Lease, the Indenture and any other Permitted Encumbrances. Except personal property purchased by the Town at its own expense pursuant to Section 9.2 of the Lease and personal property purchased by the Town, the Project, and any and all additions and modifications to or replacements of any portion of the Project shall be held in the name of the Trustee, subject to the Lease and Permitted Encumbrances, until foreclosed on or conveyed as provided in Section 7.02 of the Indenture or Article 7 of the Lease, or until the termination of the Site Lease, notwithstanding (i) the occurrence of an Event of Nonappropriation as provided in Section 6.4 of the Lease or one or more Events of Default as defined in Section 14.1 of the Lease; (ii) the occurrence of any event of damage, destruction, condemnation or construction defect or title defect, as provided in Article 10 of the Lease; (iii) termination of the right of the Town to direct the acquisition, construction and equipping of the Project pursuant to the last sentence of Section 7.1 of the Lease; or (iv) the violation by the Trustee (or by the Trustee as assignee of the Lessor pursuant to the Indenture) of any provision of the Lease.

The Town shall have no right, title or interest in the Project, or any additions and modifications to or replacements of any portion thereto, except as expressly set forth in the Lease.

No Encumbrance, Mortgage or Pledge of the Leased Property

Except as may be permitted by the Lease, the Town shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the Town shall first notify the Trustee of the intention of the Town to do so, the Town may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Town shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by the Lease, the Town shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Town shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

Leasing of the Site; Design, Acquisition, Construction and Improvement of the Project

As further provided in Section 8.1 of the Lease, fee simple title to the Site shall be held by the Town and the County. Pursuant to the Site Lease, the Town and the County shall lease the Site to the Trustee and pursuant to the Lease, the Town shall lease the Leased Property back from the Trustee.

The Town agrees that it will make all contracts, orders, receipts, writings and instructions, including all Project Contracts, with any other persons, firms or corporations and in general do all things that may be necessary, requisite or proper for the acquisition, construction, installation and completion of the Project. The Town agrees to comply with all applicable federal, State of Colorado and local law in connection with the making of contracts for the Project. The administration of the Project is to comply with all policies and procedures and all standard contractual and procedural documents required by the Town, except that pursuant to Section 7.5 upon termination of the Lease due to the occurrence of an Event of Nonappropriation or an Event of Lease Default, all Project Contracts shall be fully and freely assignable to the Trustee. Notwithstanding anything to the contrary contained in the Lease or the Indenture, all Project Documents shall be made and approved by the Town. The Town further agrees in the Lease:

- (a) The Town shall cause the Project to be completed as provided in the Lease; and
- (b) The Town agrees to complete the Project with all reasonable dispatch, and to use its best efforts to have all of the Project completed by the Completion Date or as soon thereafter as may be practicable.

So long as the Lease is in full force and effect and no Event of Nonappropriation or Event of Lease Default shall have occurred, the Town shall have full power to carry out the acts and agreements described above, and such power shall not be terminated or restricted by act of the Trustee, except as described above.

The Town agrees to implement and complete the Project pursuant to the Lease, through the application of moneys to be disbursed by the Trustee from the Construction Fund (created under the Indenture) pursuant to the Indenture. If, for any reason, the Project is not completed by the Completion Date, there shall be no resulting liability on the part of the Town or the Trustee or an Event of Lease Default under the Lease, and there shall be no diminution in, or postponement of the Base Rentals and Additional Rentals required to be paid by the Town and for which an Appropriation has been effected by the Town during the Lease Term. However, in the event that the Trustee does not receive a Certificate of Completion in respect of the Project, as required in Section 7.3 of the Lease, by the Completion Date, and unless the Town opts to complete the Project and submits a reasonable schedule of completion to the Trustee, the Trustee shall, upon thirty (30) days written notice to the Town, be authorized, but not required, to complete the remainder of the Project from any moneys remaining in the Construction Fund for the Project.

Disbursements for Costs of the Project

So long as no Event of Nonappropriation or Event of Lease Default has occurred, the Trustee shall disburse the moneys in the Construction Fund created under the Indenture to pay the Costs of the Project. Such disbursements from the Construction Fund shall be made upon receipt by the Trustee of a Requisition signed by the Town Representative, in substantially the form set forth in Exhibit E to the Lease, specifying in reasonable detail the nature of the obligation. The Trustee shall have no duty to review or examine the accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed disbursement request.

If an Event of Nonappropriation or an Event of Lease Default shall occur after the execution and delivery of the Lease, but prior to the Completion Date, any moneys held in funds and accounts created under the Indenture (other than moneys on deposit in the Rebate Fund and any defeasance escrow funds) may be utilized by the Trustee to complete, repair or modify the Project, or may be disbursed for the payment of Certificates executed and delivered pursuant to the Indenture or other charges as the Trustee may deem appropriate in accordance with the standards concerning the Trustee contained in the Indenture, subject to Section 11.5 of the Lease.

Under the Indenture, the Trustee is authorized and directed to issue its checks or drafts or transmit wire payments for each disbursement to pay Costs of the Project provided for in the Lease. The Town consents to such disbursements by the Trustee. The Trustee shall keep and maintain adequate records pertaining to the Construction Fund established under the Indenture and all disbursements therefrom in accordance with the Requisitions. After the Project has been completed and the Certificate of Completion has been filed with the Trustee as provided in Section 7.3 of the Lease, and after any amounts remaining on deposit in the Construction Fund have been applied in accordance with Section 7.3 of the Lease, the Trustee shall provide account statements to the Town.

Completion of Construction

Upon the substantial completion of the Project, the Town Representative shall execute and deliver to the Trustee a Certificate of Completion in substantially the form of Exhibit F to the Lease.

In the event that, after the delivery of the Certificate of Completion, there remains in the Construction Fund created under the Indenture any unreserved balance, such balance shall be used by the Trustee, as directed in writing by the Town, to: (a) add to, modify or alter the Project or add new components thereto provided that such addition, modification or alteration shall be consistent with, and shall not violate the covenants contained in, the Tax Certificate or in Section 11.5 of the Lease, or (b) direct the Trustee in writing to transfer the remaining balance to the Base Rentals Fund created under the Indenture in amounts consistent with, and not in violation of the covenants contained in, the Tax Certificate, for a credit against the Base Rentals as the same shall become due, or (c) effect a combination of the foregoing.

Project Contracts

The Town represents in the Lease that, in the opinion of the Town, based upon an examination of property, estimated design, construction, acquisition and installation costs and the configuration of the Project, the Project can, to the best of the Town's present knowledge, be constructed, acquired and installed for a total cost within the amount of funds to be available in the Construction Fund created under the Indenture, including anticipated investment income. In the event of cost overruns resulting in the Costs of the Project exceeding the amount available in the Construction Fund created under the Indenture, all in connection with the leasing of the Site and the implementation and completion of the Project, upon written consent of the Town, either (a) the Town shall make such modifications to the plans and specifications for the Project as will permit the Project to be provided from the amounts available therefor under the Indenture or (b) upon the Approval of Special Counsel, the Town shall deposit additional funds received from appropriations by the Town, or the Trustee may deposit additional funds received from the proceeds of Additional Certificates in the Construction Fund created under the Indenture, sufficient to complete the Project. If the Town pays any portion of the Costs of the Project, it shall not be entitled to any reimbursement therefor from the Trustee or any owner of Certificates, nor shall it be entitled to any diminution in or postponement of the Base Rentals and the Additional Rentals payable under the Lease.

Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Trustee as lessee of the Leased Property under the Site Lease, may complete the Project, utilizing any moneys available therefor (except for any moneys on deposit in the Rebate Fund and any defeasance escrow funds). All Project Contracts shall provide that, upon a termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Lease Default or upon the Trustee's assuming control over completion of the Project as provided in Section 7.1 of the Lease, and upon written notice by the Trustee to the party or parties to the Project Contracts that any of such events has occurred: (a) such contracts shall be fully and freely assignable to the Trustee, without the consent of any other person and the Trustee may choose to assume or not assume such contracts; and (b) if the Trustee does so assume such contracts, the other party or parties thereto shall perform the agreements contained therein for the Trustee. All Project Contracts shall also provide that, upon an Event of Nonappropriation or an Event of Lease Default and upon written notice from the Trustee, the Trustee may, in its sole discretion, terminate some or all of such Project Contracts; and the other party or parties thereto shall then be entitled to payment only from amounts available therefor under the Indenture and only for work done prior to such termination. Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default or upon the Trustee's assuming control over the implementation and completion of the Project as provided in Section 7.1 of the Lease, and upon receipt of a written request from the Trustee, the Town shall assign all of its right, title and interest in and to any or all Project Contracts to the Trustee and shall deliver all such Project Documents held by it to the Trustee.

Defaults Under Project Contracts

In the event of any material default by a design consultant or construction contractor under any of the Project Contracts, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Town shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against such design consultant or contractor and/or against each

surety of any bond securing the performance of such Project Contracts. The Net Proceeds of any amounts recovered by way of damages, liquidated damages, refunds, adjustments, or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorneys' fees and costs) shall be paid to the Trustee for deposit to the Construction Fund created under the Indenture if prior to the Completion Date, or if after the Completion Date, to the Trustee for deposit in a separate trust fund in accordance with Section 10.2 of the Lease.

Maintenance of the Leased Property

Subject to its right to not appropriate and as otherwise provided in Section 9.3 of the Lease, the Town agrees that at all times during the Lease Term, the Town will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee shall have no responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

Modification of the Leased Property; Installation of Furnishings and Machinery of the Town

The Town shall have the privilege of making substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such substitutions, additions, modifications and improvements to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included under the terms of the Site Lease, the Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the Town (except to the extent of subleasing permitted under Section 13.2 of the Lease) or cause the Town to violate its tax covenant in Section 11.5 of the Lease; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Town in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Leased Property shall be included under the terms of the Site Lease, the Lease and the Indenture, in the event that such Leased Property would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

The Town shall have the right to make substitutions to the Leased Property upon compliance with the provisions set forth in Section 11.4 of the Lease.

Taxes, Other Governmental Charges and Utility Charges

In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Town shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Town shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Town shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the

leasehold interests of the Trustee), or the rentals and revenues derived therefrom or under the Lease. The Town shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

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

Provisions for Liability and Property Insurance

Upon completion of the Project, the Town shall, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy or policies may have a deductible clause in an amount deemed reasonable by the Council. The Town may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, as long as such blanket insurance policies comply with the requirements of the Lease. If the Town shall insure against similar risks by self-insurance, the Town may, at its election provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named additional insured and loss payee on any casualty and property insurance.

Upon completion of the Project, the Town shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the Town in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, C.R.S., as heretofore or hereafter amended). Such insurance may contain deductibles and exclusions deemed reasonable by the Council. The required public liability insurance may be by blanket insurance policy or policies. If the Town shall insure against similar risks by self-insurance, the Town, at its election may provide for public liability insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named as additional insured and loss payee on any public liability insurance.

Any required casualty and property damage insurance policy shall be so written or endorsed as to make payments under such insurance policy payable to the Town and the Trustee. Each insurance policy provided for shall contain a provision to the effect that the insurance company shall not cancel the policy without first giving written notice thereof to the Town at least 30 days in advance of such cancellation. All insurance policies issued pursuant to the Lease, or certificates evidencing such policies, shall be deposited with the Trustee. No agent or employee of the Town shall have the power to adjust or settle any loss with respect to the Leased Property in excess of \$25,000, whether or not covered by insurance, without the prior written consent of the Trustee.

Upon completion of the Project, the Town shall provide the Trustee with evidence that the insurance required pursuant to the Lease is in effect. A certification by the Town Representative that such insurance is in effect shall be sufficient evidence of insurance. A certificate of insurance from the Town or the Town's insurance agent will also be acceptable evidence of insurance. On or about October 1 in each

year the Town shall provide annual certification that the insurance required pursuant to the Lease is in effect.

Granting of Easements

As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee, shall upon the request of the Town, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in the Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the Lease and any security interest or other encumbrance created under the Lease or thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the Town Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property, and will not materially adversely affect the security intended to be given by or under the Indenture, the Site Lease or the Lease.

Damage, Destruction and Condemnation

If, during the Lease Term,

(a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or

(b) title to, or the temporary or permanent use of, the Leased Property or the estate of the Town or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or

(c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or

(d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto,

then the Town shall be obligated to continue to pay Base Rentals and Additional Rentals (subject to Article 6 of the Lease).

Obligation to Repair and Replace the Leased Property

The Town and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards received prior to the Completion Date to be deposited to the Construction Fund and after the Completion Date in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Town, upon receipt of requisitions by the Trustee signed by the Town Representative stating with respect to each payment to be made:

(a) the requisition number;

(b) the name and address of the person, firm or entity to whom payment is due;

(c) the amount to be paid; and

(d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The Trustee shall have no duty to review or examine the accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed disbursement request. The Town and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the Town, to:

(a) add to, modify or alter the Leased Property or add new components thereto, or

(b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to the Lease or

(c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included as part of the Leased Property under the Lease.

Insufficiency of Net Proceeds

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.2 of the Lease, the Town may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the Town are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the Town agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the Town shall make any payments pursuant to the provisions of this paragraph, the Town shall not be entitled to any reimbursement therefor from the Trustee, nor shall the Town be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, payable under Article 6 of the Lease; or

(b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with Article 12 of the Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the Town shall, subject to the limitations of Section 6.1 of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the Town); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the Town in the same manner as set forth in Section 10.2 of the Lease; or

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

The above referenced election shall be made by the Town within 90 days of the occurrence of an event specified in Section 10.1 of the Lease. It is declared in the Lease to be the Town's present intention that, if an event described in Section 10.1 of the Lease should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the Town would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the Town must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the Town.

Release and Substitution of Leased Property

So long as no Event of Lease Default or Event of Nonappropriation shall have occurred and be continuing, the Town shall prepare and the Trustee shall release all or any portion of the Leased Property, and shall execute all documents necessary or appropriate to reconvey or release such portion of the Leased Property to the Town, free of all restrictions and encumbrances imposed or created by the Site Lease, the Lease or the Indenture, upon receipt by the Trustee of the following: (a) a written request of the Town Representative for such release, describing the portion of the Leased Property to be released; (b) a certificate of the Town Representative certifying (i) the fair market value of the portion of the Leased Property to be released and of any real property to be substituted for the portion of the Leased Property to be released; (ii) that the disposition of the portion of the Leased Property to be released and the substitution therefor of the real property to be substituted for the portion of the Leased Property to be released (if any) will not materially adversely affect the ability of the Town to operate the Leased Property or to fulfill its obligations under the Lease; (iii) that any real property to be substituted for a portion of the Leased Property to be released is necessary or useful to the operation of the Leased Property; and (iv) that the fair market value of any real property to be substituted for the portion of the Leased Property to be released, together with cash to be paid by the Town to the Trustee, if any, is at least equal to the fair market value of the portion of the Leased Property to be released; (c) appraisals of the fair market value of the portion of the Leased Property to be released and any real property to be substituted for the portion of the Leased Property to be released, respectively, by a member of the American Institute of Real Estate Appraisers (MAI); and (d) supplements and amendments to the Site Lease, the Lease and the Indenture and any other documents necessary to effect the substitution for any portion of the Leased Property to be released. The Town agrees that any cash paid to the Trustee pursuant to the provisions described above shall be used to redeem or defease Outstanding Certificates.

Purchase Option; Conditions for Purchase Option

Purchase Option. The Town shall have the option to purchase the Trustee's leasehold interest in the Leased Property, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The Town may exercise its option on any date by complying with one of the conditions described in "Conditions for Purchase Option" below.

The Town shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

If the Town shall have given notice to the Trustee of its intention to purchase the Trustee's leasehold interest in the Leased Property or prepay Base Rentals but shall not have deposited the amounts with the

Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals, which have been specifically appropriated by the Town for such purpose, as if no such notice had been given.

Conditions for Purchase Option. The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the Town in the manner provided for in Section 12.3 of the Lease; provided, however, that prior to such transfer and release, either:

(a) the Town shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee; or

(b) the Town shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) to the Lease, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid under the Lease.

At the Town's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any defeasance escrow funds) may be credited toward the Purchase Option Price.

Assignment by the Trustee; Replacement of the Trustee

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

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

Assignment and Subleasing by the Town

The Lease may not be assigned by the Town for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the Town, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) The Town shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement;

(c) Except for subleases to persons who will occupy a portion of the Leased Property as their residence, any sublease of the Leased Property shall provide that it shall automatically terminate upon a termination of the Lease;

(d) The Lease, and the obligations of the Town under the Lease, shall, at all times during the Lease Term remain obligations of the Town, and the Town shall maintain its direct relationships with the Trustee, notwithstanding any sublease; and

(e) No sublease by the Town shall cause the Leased Property to be used for any purpose which would cause the Town to violate its tax covenant in Section 11.5 of the Lease.

All subleases shall provide that, upon a termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Lease Default, and upon written notice by the Trustee to the party or parties to the subleases that any of such events has occurred such contracts shall be fully and freely assignable to the Trustee, without the consent of any other. Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, and upon receipt of a written request from the Trustee, the Town shall cooperate with the Trustee to effectuate the assignment of all of its right, title and interest in and to all subleases to the Trustee.

Events of Lease Default Defined

Any one of the following shall be Events of Lease Default under the Lease:

(a) failure by the Town to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the Town for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or

(b) subject to the provisions of Section 6.5 of the Lease, failure by the Town to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or

(c) failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in (a) or (b), (and other than a failure to comply with Section 11.6 of the Lease) for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be received by the Town from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action can be instituted by the Town within the applicable period and diligently pursued until the default is corrected; or

(d) failure by the Town and the County to comply with the terms of the Site Lease.

The provisions described above are subject to the following limitations:

(i) the Town shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the Town for such purpose, only during the then current Lease Term, except as otherwise expressly provided in the Lease; and

(ii) if, by reason of Force Majeure, the Town or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts contained in the Lease other than the Town's agreement to pay the Base Rentals and Additional Rentals due under the Lease, the Town or the Trustee shall not be deemed in default during the continuance of such inability. The Town and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Town or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town.

Remedies on Default

Whenever any Event of Lease Default shall have happened and be continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as

provided in the Indenture, without any further demand or notice, take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property, which vacation and surrender the Town agrees to complete within sixty (60) days from the date of such notice; provided, in the event the Town does not vacate and surrender possession on the termination date, the provisions of Section 6.5 of the Lease shall apply;

(b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;

(c) recover from the Town:

(i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under the Lease, during any period in which the Town continues to occupy, use or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the Town the amounts set forth in Section 14.2(c)(i) of the Lease if the Town continues to occupy the Leased Property after December 31 of the Fiscal Year in which such Event of Nonappropriation occurs.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

Limitations on Remedies

The remedies in connection with an Event of Lease Default shall be limited as described below. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Lease Default only as to the Town's liabilities described in paragraph (c) under "Remedies on Default" above. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Nonappropriation only to the extent that the Town fails to vacate and surrender possession of the Leased Property as required by Section 6.4 of the Lease, and only as to the liabilities described in paragraph (c)(i) under "Remedies on Default" above. The remedy described in paragraph (c)(ii) under "Remedies on Default" is not available for an Event of Lease Default consisting of failure by the Town to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

No Remedy Exclusive

Subject to Section 14.3 of the Lease (described in the previous paragraph), no remedy conferred in the Lease upon or reserved to the Trustee, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee

to exercise any remedy reserved in this Article 14, it shall not be necessary to give any notice, other than such notice as may be required in this Article 14.

Waivers

The Trustee may waive any Event of Lease Default under the Lease and its consequences. In the event that any agreement contained in the Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Lease. Payment of Base Rentals or Additional Rentals by the Town shall not constitute a waiver of any breach or default by the Trustee under the Lease.

Agreement to Pay Attorneys' Fees and Expenses

In the event that either party to the Lease shall default under any of the provisions of the Lease and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals or Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained in the Lease, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party, to the extent permitted by law, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the nondefaulting party. Notwithstanding the foregoing, any such fees and expenses owed by the Town under the Lease shall constitute Additional Rentals for all purposes of the Lease and shall be subject to Appropriation.

THE INDENTURE

General

The Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the proceeds of which will be used to finance the Project. The Indenture is being executed and delivered by the Trustee for the benefit of the Owners of the Certificates. The Trust Estate secures the payment of the principal of and interest on the Certificates.

The Certificates shall constitute proportionate interests in the Trustee's right to receive the Base Rentals under the Lease and other Revenues. The Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the Council not to appropriate any amounts payable under the Lease be construed to constitute an action impairing such contract.

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

Application of Revenues and Other Moneys

All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

Except for Net Proceeds to be applied pursuant to Section 10.02 of the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with Section 4.01 of the Indenture.

Additional Certificates

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

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

- (a). the costs of acquiring, constructing, improving and installing any capital improvements of the Town or any New Facility, or of acquiring a Site for any New Facility or of acquiring a Site for any New Facility (and costs reasonably related thereto);
- (b). the costs of completing the Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the Town may deem necessary or desirable, and as in accordance with the provisions of the Lease; or
- (c). for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

In such case, the Costs of Execution and Delivery of the Additional Certificates and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee:

- (a). Originally executed counterparts of a supplemental Indenture and related and necessary amendments to the Site Lease and the Lease (including any necessary amendment to the Base Rentals Schedule); and
- (b). A commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the Additional Certificates and all other Outstanding Certificates (or such lesser amount as shall be the maximum insurable value of the real property included in the Leased Property); and
- (c). A written opinion of Special Counsel to the effect that:
 - (i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(ii) the excludability of interest from gross income for federal income tax purposes on Outstanding Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and

(iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default nor cause any violation of the covenants or representations in the Indenture or in the Lease; and

(d). Written directions from the underwriter, placement agent or financial advisor with respect of the Additional Certificates, together with written acknowledgment of the Town Representative, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

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

Funds and Accounts

The Indenture provides for the creation and establishment of the various funds and accounts as described in the following paragraphs. The Trustee holds these funds and accounts in trust for the benefit of the Owners of the Certificates. The ownership of the Base Rentals Fund, Construction Fund, the Costs of Execution and Delivery Fund, and all accounts within such Funds and any other fund or account created under the Indenture (except defeasance escrow account) shall be held in trust by the Trustee for the benefit of the Owners of the Certificates; provided that moneys in the Rebate Fund shall be used only for the specific purpose provided in Section 3.05 of the Indenture.

Base Rentals Fund. A special fund is created under the Indenture and established with the Trustee designated the “Town of Breckenridge, Colorado, 2022 Lease Purchase Agreement, Base Rentals Fund” which shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except for Net Proceeds to be applied pursuant to Section 10.02 of the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in Section 3.04 of the Indenture.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 21 and November 20 of each year during the Lease Term. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee accepts in the Indenture.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

Rebate Fund. A special fund is created under the Indenture and established to be held by the Trustee, and to be designated the “Town of Breckenridge, Colorado, 2022 Lease Purchase Agreement, Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, the Trustee shall transfer into the Rebate Fund investment income on moneys in any fund created under the Indenture (except defeasance escrows). In addition to the deposit of investment income as provided in the Indenture, there shall be deposited into the Rebate Fund moneys received from the Town as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund

from any other fund created under the Indenture pursuant to the provisions described above; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or the Indenture that such moneys are to be paid into an account of the Rebate Fund. The Town will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the Town's rebate obligations are met, in accordance with the Town's tax covenants in Section 11.5 of the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of the Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the Town to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or there is insufficient investment income on moneys in any fund create under the Indenture so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee shall transfer moneys to the Rebate Fund from the Base Rentals Fund. Any moneys so advanced from the Base Rentals Fund shall be included as an Additional Rental for the current Fiscal Year pursuant to the Lease and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Town may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the Town has failed to comply with Section 11.5 thereof so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the Base Rentals Fund in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

Costs of Execution and Delivery Fund. A special fund is created under the Indenture and established with the Trustee and designated the "Town of Breckenridge, Colorado, 2022 Lease Purchase Agreement Costs of Execution and Delivery Fund." Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the Certificates the amounts directed by Section 3.01(b) of the Indenture. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon either (i) receipt of a requisition for the provision of Costs of Execution and Delivery of the Certificates approved in writing by the Town Representative and (a) stating the payee, the amount to be paid, method of payment, and the purpose of the payment and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund, or (ii) as provided in a closing memorandum signed by the Town Representative. The Trustee may conclusively rely on requisitions (or the closing memorandum) submitted in accordance with the Indenture as complete authorization for the disbursements made pursuant thereto and shall not be responsible for any representations or certifications made therein.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the Town upon the final payment of all Costs of Execution and Delivery (and in any event not later than ninety (90) days following the Closing), as certified in writing by the Town Representative. Any such remaining amounts so transferred to the Town shall be deposited by the Town in the Base Rentals Fund or applied by the Town to pay costs of the Project.

Construction Fund. (a) A special fund is created under the Indenture and established with the Trustee to be designated as the “Town of Breckenridge, Colorado, Series 2022 Lease Purchase Agreement Construction Fund.”

(b) Moneys on deposit in the Construction Fund shall be disbursed by the Trustee, upon the written direction of the Town Representative, to pay the Costs of the Project (as defined in the Lease) as set forth in Article 7 of the Lease.

(c) Prior to the Completion Date, (i) all income earned from the investment of moneys in the Construction Fund shall be retained in the Construction Fund; provided, however, income from the Construction Fund may be transferred to the Rebate Fund if required by Section 3.05 of the Indenture, and (ii) all such income shall be reinvested or used for purposes of the Construction Fund until transferred, if applicable, as described in subsections (d) and (e) below.

(d) Any moneys remaining in the Construction Fund on the Completion Date, except for amounts set aside by the Trustee to pay remaining Costs of the Project as provided in the Certificate of Completion (in form as provided in Exhibit F to the Lease) filed with the Trustee by the Town Representative, shall be transferred to the Base Rentals Fund and used for the purposes of such Fund.

(e) Any moneys held in the Construction Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

Investment of Moneys

The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment absent a receipt of written notice or information to the contrary. All moneys held as part of the Base Rentals Fund, Construction Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the Town Representative, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created under the Indenture which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust under the Indenture or for payment of the Certificates at or before maturity or interest thereon as required under the Indenture. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. Except as otherwise provided in the Indenture, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Any interest or other gain from any fund or account created under the Indenture (except defeasance escrows) shall be deposited to the Rebate Fund to the extent required and permitted pursuant to Section 3.05 of the Indenture. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in the Base Rentals Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any fund or account created under the Indenture is insufficient to satisfy the purposes of such fund or account.

The Trustee agrees in the Indenture to secure and retain the documentation with respect to investments of moneys in the funds and accounts created under the Indenture as required by and as described in the Tax Certificate.

The Trustee may rely upon the Town Representative’s written direction as to both the suitability and the legality of the directed investments and shall have no liability or responsibility for any loss or for

failure to maximize earnings resulting from any investment made in accordance with the provisions described above.

The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of the Indenture.

If the Trustee is not provided written directions concerning investment of moneys held in the Funds, the Trustee shall invest in a money market fund available to the Trustee, provided such investment matures or are subject to redemption prior to the date such funds will be needed. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Town shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Town Representative, unless the Town Representative notifies the Trustee in writing to the contrary within thirty (30) days of the date of delivery of such statement.

The Trustee may make any and all such investments through its trust department, and it is specifically provided in the Indenture that the Trustee may purchase or invest in shares of any investment company provided that such investments are Permitted Investments at the time of such investment and that such investments: (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation); (ii) invests substantially all of its assets in short term high quality money market instruments, limited to obligations issued or guaranteed by the United States, or repurchase agreements backed by such obligations; and (iii) maintains a constant asset value per share.

The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

In computing the amount in any fund or account (except defeasance escrows), Permitted Investments shall be valued at the market price, exclusive of accrued interest. With respect to all funds and accounts (except defeasance escrows, and except as otherwise provided in the Tax Certificate with respect to the Rebate Fund), valuation shall occur as of December 31 of each year.

Defeasance and Discharge of the Indenture

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered under the Indenture have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.03 of the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.03 of the Indenture), together with all other sums payable under the Indenture relating to the Certificates (including the fees and expenses of the Trustee), then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Town to the Trustee and to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Town shall prepare and the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the Town as provided by Article 12 of the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the Town, and (4) turn over to the Town all balances then held by the Trustee in the Funds under the Indenture except for amounts held in any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the Town.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow

account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of the Indenture as described herein or the defeasance of any Certificates pursuant to the provisions described in this section becoming effective, there shall have been addressed and delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account as described herein shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(d) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than forty-five (45) days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall provide a notice by electronic or other means stating that such moneys or Federal Securities have been deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

(e) At such time as any Certificate shall be deemed paid as provided in (b) above, such Certificate shall no longer be secured by or entitled to the benefits of the Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

Events of Indenture Default Defined

Each of the following shall be an Event of Indenture Default:

- (a) failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default of which the Trustee is required to take notice or receive notice pursuant to Section 8.05, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the Town within thirty (30) days of the receipt of notice by the Trustee as provided by Section 6.4(b) of the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of

Nonappropriation which is cured by the Town within a reasonable time with the procedure described in the preceding sentence.

Remedies

If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under this Article 7 and Article 8, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, take such action as, in the judgment of the Trustee, upon advice of its counsel, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Article 4 of the Indenture and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the Town.

Legal Proceedings by Trustee

If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity as Trustee under the Indenture:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of the Trustee's leasehold interests in the Leased Property including its rights as lessor under the Lease and as lessee under the Site Lease and its rights under the Indenture and to enforce the provisions of the Indenture and any collateral rights under the Indenture for the benefit of the Owners of the Certificates; or

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

(c) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of the Certificates.

Discontinuance of Proceedings by Trustee

If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Owners of the Certificates shall be restored to their former positions and rights under the Indenture as though no such proceeding had been commenced.

Owners of Certificates May Direct Proceedings

The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such direction shall not be in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of the Certificates.

Remedies Not Exclusive

Subject to any express limitations contained in the Indenture, no remedy in the Indenture conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Limitations on Actions by Owners of Certificates

No Owner of the Certificates shall have any right to pursue any remedy under the Indenture unless:

- (a) the Trustee shall have been given written notice of a default pursuant to Section 8.05, and such default becomes an Event of Indenture Default;
- (b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers granted by the Indenture to or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it as provided in Section 8.01(d) of the Indenture; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the provisions described above or any other provision of the Indenture, the obligation of the Trustee shall be absolute and unconditional to pay under the Indenture, but solely from the Revenues pledged under the Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing in the Indenture shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Application of Moneys in Event of Indenture Default

Any moneys received, collected or held by the Trustee following an Indenture Event of Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund or any defeasance escrow account) shall be applied in the following order:

- (a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its Counsel fees and expenses, and disbursements of the Trustee and expenses of the proceedings resulting in the collection of such moneys and of all fees, costs, expenses, liabilities and advances incurred or made by the Trustee, and the payment of its reasonable compensation and any advances, including any amounts remaining unpaid;
- (b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and
- (c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the Town.

Certain Provisions Regarding the Trustee

Duties of the Trustee. In the Indenture, the Trustee accepts the provisions of the Site Lease, the Lease and the Indenture and accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

The Trustee covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and the Indenture.

The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under the Indenture against all claims and demands of all persons whomsoever.

The Trustee, prior to the occurrence of an Event of Indenture Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Lease and in the Indenture. If an Event of Indenture Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and power vested in it by the Lease and the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in conducting such person's affairs in exercising any rights or remedies or performing any of its duties under the Indenture. Before taking any action under the Indenture the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all fees, costs and expenses which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

Liability of Trustee; Trustee's Use of Agents. The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

The Trustee may exercise any powers under the Indenture and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to the advice or opinion of Counsel concerning all matters involving the Trustee's duties under the Indenture and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts of the Indenture. The Trustee may rely and act upon the opinion or advice of Counsel engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice.

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

The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7 of the Indenture.

Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of the Indenture.

The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Site Lease, the Lease or the Indenture or of any supplements thereto or hereto or any financing statement (other than continuation statements) in connection therewith, or for insuring the project, for collecting any insurance moneys, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Town, except as provided herein; but the Trustee may require of the Town full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Town under the Site Lease or the Lease; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Indenture.

The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds and investments held by the Trustee), or the validity or sufficiency of the Indenture or of the Certificates. The Trustee shall not be accountable for the use of any Certificates executed and delivered hereunder. The Trustee shall not be accountable for the use or application of any Certificates or the proceeds thereof or of any money paid to or upon the order of the Town under any provisions of the Indenture or the Lease.

As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Town by the Town Representative or such other person as may be designated for such purpose by ordinance or resolution of the Council, as sufficient evidence of the facts therein contained, and before the occurrence of a default of which the Trustee has been notified as provided in Section 8.05 of the Indenture or of which by said subsection it is deemed to have been notified, the Trustee may rely upon a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for investing moneys in funds held hereunder in compliance with the written investment direction of the Town Representative.

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

Notwithstanding anything in the Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of the Indenture, any

showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Town to the execution and delivery of any Certificates, or the taking of any other action by the Trustee.

Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder or any other documents related to the Indenture, but may if it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers hereunder.

The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Certificates except to the extent that such statement was provided by the Trustee or describes the Trustee's duties under the Indenture.

The Trustee is authorized and directed to enter into the Site Lease and the Lease, solely in its capacity as Trustee under the Indenture.

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

Compensation. The Trustee shall be entitled to payment and reimbursement for its reasonable fees and expenses for its services rendered under the Indenture as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, as provided in Section 6.2 of the Lease. Should it become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary costs and expenses are occasioned by negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The rights of the Trustee to payments as described above shall be superior to the rights of the Owners with respect to the Trust Estate.

Notice of Default; Right to Investigate. If an Event of Indenture Default occurs of which the Trustee is deemed to have notice pursuant to the Indenture, the Trustee shall, within thirty (30) days after it receives notice thereof, give written notice by electronic means or first class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the Town, unless such defaults have been remedied. The Trustee shall not be required to take notice or be deemed to have notice of any default unless it has actual knowledge thereof or has been notified in writing of such default by the Town or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the Town to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

Obligation to Act on Defaults. If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has actual knowledge or notice pursuant to Section 8.05, the Trustee shall

exercise such of the rights and remedies vested in it by the Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it for the reimbursement of all fees, costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Town not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is sent by electronic means or mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Removal of Trustee. Any Trustee under the Indenture may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the Town or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the Town and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Town shall appoint a successor, and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the Town fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the Owners have failed to make such appointment within thirty (30) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Any successor trustee shall be a national or state bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Any corporation into which any Trustee under the Indenture may be merged or with which it may be consolidated, or any corporation resulting from any sale, merger or consolidation of its corporate trust business to which any Trustee under the Indenture shall be a party, shall be the successor trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Supplemental Indentures

Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the Town, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental to the Indenture, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in Section 2.08 of the Indenture;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or
- (e) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, or to correct or supplement any provision contained in the Indenture which may be defective or inconsistent with any other provisions contained in the Indenture or to make such other amendments to the Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.

- (a) Exclusive of supplemental indentures and amendments covered by Section 9.01 of the Indenture (described above in "Amendments Not Requiring Certificate Owners' Consent"), the written consent of the Town and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental to the Indenture.
- (b) Notwithstanding the foregoing, without the consent of the Owners of all of the Certificates at the time Outstanding, nothing contained in the Indenture shall permit, or be construed as permitting:
 - (i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;
 - (ii) The deprivation of the Owner of any Certificate then Outstanding of the interest created by the Indenture (other than as originally permitted by the Indenture) without the consent of the Owner of such Certificate;
 - (iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or
 - (iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the Town shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners as provided in the Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by electronic means or mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the Town following the provision of such notice, the required consents have been furnished to the Trustee as provided in the Indenture, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any

manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Amendment of the Lease and the Site Lease

(a) The Trustee and the Town shall have the right to amend the Lease and the Site Lease without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(1) to add covenants of the Trustee or the Town or to grant additional powers or rights to the Trustee;

(2) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(3) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(4) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 of the Indenture;

(5) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

(6) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

(b) If Town proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Certificates Outstanding, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the Town or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Town of Breckenridge Colorado, a duly organized and existing home rule municipality of the State of Colorado, (the “Town”), in connection with its authorization, execution and delivery of a Lease Purchase Agreement, dated as of December 22, 2022 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the Town, as lessee, and the execution and delivery of Certificates of Participation, Series 2022, in the aggregate principal amount of \$17,775,000 (the “Certificates”), evidencing proportionate interests in the right to receive certain revenues payable by the Town under the Lease. The Certificates are being executed and delivered pursuant to an Indenture of Trust, dated as of December 22, 2022, (the “Indenture”), by the Trustee. The Town covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year, commencing nine (9) months following the end of the Issuer's fiscal year ending December 31, 2022, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Certificates.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of bondholders, *if material*;

- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Certificates, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;*
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation** of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

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

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

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

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

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

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

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

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates and shall create no rights in any other person or entity.

DATE: December 22, 2022

TOWN OF BRECKENRIDGE, COLORADO

By: _____

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Breckenridge, Colorado

Name of Issue: Certificates of Participation, Series 2022, in the aggregate principal amount of \$17,775,000 (the “Certificates”), each evidencing proportionate interests in the right to receive certain revenues payable by the Town of Breckenridge, Colorado, under a Lease Purchase Agreement dated as of December 22, 2022, between UMB Bank, n.a. (the “Trustee”), as lessor, and the Town, as lessee.

CUSIP Number: 106443

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated December 22, 2022. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF BRECKENRIDGE, COLORADO

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

See page iv of the Official Statement

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APPENDIX E
FORM OF OPINION OF SPECIAL COUNSEL

December 22, 2022

Town of Breckenridge, Colorado
150 Ski Hill Road
P. O. Box 168
Breckenridge, Colorado 80424

\$17,775,000
Certificates of Participation, Series 2022
Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually
Renewable Lease Purchase Agreement dated as of December 22, 2022
between UMB BANK, N.A.,
solely in its capacity as trustee under the Indenture, as lessor,
and the TOWN OF BRECKENRIDGE, COLORADO, as lessee

Ladies and Gentlemen:

We have acted as special counsel to the Town of Breckenridge, Colorado (the “Town”) in connection with its authorization, execution and delivery of the Site Lease Agreement, dated as of December 22, 2022, 2022 (the “Site Lease”), among the Town and Summit County, Colorado, as lessors (collectively, the “Lessors”) and UMB Bank, n.a., solely in its capacity as trustee (the “Trustee”) under the Indenture (as hereinafter defined), as lessee, and the Lease Purchase Agreement, dated as December 22, 2022, 2022 (the “Lease”), between the Trustee, as lessor, and the Town, as lessee. Certificates of Participation, Series 2022, in the aggregate principal amount of \$17,775,000 (the “Certificates”), dated December 22, 2022, 2022, are authorized under an Indenture of Trust, dated as of December 22, 2022, 2022 (the “Indenture”), executed and delivered by the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease and the Indenture. The Certificates evidence proportionate interests in the Base Rentals and certain other revenues paid under the Lease, as provided in the Certificates, the Lease and the Indenture.

In such capacity as special counsel, we have examined certified proceedings of the Town Council, the Site Lease, the Lease, the Indenture, the Certificates, and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

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

Based upon such examination, and subject to the following qualifications, it is our opinion as special counsel that:

1. The Site Lease has been duly authorized by the Lessors duly executed and delivered by authorized officials of the Lessors and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Lessors. The Lease has been duly authorized by the Town and duly executed and delivered by authorized officials of the Town and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Town. None of the Site Lease, the Lease, or the Certificates constitutes a general obligation, other indebtedness or multiple fiscal year financial obligation of the Town or the County within the meaning of any constitutional, home rule charter, or statutory debt limitation. Notwithstanding the foregoing, the Town's failure specifically to budget and appropriate funds to make payments due under the Lease for the ensuing Fiscal Year will extinguish the obligations of the Town to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year.

2. Assuming the due authorization, execution, and delivery of the Site Lease, the Lease, and the Indenture by the Trustee, and the due execution and delivery of the Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and is excludable from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the Town's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Town's certified proceedings and in certain other documents and certain other certifications furnished to us.

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

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

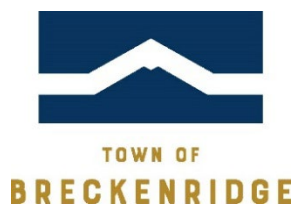
In rendering the foregoing opinions, we are not opining upon matters relating to the corporate status of the Trustee, the power of the Trustee to execute or deliver the Site Lease, the Lease, the Indenture or the Certificates, or the enforceability of the Site Lease, the Lease, the Indenture or the Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Certificates or any other statements made in connection with any offer or sale of the Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the Site Lease, the Lease, or the Certificates, except those specifically addressed above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the Leased Property.

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

Respectfully submitted,

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Memo

To: Town Council
From: Ellie Muncy, Housing Planner II
Date: 9/2/2026 (for 9/08/2026 work session)
Subject: Runway Phase 2 Discussion

Town Council Goals (Check all that apply)

☐ More Boots & Bikes, Less Cars	☐ Leading Environmental Stewardship
☐ Deliver a Balanced Year-Round Economy	☐ Hometown Feel & Authentic Character
☒ Organizational Need	

Summary

Staff seek Council feedback on whether or not to move forward with Runway Phase 2 to develop the remaining 67 units planned for the site.

Background

The Runway Neighborhood project was divided into two phases with the first phase on the north end of the site to contain 81 units and the second phase on the south end of the site to contain 67 units. Town Council previously approved Runway Phase 1 over the course of several meetings earlier this year and construction is well underway with the first unit set to close in November/ December of this year. Per the project schedule included in the Developer Agreement (dated July 17, 2025) it was anticipated that the Town and Developer would discuss Phase 2 in September of 2026. The Developer cannot proceed with Phase 2 until specifically authorized by the Town Council. Below is a site plan showing the current Phase 2 layout with the aforementioned 67 units and the community park, partially shown at the top of the site plan.

Given the expectation in the Developer Agreement that Council will discuss and determine next steps for Runway Phase 2 in September 2026, staff would like council to consider two options.

Option 1 - Staff recommend bringing this discussion back to Town Council in the fall 2027 when Runway Phase 1 infrastructure is finishing up and the Town has more information to make a better-informed decision. Discussion at that time would be informed by the updated Housing Needs Assessment, the Housing Action Plan, and the outcome of Runway Phase 1. A decision in Fall 2027 to proceed with Phase 2 would then line up well and allow contractors to roll into Phase 2 infrastructure the following spring (2028).
Option 2 – Council may decline to move forward with Runway Phase 2 at this time. This decision would result in the termination of the Developer Agreement upon completion of Runway Phase 1. Council could, at any time, direct Staff to consider options for Runway Phase 2 in future years.

Additionally, the Summit School District agreement does not require a decision to be made on Phase 2 until December 31st, 2027 and provides a potential path forward if Phase 2 does not occur as originally planned.

Staff are also in the process of putting together community park closeout design options for later Council review depending on the decision made. With the central community park and major amenities of the Runway Neighborhood currently planned to be included in Phase 2 development, staff are developing a plan to transition the end of the Runway Phase 1 to buffer the neighborhood from the empty parcel and add neighborhood amenities into Phase 1. Staff will price out the potential design options and consider how they can fit into the existing budget.

Mission: The Town of Breckenridge protects, maintains, and enhances our sense of community, historical heritage, and alpine environment. We provide leadership and encourage community involvement.

Public Outreach/engagement

Additional housing related public outreach will be completed as part of the Housing Action Plan requirements and completion of the Comprehensive Plan update.

Financial Implications

Staff bring this discussion before Town Council ahead of the upcoming 5-year budget discussions. Early staff analysis predicted Runway Phase 2 would cost upwards of \$18.5 million for the infrastructure with costs expected to increase as time goes on. Funding for Runway Phase 2 is not currently contemplated in the 5-year budget but is contemplated in future years. Additionally, with the completion of Runway Phase 1, the outstanding loan from the excise fund is anticipated to be approximately \$41M by the end of 2027.

Equity Lens

Staff have considered the equity lens in relation to the proposed redevelopment and would prefer to wait for the updated Housing Needs Assessment to ensure we are accurately supporting the community needs and targeting the appropriate AMI range(s) to support underrepresented community groups.

Action

Staff seek Council's feedback on the two options provided.

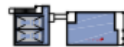
- Option 1: Re-evaluate Runway Phase 2 in Fall 2027
- Option 2: Decline to move forward with planning for Runway Phase 2 at this time

Town staff will be available on Tuesday to answer questions and receive comments. Additionally, for staff and Developer clarity, Council will be asked to formalize the decision during the Regular meeting on September 8, 2026.



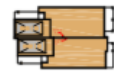
SITE PLAN LEGEND

- 

"THE AVIATOR"
3 BR COTTAGE . MODEL 102
- 

"THE CHARTER"
3 BR SFR . MODEL 103
- 

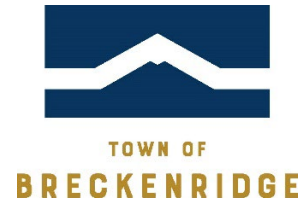
"THE PRIVATE"
3 BR SFR . MODEL 103-2
- 

"THE AIRFOIL"
4BR COTTAGE . MODEL 104
- 

"THE CROSSWIND"
3 BR DUPLEX . MODEL 201
- 

"THE PAYLOAD"
2/3 BR TOWNHOME
MODEL 401





Memo

To: Breckenridge Town Council
From: Mark Truckey, Director of Community Development
Date: September 2, 2026
Subject: Planning Commission Decisions of the September 1, 2026 Meeting

DECISIONS FROM THE PLANNING COMMISSION MEETING, September 1, 2026:

CLASS A APPLICATIONS: None.

CLASS B APPLICATIONS: None.

CLASS C APPLICATIONS: None.

TOWN PROJECT HEARINGS: None.

OTHER: None.

PLANNING COMMISSION MEETING

The regular meeting was called to order at 5:35 p.m. by Chair Propper.

ROLL CALL

Mike Giller (absent)	Mark Leas (absent)	Matt Smith	Allen Frechter (absent)
Ethan Guerra (virtual)	Elaine Gort	Susan Propper	

APPROVAL OF MINUTES

With no changes, the August 18, 2026 minutes were approved.

APPROVAL OF AGENDA

With no changes, the September 1, 2026 Planning Commission agenda was approved.

PUBLIC COMMENT ON HISTORIC PRESERVATION ISSUES:

- No comments

WORK SESSIONS:

1. Comprehensive Plan Underutilized Parcels Analysis

Mr. Kulick presented the topic for the work session which will include a focus on three areas: the Conservation District, Breckenridge South (including Breckenridge Elementary, 555 S. French St. and the rodeo grounds), and Park Avenue Corridor. The continuing analysis of underutilized parcels is a requirement for the Town's Comprehensive Plan Update.

The following specific questions were asked of the Commission:

1. Does the Commission agree with the staff recommendation of applying the existing Conservation District density limitations to any workforce housing developments within the Conservation District?
2. Does the Commission agree with the staff recommendation of an allowed workforce housing density of 20 UPA for the Breckenridge South area?
3. Does the Commission agree with the staff recommendation of an allowed workforce housing density of 30 UPA for the Park Avenue corridor area?
4. Are there other specific areas of Town the Commission thinks should be reviewed in the same way?

Commissioner Questions / Comments:

Ms. Gort: There are buildings that are not historic within the conservation district, if a developer wanted to demolish such buildings, would that be something that is allowed? (Mr. Kulick: Non-historic buildings are able to be redeveloped but that redevelopment will need to adhere with the Handbook of Design Standards. Typically, the Council has not allowed deviation from the handbook and they have been staunch supporters of what the regulations are in regard to density and other applicable handbook regulations.) So if it's an old apartment building they want to tear down, they can't replace it now? (Mr. Kulick: Typically, you cannot fully scrape or demolish a building within the conservation district and build something that exceeds the currently allowed density, because the new structure would need to be in compliance with the existing regulations.)

Ms. Gort: If we could do a workforce housing development on one of these parcels, typically it would require negotiation with the town because it would exceed the density requirements? (Mr. Kulick: The Groll is a good example of a privately owned multi-family building that was constructed before the conservation district and historic handbook of design standards. This building is a legally non-conforming development that exceeds the currently allowed UPA of the conservation district and historic design

- handbook. This property is a good example of multi-family housing that legally exceeds the district's allowed UPA, is owned by one individual, and essentially functions as workforce housing.)
- Ms. Propper: I am comfortable with sticking with the 9 UPA that is allowed in the conservation district.
- Mr. Smith: I agree.
- Mr. Guerra: I agree with all of you.
- Ms. Gort: I agree too. I want to encourage developers to modernize and remodel buildings within the conservation district, but I don't want increased density to shift the character of the conservation district.
- Ms. Propper: For Breckenridge South, my main focus is Breckenridge Elementary, however the town doesn't own the parcel. I do believe this parcel would be a good candidate for greater density, above 20 UPA. I don't see redevelopment of the Ice Rink (Mr. Kulick: There are some areas of the Ice Rink parcel that we could do some expansions to, but the parcel is rather limited.)
- Mr. Smith: Could you give us a local example of a 20 UPA development in town? (Mr. Kulick: Powder Ridge would be a good example if we removed an entire floor of the building or removed one third of its length. It would be a two-story building that is similar in scale to Powder Ridge.)
- Ms. Gort: My main concern with the Breckenridge Elementary parcel is the proximity to the Carter Park space. I fear that a greater density development on the Breckenridge Elementary parcel would eliminate the views and appeal of Carter Park. (Mr. Kulick: There are various ways to capture the greater density without hindering the views from Carter Park. Harris Street could be extended to allow for townhomes. You could also do a lower density on the north end of the Breckenridge Elementary and then increase the density as you move south.)
- Ms. Gort: A developer would have the right to develop whatever they wanted on this parcel, correct? (Mr. Kulick: We can add guidance and control within the policy that would be passed to allow for the greater density of the parcel.)
- Mr. Guerra: I agree with the concerns of retaining the views of the pavilion at Carter Park, and this parcel is one example of a parcel that could likely be developed in the near future.
- Mr. Kulick: It could have multifamily units at 1,200 SF and townhomes at 1,600 SF per SFE.
- Mr. Guerra: That is extremely dense unit sizes. I understand this is hypothetical, but these are extremely dense units.
- Mr. Kulick: If this property was developed as market-rate and not workforce housing, the site would be limited to 4 UPA. If a private developer were to acquire and develop this parcel by right, density would be extremely limited. However, due to its location, the SF of single-family units could have unlimited density, which would allow single-family lots to build very large SF homes that could total more square footage than multifamily at 20 UPA.
- Ms. Gort: That is a big jump from 4 UPA to 20 UPA.
- Mr. Smith: Agreed.
- Mr. Gort: What regulations apply to this Parcel? (Mr. Kulick: It is outside the conservation district and is located within the transition area. Therefore the development of these lots is not subject to the Historic Design Handbook.)
- Mr. Guerra: The purpose of this exercise is to identify parcels that could potentially be utilized for the development of workforce housing. The exercise is not to decide how we would like those parcels to be developed, but rather to guide the possibilities of development.
- Mr. Smith: I believe that we should limit the density to 20 UPA and that the south end of the parcel be an extension of Carter Park.
- Mr. Guerra: The south end of the parcel is currently utilized as a park.
- Mr. Guerra: I think for the purpose of this exercise, 20 UPA does make sense for this parcel.

- Ms. Gort: I agree that the 20 UPA makes sense, but contingent that an open space or view corridor is maintained from Carter Park.
- Ms. Propper: It is hard to say because we don't know who would potentially acquire that parcel, and what they would propose.
- Mr. Kulick: We are not removing any amenities to the Ice Rink, the parking lot, the Troll Hike, we would only be looking at where additional density can fit onto that site without disturbing the existing.
- Mr. Guerra: I think the ice rink parcel has potential for higher density.
- Mr. Kulick: The 555 S French ST is a site where I understand we are questioning the parcel's developability, given the steep grades and presence of wetlands. We can re-evaluate the criteria for this parcel to ensure accurate scoring.
- Ms. Propper: I am comfortable with 20 UPA on the Breckenridge Elementary parcel related to this exercise.
- Ms. Gort: The increased density of workforce housing is how these projects become feasible, so I think increasing the density is necessary to make workforce housing projects happen.
- Mr. Smith: I don't see buildable area on the Ice Rink lot or the 555 S French ST lot. The ice rink parcel doesn't just have wetlands it is more of a stream.
- Mr. Kulick: Moving on to the third focus area, we are looking at the Park Avenue corridor. Staff recommends this as an appropriate area for higher-density.
- Mr. Propper: Did we transfer all the density from the north Gondola lot? (Mr. Kulick: Yes we did transfer all the density off that parcel. However, it is one of the most complex parcels. We have a parking agreement with Vail on that parcel, and we are currently renegotiating that agreement. We do believe that there will be some level of parking that will always exists on this parcel.
- Mr. Kulick: Our goal with this activity is: if you saw greater density of workforce housing along this corridor, would it be harmonious with the surrounding environments?
- Mr. Smith: I do agree that a higher density in the Park Avenue corridor would make sense here.
- Ms. Propper: I agree that it does fit this location to have a higher density.
- Ms. Gort: I do agree that higher density makes sense here, but I do have concerns for workforce housing in proximity to the Gondola and large central gathering locations and having conflict of users.
- Mr. Guerra: I agree with the greater density here, because of this parcel's central location it is the perfect location for a greater level of density for workforce housing. We have already reviewed and considered developing the North Gondola lot with Breckenridge Grand Vacations, but those plans were reconfigured and reoriented in the community. However, those plans were for underground parking and a mixed-use development that met parking requirements at a greater density.
- Mr. Kulick: We are just trying to determine the appetite for increased levels of density for the sole purpose of more workforce housing development.
- Mr. Guerra: Under those parameters, I agree.
- Ms. Gort: I agree with the 30 UPA in the Park Ave corridor as staff has recommended.
- Mr. Smith: I agree with the 30 UPA in the Park Ave corridor as staff has recommended. I think this is appropriate and even a slightly higher UPA would also work for this area.
- Ms. Propper: I agree with the staff recommendation of 30 UPA for workforce housing density within the Park Ave corridor.
- Mr. Smith: Are there any definitive clusters within the Top 30 parcels at this point?
- Mr. Kulick: I believe the conservation district had a tight cluster of top 30 parcels. Also in the northern parts of town, we have ongoing development and clusters of top 30 parcels. Staff will analyze this and get back to the commission.
- Mr. Smith: I do think we should do a similar activity with the properties in the top 30 on the northern portion of Town.

- Ms. Propper: No other specific areas recommended for additional review.
- Mr. Guerra: No other specific areas recommended for additional review.
- Ms. Gort: No other specific areas recommended for additional review.
- Mr. Kulick: The need for workforce housing is moving target. Things have changed even in 4 or 5 years. At Vista Verde we did lower income housing, and now with Runway we've moved on the middle and upper middle class and that's going to have an impact. Currently we have 1,745 workforce units in the Upper Blue Basin. If we pulled those out, the market would become much more competitive. The Council is aggressively trying to buy down existing housing stock in addition to creating new housing. But we do have to create new housing units just to maintain what we have today. So that's an answer to the question of why we still need more workforce housing.
- Ms. Gort: The county has also added a lot, beyond the workforce housing development within Breckenridge.

OTHER MATTERS:

1. Town Council Summary

ADJOURNMENT:

The meeting was adjourned at 7:00 p.m.

Susan Propper, Chair



TOWN OF BRECKENRIDGE TOWN COUNCIL

Only 2 Council Members at each meeting, a third just means it needs to be posted.

The Council has been invited to the following meetings and events. A quorum may be in attendance at any or all of them.

Date	Meeting	Location	Time

September 2026

Tuesday, Sept. 8th, 2026	First Meeting of the Month	Council Chambers	2:00 pm / 7:00 pm
Thursday, Sept. 17th, 2026	Coffee Talk with the Mayor	Cool River Coffee House	8:30am - 9:30am
September 17 - 20, 2026	Breckenridge Film Festival	Throughout Town	All Day
Tuesday, Sept. 22nd, 2026	Second Meeting of the Month	Council Chambers	2:00 pm / 7:00 pm
September 23 - 25, 2026	Colorado Governor's Conference	Beaver Run	All Day
September 25 - 27, 2026	30th Annual Breckenridge Oktoberfest	Main Street	All Day

October 2026

Saturday, Oct. 10th, 2026	Global on Ridge	Ridge Street	4:00pm - 8:00pm
Tuesday, Oct. 13th, 2026	First Meeting of the Month	Council Chambers	2:00 pm / 7:00 pm
October 17th - 19th, 2026	Dia De Muertos + Latin Festival	Breck Create	All Day
Tuesday, Oct. 27th, 2026	Second Meeting of the Month	Council Chambers	2:00 pm / 7:00 pm

Other Meetings

September 8th, 2026	Workforce Housing Committee	Town Hall	10:30am
September 9th, 2026	Breckenridge History	Town Hall	Noon
September 10th, 2026	Upper Blue Sanitation District	Administrative Office	5:30pm
September 15th, 2026	Board of County Commissioners Meeting	County Courthouse	9:00am / 1:30pm
	Liquor & Marijuana Licensing Authority	Town Hall	9:00am
	Planning Commission Meeting	Town Hall	5:30pm
September 16th, 2026	Social Equity Advisory Commission	Town Hall	5:30pm
September 21st, 2026	Summit Combined Housing Authority	Virtual	1:00pm
	Open Space & Trails Meeting	Town Hall	5:30pm
September 23rd, 2026	Summit Stage Transit Board Meeting	Senior Center	8:15am
	Breckenridge Tourism Office Board Meeting	BTO Office	8:30am
September 24th, 2026	RW&B Board Meeting	Main St Fire Station	3:00pm
September 29th, 2026	Board of County Commissioners Meeting	County Courthouse	9:00am / 1:30pm
October 1st, 2026	Breck Create	Town Hall	3:00pm
October 6th, 2026	I-70 Coalition	Keystone Policy Center	1:00pm
	Planning Commission Meeting	Town Hall	5:30pm
October 7th, 2026	Breckenridge Events Committee	Town Hall	9:00am
October 8th, 2026	Upper Blue Sanitation District	Administrative Office	5:30pm
October 12th - 16th, 2026	NWCCOG Board Meeting	Silverthorne Office	10:00am
October 13th, 2026	Board of County Commissioners Meeting	County Courthouse	9:00am / 1:30pm
	Workforce Housing Committee	Town Hall	10:30am
October 19th, 2026	Summit Combined Housing Authority	Virtual	1:00pm
	Open Space & Trails Meeting	Town Hall	5:30pm



TOWN OF BRECKENRIDGE TOWN COUNCIL

Only 2 Council Members at each meeting, a third just means it needs to be posted.

The Council has been invited to the following meetings and events. A quorum may be in attendance at any or all of them.

Date	Meeting	Location	Time
October 20th, 2026	Liquor & Marijuana Licensing Authority	Town Hall	9:00am
	Planning Commission Meeting	Town Hall	5:30pm
October 21st, 2026	Social Equity Advisory Commission	Town Hall	5:30pm
October 22nd, 2026	RW&B Board Meeting	Main Street Station	3:00pm
October 27th, 2026	Board of County Commissioners Meeting	County Courthouse	9:00am / 1:30pm
October 28th, 2026	Summit Stage Transit Board Meeting	Senior Center	8:15am
	Breckenridge Tourism Office Board Meeting	BTO Office	8:30am
October 29th, 2026	QQ - Quality and Quantity - Water District	CMC	10:00am
November 3rd, 2026	Planning Commission Meeting	Town Hall	5:30pm
November 4th, 2026	Police Advisory Committee	PD Training Room	7:30am
	Breckenridge Events Committee	Town Hall	9:00am
December 17th, 2026	Breck Create	Town Hall	2:00pm
TBD	Transit Advisory Council Meeting		8:00am
	Water Task Force Meeting		9:30am