



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: April 19, 2022

AGENDA TITLE

Consideration of a motion to adopt Resolution 1304 authorizing the form of the Notice of Bond Sale for the 2022 Bonds; prescribing certain details concerning the proposed competitive sale of the 2022 Bonds; approving the form of a Preliminary Official Statement; and providing the effective date of the Resolution, which Resolution in connection with the competitive sale of the 2022 Water and Sewer Revenue Bonds authorized by Ordinance 8518 adopted by emergency on April 5, 2022.

PRESENTERS

Nuria Rivera-Vandermyde, City Manager
Kara Skinner, Interim Chief Financial Officer
Joe Taddeucci, Public Utilities Director
Ron Gilbert, Assistant Controller
Graham Clark, Financial Manager

EXECUTIVE SUMMARY

The Proposed Resolution 1304 (**Attachment A**) authorizes the form of the notice and details for the bond sale and the form of the Preliminary Official Statement (**Attachment B**) in connection with the bond issuance authorized by Ordinance 8518. On April 5, 2022, City Council adopted by emergency Ordinance 8518 authorizing the issuance by the City of Boulder, Colorado, of its Water and Sewer Revenue Bonds, Series 2022, in the aggregate principal amount of not to exceed \$48,000,000 for the purpose of providing funds (a) to construct, acquire, improve and equip certain capital improvements to the city's water and sewer system, (b) to establish a reserve fund, and (c) to pay the costs of issuance of the 2022 Bonds; setting forth not-to-exceed

parameters with respect to the terms of the 2022 Bonds; authorizing a competitive sale of the 2022 Bonds; providing for the payment and redemption of the 2022 Bonds from and out of the revenues derived directly or indirectly by the city from the Water and Sewer Fee billed to customers of the city's water and sewer systems; declaring an emergency and providing the effective date of the Ordinance.

This Resolution was in the packet materials and the motion for approval in the Agenda Memorandum for the April 5, 2022 meeting, but was excluded from the motion language on the Novus agenda itself. Therefore, it is being brought back to council for approval to avoid any confusion created by the discrepancy between the motions in the Novus agenda and the submitted agenda materials for April 5, 2022.

STAFF RECOMMENDATION

Suggested Motion Language:

Motion to adopt Resolution 1304 authorizing the form of the Notice of Bond Sale for the 2022 Bonds; prescribing certain details concerning the proposed competitive sale of the 2022 Bonds; approving the form of a Preliminary Official Statement; and providing the effective date of the Resolution, which Resolution in connection with the competitive sale of the 2022 Water and Sewer Revenue Bonds authorized by Ordinance 8518 adopted by emergency on April 5, 2022.

The Agenda Memorandum for the April 5, 2022 meeting providing the details of the proposed bond sale can be found [here](#). Ordinance 8518 authorizes issuance of the bonds with the following parameters: the aggregate principal amount of the 2022 Bonds shall not exceed \$48,000,000, the final maturity date shall be no later than December 1, 2042, the net effective interest rate shall not exceed 4.5%, and delegating approval of the final terms of the 2022 Bonds to the chief financial officer or the city manager following a competitive sale. The bond proceeds will be used to fund capital improvements to the city's Water System and Wastewater System. The city currently expects the project will be comprised of the 63rd Water Treatment Facility Campus Electrical and High Service Pump Station, Albion Dam, and Phase 1 funding for the Main Interceptor. The city retains the discretion, however, to fund different or additional capital improvement projects for the Water System and/or the Wastewater System. For more project information please see the April 5, 2022 agenda materials linked above.

ATTACHMENTS

A - Proposed Resolution 1304

B - Draft Preliminary Official Statement

RESOLUTION NO. 1304

A RESOLUTION CONCERNING THE PROPOSED CITY OF BOULDER, COLORADO (ACTING THROUGH ITS WATER UTILITY ENTERPRISE AND ITS WASTEWATER UTILITY ENTERPRISE), WATER AND SEWER REVENUE BONDS, SERIES 2022 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$48,000,000; AUTHORIZING THE NOTICE OF BOND SALE WITH RESPECT TO SAID 2022 BONDS; AUTHORIZING THE RECEIPT OF COMPETITIVE BIDS FOR THE SERIES 2022 BONDS, INCLUDING THE USE OF AN ELECTRONIC BIDDING SYSTEM THEREFOR; AND PRESCRIBING CERTAIN DETAILS CONCERNING THE PROPOSED SALE OF THE 2022 BONDS.

WHEREAS, the City Council (the “Council”) of the City of Boulder, Colorado, acting by and through its Water Utility Enterprise and its Wastewater Utility Enterprise (the “City”) has determined, and hereby determines, that it is advantageous and favorable to the City that the City’s Water and Sewer Revenue Bonds, Series 2022 (the “2022 Bonds”) be sold and issued for the purpose of defraying, in whole or in part, the cost of constructing, improving, rehabilitating and equipping of certain capital improvements to the City’s Water System and Sewer System; and

WHEREAS, pursuant to Section 98 of the Charter of the City (the “Charter”), the 2022 Bonds are to be sold based upon competitive bids to be received by the City, upon due notice as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BOULDER THAT:

Section 1. The 2022 Bonds shall be, and the same hereby are ordered to be, sold based upon competitive bids to be received by the City on or about May 17, 2022; provided, however, that the Council hereby delegates to the Chief Financial Officer or Interim Chief Financial Officer of the City, or his or her designee (the “Chief Financial Officer”), the authority to change the date or time of the public sale of the 2022 Bonds to a later date or time (but not later than 180 days after final passage of the ordinance authorizing the 2022 Bonds (the “Bond Ordinance”)), if the Chief Financial Officer determines that such delay of the sale will maximize the likelihood of marketing the 2022 Bonds when market conditions are relatively favorable, or that it is necessary or desirable to provide additional time to finalize information or documentation relating to the 2022 Bonds. If there is such a change in sale date or time, appropriate changes may be made to the sale notice forms set forth herein (or such changes may be posted electronically as described in such sale notice forms); and corresponding changes may also be made in dated dates of the 2022 Bonds and other documents and instruments referred to herein. Bids for the 2022 Bonds must be submitted electronically by means of the i-Deal Parity electronic bidding system (“PARITY”), in the manner described below. No other method of submitting bids will be accepted.

Section 2. The Chief Financial Officer and the City Clerk are hereby authorized and directed to provide for the publication of the Notice of Bond Sale in *The Daily Camera* at such times as they deem adequate to give reasonable notice of the proposed sale, but no less than once after the date hereof and at least five (5) days prior to the sale date hereinabove designated. The Notice of Bond Sale shall be in substantially the form attached hereto as Exhibit A, with such changes therein, including but not limited to changes in dates, principal amounts and maturities and completions thereto, as the Chief Financial Officer shall direct and shall deem to be in the best interest and to the best advantage of the City, the execution of such notice by the Mayor and the Chief Financial Officer to indicate conclusively the approval of any and all such changes. The Notice of Sale may be published in a condensed format sufficient to give reasonable notice of the proposed sale of the 2022 Bonds, as such format may be approved by the Chief Financial Officer after consultation with Hilltop Securities Inc., the City's municipal advisor (the "Municipal Advisor").

Section 3. The Council hereby approves the distribution and use in connection with the offering of the 2022 Bonds of the Preliminary Official Statement in substantially the form presented to the Council at this meeting, with such changes therein, if any, as are approved by the Chief Financial Officer or the City Attorney.

Section 4. The officers of the City and the Municipal Advisor, are hereby authorized and directed to take all other action necessary or appropriate to effectuate the provisions of this resolution. All action heretofore taken (not inconsistent with this resolution) is hereby ratified, approved and confirmed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall take effect immediately upon its introduction and passage.

INTRODUCED, READ, PASSED AND ADOPTED this 19th day of April, 2022.

[CITY SEAL]

CITY OF BOULDER, COLORADO

By _____
Mayor

Attest:

By _____
City Clerk

[Signature Page to the Notice of Bond Sale Resolution]

EXHIBIT A

NOTICE OF BOND SALE

\$[_____]*
CITY OF BOULDER, COLORADO
(Acting through its Water Utility Enterprise
and its Wastewater Utility Enterprise)
WATER AND SEWER REVENUE BONDS
SERIES 2022

PUBLIC NOTICE IS HEREBY GIVEN that electronic bids will be received for the purchase of the City of Boulder, Colorado (Acting through its Water Utility Enterprise and its Wastewater Utility Enterprise) Water and Sewer Revenue Bonds, Series 2022 (the “2022 Bonds”), more particularly described below. As more fully described in the Preliminary Official Statement, dated on or about April [29], 2022 (the “Preliminary Official Statement”), the City of Boulder, Colorado (the “City”), is causing the 2022 Bonds to be offered and issued pursuant to the Bond Ordinance of the City adopted on April 5, 2022 (the “Ordinance”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Ordinance.

Bids for the purchase of the 2022 Bonds must be submitted by means of the i-Deal Parity electronic bidding system (“PARITY”). No other method of submitting bids will be accepted. The use of PARITY shall be at the bidder’s risk and expense, and none of the City, its Municipal Advisor or Bond Counsel shall have any liability with respect thereto. Electronic bids via PARITY must be submitted in accordance with PARITY’s Rules of Participation, as well as the provisions of this Notice of Bond Sale. To the extent that provisions of this Notice of Bond Sale conflict with PARITY’s Rules of Participation or any instruction or directions set forth by PARITY, the provisions of this Notice of Bond Sale shall control. The date and time for submitting bids will be as follows:

Bid Date: **May 17, 2022**

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

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

Delivery Date: **June 1, 2022**

Information relating to the City and the 2022 Bonds may be obtained from the City’s Municipal Advisor, Hilltop Securities, Attention: Jason Simmons, 8055 E. Tufts Avenue, Suite 500, Denver, Colorado 80237, (telephone: (303) 771-0217; e-mail: Jason.Simmons@hilltopsecurities.com).

*Preliminary; subject to adjustment as set forth herein.

Neither the City, the Paying Agent, the Municipal Advisor, nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines, or any other cause arising from delivery by Internet transmission. Additionally, the PARITY time stamp will govern the receipt of all electronic bids. The official bid clock does not automatically refresh. Bidders must refresh the auction page periodically to monitor the progression of the bid clock and to ensure that their bid will be submitted prior to the termination of the bond sale. All bids will be deemed to incorporate the provisions of this Notice of Bond Sale.

This Notice of Bond Sale and the information set forth herein are not to be treated as a complete disclosure of all relevant information with respect to the 2022 Bonds. The information set forth herein is subject, in all respects, to a more complete description of the 2022 Bonds and the security therefor set forth in the Preliminary Official Statement.

BOND DETAILS

Terms. The City of Boulder, Colorado Water and Sewer Revenue Bonds, Series 2022 will be issued in the aggregate principal amount set forth in the caption of this Notice of Bond Sale, and will be dated the date of delivery. The proceeds of the 2022 Bonds are being used to (a) construct, acquire, improve and equip certain capital improvements to the City's Water System and Sewer System; (b) purchase a reserve fund surety bond for the Reserve Fund; and (c) pay all necessary, incidental and appurtenant expenses in connection therewith, including the costs of issuance of the 2022 Bonds. Interest on the 2022 Bonds will be payable on each June 1 and December 1, commencing on December 1, 2022. The 2022 Bonds will mature on December 1 in each of the designated amounts and years as follows:

[Remainder of page intentionally left blank]

Maturity Schedule*

Maturity Date (December 1)	Principal Amount
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	

*Preliminary; subject to adjustment as set forth in “TERMS OF SALE—Adjustment of Principal Amount and of Maturities After Determination of Best Bid” herein.

The 2022 Bonds will be issued in registered form, in denominations of \$5,000 or integral multiples thereof. The 2022 Bonds will be issued in book-entry form utilizing the services of The Depository Trust Company, New York, New York (“DTC”) as securities depository.

Adjustment of Aggregate Principal Amount and of Maturities After Determination of Best Bid. The aggregate principal amount and the principal amount of each maturity of the 2022 Bonds described above are subject to adjustment by the City, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by the time of award of the 2022 Bonds to the successful bidder, and will not reduce or increase the aggregate principal amount of the 2022 Bonds by more than 25% in total principal amount. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

By submitting its bid, each bidder agrees to purchase the 2022 Bonds in such adjusted principal amounts and to modify the purchase price for the 2022 Bonds to reflect such adjusted principal amounts. The bidder further agrees that the interest rates for the various maturities as

designated by the bidder in its bid will apply to any adjusted principal amounts designated by the City for such maturities.

Amendment of Notice. The date and time of the sale may be changed at the discretion of the City, and the City also reserves the right to make other changes to the provisions of this Notice of Bond Sale prior to the date and time of the sale; any such changes may be posted through PARITY. Prospective bidders are advised to check for such PARITY postings prior to the stated sale time.

Interest Rates and Limitations. Interest from the date of delivery of the 2022 Bonds will be payable on December 1, 2022, and semiannually thereafter on June 1 and December 1 in each year, as calculated based on a 360-day year of twelve 30-day months.

Only one interest rate shall be specified for any one maturity of the 2022 Bonds.

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

The maximum differential between the lowest and highest interest rates permitted for the issue is three percent (3.0%) (*i.e.*, the maximum rate of interest accruing on any 2022 Bond prior to its maturity may not exceed the lowest rate of interest accruing on any other 2022 Bond prior to its maturity by more than three percent (3.0%)).

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

Purchase Price. The purchase price bid shall not be less than 100% of the par amount of the 2022 Bonds, nor will any net discount or commission be allowed or paid on the sale of the 2022 Bonds.

Optional Redemption. The 2022 Bonds maturing on and after December 1, 2033 are callable for redemption at the option of the City, in whole or in part in such order of maturities as the City 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 thereof plus accrued interest to the redemption date.

Term Bonds; Mandatory Sinking Fund Redemption. A bidder may request that any 2022 Bonds be aggregated to form one or more term bonds. Any such term bond will be subject to mandatory sinking fund redemption in the same amounts and on the same dates as the 2022 Bonds would have matured if they were not included in a term bond. 2022 Bonds redeemed pursuant to mandatory sinking fund redemption will be redeemed at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the manner as otherwise provided in the Ordinance. Any election to designate 2022 Bonds as being included in a term bond must be made at the time the prospective bidder submits a bid for the 2022 Bonds via PARITY. See “TERMS OF SALE—Submission of Bids.”

Security. The 2022 Bonds will be payable from, and will constitute a first and prior (but not exclusive) lien on the Net Income (hereinafter defined) of the municipal Water System and the Sewer system and moneys on deposit in the Bond Fund and the Reserve Fund established and

continued by the Ordinance. Net Income of the municipal Water System and Sewer System means the gross income derived from the operation and use of the Water System and the Sewer System as may be designated after the deduction of the operation and maintenance expenses as more fully described in the Ordinance and the Preliminary Official Statement with respect to the 2022 Bonds. Reference is made to the Preliminary Official Statement for a more complete description of the security for the 2022 Bonds.

Reserve Fund. A Reserve Fund is established by the Ordinance. [Upon delivery of the 2022 Bonds, the City will utilize a reserve fund surety policy from [_____] to fund the Reserve Fund in an amount equal to the Minimum Bond Reserve.] The Reserve Fund will be used to pay debt service on the 2022 Bonds to the extent that the net income of the municipal Water System and Sewer System is insufficient therefor. Notwithstanding the foregoing, as further described in the Preliminary Official Statement, each holder of any of the 2022 Bonds shall, by its purchase of such 2022 Bond or 2022 Bonds, be deemed to have agreed that at such time as (i) each series of Parity Bonds issued by the City prior to the issuance of the 2022 Bonds is no longer Outstanding (through maturity, refunding, redemption, defeasance or otherwise) or (ii) in accordance with Section 11.01 of the Prior Ordinances, the holders of more than 50% of the remaining Outstanding Parity Bonds issued by the City prior to the issuance of the 2022 Bonds shall have consented to the following clauses (A) and (B) as proposed amendments to the Prior Ordinances, then: (A) the requirement of establishing or maintaining the Reserve Fund for the 2022 Bonds and the amount of the Minimum Bond Reserve, if any, for the 2022 Bonds shall be at the election of the City, in its sole discretion, and (B) the requirement in Section 7.03(e) hereof to establish and maintain a reserve fund, if any, for additional Parity Bonds and the minimum amount of any such reserve fund, if established, shall be at the election of the City, in its sole discretion.

Additional Bonds; Outstanding Parity Bonds. The Ordinance permits the issuance of additional bonds of the City, payable from a lien on the Net Income on a parity with, or subordinate to, the lien thereof of the 2022 Bonds. As of April 1, 2022, the following Parity Bonds are Outstanding and payable from the Net Income on a parity with the 2022 Bonds:

<i>Outstanding Parity Bonds</i>	<i>Principal Outstanding (4/1/22)</i>
Water and Sewer Revenue Refunding Bonds, Series 2012	\$11,045,000
Water and Sewer Revenue Bonds, Series 2015	7,590,000
Water and Sewer Revenue Bonds, Series 2016	25,935,000
Water and Sewer Revenue Bonds, Series 2018	34,335,000
Water and Sewer Revenue Refunding Note, Series 2020	<u>4,635,000</u>
Total	<u>\$ 83,540,000</u>

Rating. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC have assigned the 2022 Bonds a municipal bond rating of "[____]." See "RATING" in the Preliminary Official Statement.

Authorization. The 2022 Bonds are authorized to be issued by the Constitution of the State of Colorado, the Charter of the City, the laws of the State of Colorado, the Ordinance and the Supplemental Public Securities Act.

TERMS OF SALE

Submission of Bids. A prospective bidder must electronically submit a bid for the 2022 Bonds via PARITY. Bids may be submitted electronically via PARITY in accordance with this Notice of Bond Sale, until 9:30 a.m. Mountain Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Bond Sale, the terms of this Notice of Bond Sale shall control. For further information about PARITY, potential bidders may contact the City's Municipal Advisor, Hilltop Securities, Attention: Jason Simmons, 8055 E. Tufts Avenue, Suite 500, Denver, Colorado 80237 (telephone: (303) 771-0217; e-mail: Jason.Simmons@hilltopsecurities.com, or PARITY at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 404 8153; Fax (212) 849 5021.

Bidding Parameters. Bidders are required to submit unconditional bids specifying the rate of interest and premium, if any, at which the bidder will purchase all and not less than all of the 2022 Bonds.

Information Regarding Bids. Bidders may change and submit bids as many times as they wish during the bidding. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see its own ranking (i.e., "Leader," "Cover," "3rd," etc.).

Bids Constitute an Irrevocable Offer. Each bid submitted through PARITY shall be deemed an irrevocable offer to purchase the 2022 Bonds on the terms provided in this Notice of Bond Sale and shall be binding upon the bidder.

Basis of Award. The 2022 Bonds will be sold to the bidder offering to purchase the 2022 Bonds at the lowest true interest cost ("TIC"). The actuarial yield on the 2022 Bonds using the TIC method will be computed at that yield which, if used to compute the present value of all payments of principal and interest on the 2022 Bonds as of the delivery date of the 2022 Bonds (i.e., June 1, 2022), produces an amount equal to the aggregate bid price. Such calculation will be made based upon a 360-day year composed of twelve 30-day months and a semi-annual interval for compounding.

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

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

Sale Reservations. The City reserves the right (a) to reject any and all bids for any 2022 Bonds, (b) to reoffer any 2022 Bonds for public or negotiated sale and (c) to waive any irregularity or informality in any bid.

Good Faith Deposit. A good faith deposit will not be required in connection with the submission of a bid for the 2022 Bonds. The winning bidder will be required to wire \$450,000 to the City as bid security by 3:00 p.m. Mountain Time on May 17, 2022. The City will provide wire instructions to the winning bidder. The bid security will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the 2022 Bonds are delivered to and paid for by such winning bidder; (b) will be retained by the City as liquidated damages if the bidder defaults with respect to the bid; or (c) will be returned to the bidder if the 2022 Bonds are not issued by the City for any reason which does not constitute a default by the bidder.

Manner and Time of Delivery. The 2022 Bonds will be delivered to DTC for the account of the winning bidder at the expense of the City on June 1, 2022 or such later date as the City and the winning bidder may agree. The winning bidder will not be required to accept delivery of the 2022 Bonds if they are not tendered for delivery by the City on June 1, 2022, or such later date as the City and the winning bidder may agree; provided that delivery of any 2022 Bonds is conditioned upon the receipt by the City of a certificate as to their issue price. See “— Establishment of Issue Price” below. Payment of the purchase price due at delivery must be made in Federal Reserve funds for immediate and unconditional credit to the City.

Establishment of Issue Price

(a) The winning bidder shall assist the City in establishing the issue price of the 2022 Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected Initial Offering Price (as defined herein) to the Public (as defined herein) or the sales price or prices of the 2022 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *APPENDIX A*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Bond Sale to establish the issue price of the 2022 Bonds may be taken on behalf of the City by the Municipal Advisor. At the written request of the City, Bond Counsel or the Municipal Advisor (including via e-mail), any notice or report to be provided to the City under this Notice of Bond Sale shall be provided to, as applicable pursuant to such written request, the City, Bond Counsel, or the Municipal Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2022 Bonds) will apply to the initial sale of the 2022 Bonds (the “Competitive Sale Requirements”) because:

- (1) the City shall disseminate this Notice of Bond Sale to potential Underwriters (as defined herein) in a manner that is reasonably designed to reach potential Underwriters;

- (2) all bidders shall have an equal opportunity to bid;
- (3) the City anticipates receiving bids from at least three bidders with established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the 2022 Bonds to the bidder who submits a firm offer to purchase the 2022 Bonds at the lowest interest cost, as set forth in this Notice of Bond Sale.

The City shall take all reasonable steps that are appropriate so that the initial sale of the 2022 Bonds to the Public will satisfy the Competitive Sale Requirements. Any bid submitted pursuant to this Notice of Bond Sale shall be considered a firm offer for the purchase of the 2022 Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the 2022 Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity and/or (ii) the Initial Offering Price to the Public as of the Sale Date (as defined herein) of any maturity of the 2022 Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis. The City intends to apply the Hold-the-Offering-Price Rule if the Competitive Sale Requirements are not satisfied but may, in its discretion, apply the 10% Test if necessary. The winning bidder shall advise the City if any maturity of the 2022 Bonds satisfies the 10% Test as of the date and time of the award of the 2022 Bonds. The City (or the Municipal Advisor) shall promptly advise the prospective winning bidder, at or before the time of award of the 2022 Bonds, which maturities of the 2022 Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the 2022 Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the 2022 Bonds.**

(d) By submitting a bid, the winning bidder shall (i) confirm that the Underwriter(s) have offered or will offer the 2022 Bonds to the Public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the bidder and (ii) agree, on behalf of the Underwriter(s) participating in the purchase of the 2022 Bonds, that the Underwriter(s) will neither offer nor sell unsold 2022 Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriter(s) have sold at least 10% of that maturity of the 2022 Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The winning bidder shall promptly advise the City or the Municipal Advisor when the Underwriter(s) have sold 10% of that maturity of the 2022 Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(e) If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the 2022 Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold 2022 Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% Test has been satisfied as to the 2022 Bonds of that maturity or until all 2022 Bonds of that maturity have been sold.

(f) The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in any agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2022 Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2022 Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the 2022 Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2022 Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold 2022 Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the 2022 Bonds of that maturity or all 2022 Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the 2022 Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2022 Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold 2022 Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the 2022 Bonds of that maturity or all 2022 Bonds of that maturity have been sold to the

Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

(h) Sales of any 2022 Bonds to any person that is a Related Party (as defined herein) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Bond Sale. Further, for purposes of this Notice of Bond Sale:

- (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 City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the 2022 Bonds 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 2022 Bonds 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 2022 Bonds to the Public),
- (iii) a purchaser of any of the 2022 Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 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 that the 2022 Bonds are awarded by the City to the winning bidder.

Failure to provide the reoffering prices and yields, and to certify the same in a form satisfactory to Bond Counsel, may result in cancellation of the sale and/or forfeiture of the winning bidder’s good faith deposit.

Official Statement. The Preliminary Official Statement, dated on or about April [____], 2022, and the information contained therein has been deemed final by the City as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) with permitted omissions, but is subject to change without notice and to completion or amendment in the Final Official Statement in final form (the “Final Official Statement” or the “Official Statement”). The Notice of Bond Sale and the Preliminary Official Statement may be viewed and downloaded at www.meritos.com and at www.i-dealprospectus.com or a physical copy may be obtained by contacting the City’s Municipal Advisor. See “—Information” below.

The City, at its expense, will make available to the winning bidder, within seven (7) business days after the award of the sale of the 2022 Bonds, up to 10 physical copies of the Final Official Statement, and additional copies of the Final Official Statement may be provided at the winning bidder's expense. The winning bidder must cooperate in providing the information required to complete the Final Official Statement. The City will also provide the Final Official Statement to the winning bidder in electronic form.

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

Continuing Disclosure Undertaking. Pursuant to Rule 15c2-12, the City has covenanted to provide, in a timely manner, to the municipal securities information repository at <http://emma.msrb.org> notice of the occurrence of specified events and to provide certain financial information on an annual basis as more fully set forth in the Preliminary Official Statement. Reference is made to the Preliminary Official Statement for a more complete description of the City's continuing disclosure obligations.

State Securities Laws. The City has taken no action to qualify the offer or sale of the 2022 Bonds under the securities laws of any state. Should any such qualification be necessary, the City agrees to cooperate with the winning bidder in such matters, provided that the City reserves the right not to consent to service of process outside its boundaries and expenses related to any such qualification shall be the responsibility of the winning bidder.

CUSIP Numbers. CUSIP numbers will be issued and printed on the 2022 Bonds. Any error or omission in printing such numbers on the 2022 Bonds will not constitute cause for the winning bidder to refuse delivery of any 2022 Bond. All expenses in relation to obtaining the CUSIP numbers and printing of the CUSIP numbers on the 2022 Bonds shall be paid for by the winning bidder.

Legal Opinion, 2022 Bonds and Transcript. The validity and enforceability of the 2022 Bonds will be approved by the City's Bond Counsel:

Kutak Rock LLP
1801 California Street
Suite 3000
Denver, Colorado 80202
(303) 297-2400
FAX: (303) 292-7799
www.kutakrock.com

The purchaser of the 2022 Bonds will receive a certified transcript of legal proceedings which will include, among other items:

- (a) a certificate of the City to the effect that, as of its date, the Preliminary Official Statement was deemed final within the meaning of Rule 15c2-12, except for the omissions permitted under Rule 15c2-12;

(b) a certificate executed by officials of the City to the effect that there is no litigation pending or, to their knowledge, threatened affecting the validity of the 2022 Bonds as of the date of their delivery;

(c) a certificate of the City to the effect that, as of the date of the Official Statement and at all times to and including the date of delivery of the 2022 Bonds, the Official Statement did not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(d) the letter dated the date of the delivery of the 2022 Bonds, of Butler Snow LLP, Special Counsel to the City, addressed to the City but not to the purchaser of the 2022 Bonds, to the effect that although they have made no independent investigation or verification of the correctness and completeness of the information included in the Official Statement, nothing that came to their attention in rendering legal services in connection with the preparation of the Official Statement causes them to believe that the Official Statement (excepting financial, demographic, economic and statistical information, any forecasts, estimates and assumptions, and any expressions of opinion, as to which they will express no belief), as of its date, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) the opinion of Kutak Rock LLP, Bond Counsel, in substantially the form set forth as Appendix E to the Preliminary Official Statement.

Right To Modify or Amend Notice of Bond Sale. The City reserves the right to modify or amend this Notice of Bond Sale and the Bid Form, prior to the bid date. If any modifications occur, supplemental information with respect to the 2022 Bonds will be communicated by posting on the PARITY website not later than 3:00 p.m. Mountain Time on the day preceding the day on which proposals may be submitted, and bidders shall bid upon the 2022 Bonds based upon the terms thereof set forth in this Notice of Bond Sale, as so modified by such supplemental information.

Postponement of Sale. The City reserves the right to postpone the date and time established for the receipt of bids. Any such postponement will be announced by posting on PARITY prior to commencement of the bidding. If any date and time fixed for the receipt of bids and the sale of the 2022 Bonds is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit bids electronically as described above for the purchase of the 2022 Bonds in conformity in all respects with the provision of this Notice of Bond Sale, except for the date and time of sale and except for any changes announced by posting on PARITY at the time the sale date and time are announced.

By order of the City Council of the City of Boulder, Colorado, dated this ____ day of April, 2022.

By /s/ Aaron Brockett
Mayor, City of Boulder, Colorado

By /s/ Kara Skinner
Interim Chief Financial Officer
City of Boulder, Colorado

APPENDIX A

FORM OF ISSUE PRICE CERTIFICATE

\$[_____] *
CITY OF BOULDER, COLORADO
(Acting through its Water Utility Enterprise
and its Wastewater Utility Enterprise)
WATER AND SEWER REVENUE BONDS
SERIES 2022

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Series 2022 Bonds”) by the City of Boulder, Colorado, acting by and through its Water Utility Enterprise and its Wastewater Utility Enterprise (the “City”) [*Sections 1 and 2 and schedules to be adjusted in execution version as necessary if all of the requirements of a “competitive sale” are not satisfied.*]

1. *Reasonably Expected Initial Offering Price.*

(a) As of [THE SALE DATE], the reasonably expected initial offering prices of the Series 2022 Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2022 Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Series 2022 Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Series 2022 Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Series 2022 Bonds.

2. *Defined Terms.*

(a) “*Maturity*” means Series 2022 Bonds with the same credit and payment terms. Series 2022 Bonds with different maturity dates, or Series 2022 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

*Preliminary; subject to change.

(c) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2022 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2022 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2022 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Series 2022 Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Series 2022 Bonds 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 City from time to time relating to the Series 2022 Bonds.

IN WITNESS WHEREOF, the undersigned, on behalf of [SHORT NAME OF UNDERWRITER], has set his or her hand as of the date first written above.

[UNDERWRITER]

By: _____
Name: _____
Title: _____

SCHEDULE A
EXPECTED OFFERING PRICES
[ATTACH]

SCHEDULE B
UNDERWRITER'S BID
[ATTACH]

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2022

**NEW ISSUE
BOOK-ENTRY ONLY**

RATINGS: S&P: “_____”

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by the City of Boulder, Colorado (the “City”) with certain covenants, interest on the 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2022 Bonds is excludable from gross income for Colorado income tax purposes and from the calculation of alternative minimum taxable income. See “TAX MATTERS” herein for a more detailed discussion.

\$ _____ *

**CITY OF BOULDER, COLORADO
(ACTING THROUGH ITS WATER UTILITY ENTERPRISE
AND ITS WASTEWATER UTILITY ENTERPRISE)
WATER AND SEWER REVENUE BONDS
SERIES 2022**

Dated: Date of Delivery

Due: December 1, as shown herein

The City, acting through its Water Utility Enterprise and its Wastewater Utility Enterprise, is issuing its Water and Sewer Revenue Bonds, Series 2022 (the “2022 Bonds”) are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2022 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2022 Bonds. Purchases of the 2022 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2022 Bonds. See “THE 2022 BONDS--Book-Entry Only System.” The 2022 Bonds bear interest at the rates set forth herein, payable on December 1, 2022, and semiannually thereafter on June 1 and December 1 of each year, to and including the maturity dates shown on the inside cover hereof (unless the 2022 Bonds are redeemed earlier), to the registered owner of the 2022 Bonds, initially Cede & Co. The principal of, and premium, if any, on the 2022 Bonds will be payable upon presentation and surrender at U.S. Bank Trust Company, at its operations center in St. Paul, Minnesota, or its successor as the paying agent for the 2022 Bonds. See “THE 2022 BONDS.”

The maturity schedule for the 2022 Bonds appears on the inside cover page of this Official Statement.

The 2022 Bonds are subject to redemption prior to maturity at the option of the City as described in “THE 2022 BONDS--Redemption Provisions.” At the option of the winning bidder, certain of the 2022 Bonds may also be subject to mandatory sinking fund redemption.

Proceeds of the 2022 Bonds will be used to: (i) construct, acquire, improve and equip certain capital improvements to the City’s water system and sewer system, including but not

limited to, the 63rd Street Water Treatment Plant and Albion Lake Dam; (ii) [purchase a reserve fund surety bond/fund a reserve fund]; and (iii) pay the costs of issuing the 2022 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2022 Bonds are special, limited obligations of the City payable solely from the Net Income (defined herein) derived from the operation or use of the City’s municipal water system and municipal sewer system. The 2022 Bonds constitute an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Net Income on a parity with the lien thereon of certain Outstanding Parity Bonds, as described herein, and any additional Parity Bonds issues in the future. **The 2022 Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, charter or statutory provision, and shall not be considered or held to be general obligation of the City. Owners of the 2022 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the 2022 Bonds.** See “SECURITY FOR THE BONDS.”

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2022 Bonds are offered when, as, and if issued by the City and accepted by the initial purchaser of the Bonds, subject to the approval of legality of the 2022 Bonds by Kutak Rock LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP, Denver, Colorado, has acted as special counsel to the City in connection with the Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Hilltop Securities Inc., Denver, Colorado, is acting as the Municipal Advisor to the City. It is expected that the 2022 Bonds will be available for delivery through the facilities of DTC, on or about June 1, 2022*.

RED HERRING: This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$ _____ *

CITY OF BOULDER, COLORADO
(ACTING THROUGH ITS WATER UTILITY ENTERPRISE
AND ITS WASTEWATER UTILITY ENTERPRISE)
WATER AND SEWER REVENUE BONDS
SERIES 2022

MATURITY SCHEDULE
(CUSIP® 6-DIGIT ISSUER NUMBER: _____)

<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP®</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP®</u> <u>Issue</u> <u>Number</u>
--	-----------------------------------	--------------------------------	--------------	--	--	-----------------------------------	--------------------------------	---	--

* Subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2022 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2022 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2022 Bonds.

The information set forth in this Official Statement has been obtained from the City, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made by the City, however, as to the accuracy or completeness of information received from parties other than the City. 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 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 2022 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, 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 2022 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2022 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2022 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2022 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE 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 2022 BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF BOULDER, COLORADO

CITY COUNCIL

Aaron Brockett, Mayor
Rachel Friend, Mayor Pro Tem
Matt Benjamin, Council member
Lauren Folkerts, Council member
Junie Joseph, Council member
Nicole Speer, Council member
Mark Wallach, Council member
Tara Winer, Council member
Bob Yates, Council member

CITY OFFICIALS

Nuria Rivera-Vandermyde, City Manager
Teresa Taylor Tate, City Attorney
Kara Skinner, Interim Chief Financial Officer

BOND COUNSEL

Kutak Rock LLP
Denver, Colorado

SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

REGISTRAR AND PAYING AGENT

U.S. Bank Trust Company
Denver, Colorado

MUNICIPAL ADVISOR

Hilltop Securities Inc.
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 “INTRODUCTION--Continuing Disclosure Undertaking” and Appendix D - Form of Continuing Disclosure Undertaking.

The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in this Official Statement be used in future years.

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OFFICIAL STATEMENT

\$ _____ *

**CITY OF BOULDER, COLORADO
ACTING THROUGH ITS WATER UTILITY ENTERPRISE
AND ITS WASTEWATER UTILITY ENTERPRISE)
WATER AND SEWER REVENUE BONDS
SERIES 2022**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the City of Boulder (the “City”), a home rule city of the State of Colorado (the “State”), to provide information about the City and the \$ _____ * Water and Sewer Revenue Bonds, Series 2022 (the “2022 Bonds”), to be issued by the City acting through its Water Utility Enterprise and its Wastewater Utility Enterprise. The 2022 Bonds will be issued pursuant to an ordinance (the “Bond Ordinance”) adopted by the City Council of the City (the “City Council”) prior to the issuance of the 2022 Bonds.

The offering of the 2022 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2022 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein have the meanings given to them in the Bond Ordinance.

The Issuer

The City is a municipal corporation duly organized and existing under the laws of the State of Colorado. In particular, the City is a home rule city and adopted a charter pursuant to Article XX of the Colorado Constitution by vote of the electorate on October 30, 1917 (the “City Charter”). The City is located in north central Colorado, approximately 25 miles northwest of Denver. The City is situated at the base of the foothills of the Front Range of the Rocky Mountains at an altitude of 5,354 feet. The City encompasses 25 square miles, and is the county seat of Boulder County, Colorado (the “County”). The City’s estimated population is approximately 116,424 persons. See “THE CITY.”

The City operates a municipal water system (the “Water System”) and a municipal sanitary sewer or Sewer System (the “Sewer System” or “Wastewater System”) and related facilities, which provide services to residents of the City and the area immediately surrounding the City. The City’s Water System and Sewer System served 29,579 and 27,868 accounts, respectively, as of December 31, 2021.

* Subject to change.

Authority for Issuance

The 2022 Bonds are issued pursuant to the Constitution and laws of the State, including particularly the City Charter, the Bond Ordinance and Part 2, Article 57, Title 11 of the Colorado Revised Statutes (the “Supplemental Public Securities Act”).

Purpose

Proceeds of the 2022 Bonds will be used to: (i) construct, acquire, improve and equip certain capital improvements to the City’s Water System and Sewer System, including but not limited to, the 63rd Street Water Treatment Plant and Albion Lake Dam as more particularly described herein (the “Project”); (ii) [purchase a reserve fund surety bond/fund a reserve fund]; and (iii) pay the costs of issuing the 2022 Bonds, including the cost of a reserve fund surety bond. See “SOURCES AND USES OF FUNDS.”

Security

General; Special Limited Obligations. The 2022 Bonds will be payable solely from and secured by the Net Income of the City’s Water System and Sewer System (together, the “Facilities”) and from the funds pledged to payment of the 2022 Bonds in the Bond Ordinance. As more particularly defined below, the Net Income consists of the Gross Income of the Facilities, less only reasonable and necessary Operation and Maintenance Expenses related to the Facilities. The 2022 Bonds will not constitute an indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, will not be payable from the proceeds of general property taxes, and will not be considered or held to be general obligations of the City, but will be its special obligations, payable as aforesaid.

The Bond Ordinance defines “Gross Income” as all income and revenues derived directly or indirectly by the City from the operation and use of the Sewer System and the Water System, as may be designated, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments thereto, or otherwise, including interest earnings on moneys in any fund or account created by the Bond Ordinance and includes all revenues earned by the City therefrom, including without limiting the generality of the foregoing, all rentals, fees, rates and other charges for the use thereof, or for any service rendered by the City in the operation thereof, but excluding any moneys received as grants, appropriations or gifts from the United States of America, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements therefor, except to the extent any such moneys will be received as payments for the use of the Facilities, or any part thereof.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, for operating, maintaining and repairing the Water System and the Sewer System as may be designated; and the term may include at the City’s option (except as limited by law), without limiting the generality of the foregoing, (a) engineering, auditing, reporting, legal and other overhead expenses of the City directly related to the administration, operation and maintenance thereof, (b) insurance and fidelity bond premiums, (c) the reasonable charges of the Paying Agent and any other depository bank appertaining thereto, (d) payments to pension, retirement, health and hospitalization funds, (e) any taxes, assessments or other charges which may be lawfully imposed on the City or its income or operations of any properties under its control and appertaining thereto, (f) ordinary and current rentals of equipment or other property, (g) refunds of any revenues lawfully due to others, (h) expenses in connection with the issuance of bonds or other securities evidencing any loan to the City and payable from Gross Income, (i)

the expenses and compensation of any trustee or other fiduciary, (j) contractual services and professional services required by the Bond Ordinance, (k) salaries, labor and the cost of materials and supplies used for current operation, and (l) all other third party administrative, general and commercial expenses, but (i) excluding any allowance for depreciation or any amounts for capital replacements; (ii) excluding the costs of improvements, extensions, enlargements and betterments (or any combination thereof) that qualify as capital items in accordance with generally accepted accounting principles, or any reserves therefor; (iii) excluding any reserves for operation, maintenance or repair of the Facilities; (iv) excluding any allowance for the redemption of any bond or other security evidencing a loan, or the payment of any interest thereon, or any reserve therefor; and (v) excluding liabilities incurred by the City as the result of its negligence in the operation of the Facilities or other ground of legal liability not based on contract, or any reserve therefor.

Lien Priority. The 2022 Bonds constitute an irrevocable and first lien (but not necessarily an exclusive lien) upon the Net Income on a parity with the lien thereon of the bonds listed in the table below, which are outstanding in the aggregate principal amounts listed below as of April 1, 2022.

<u>Bond Issue</u>	Principal Outstanding (as of 4/1/22)
Water and Sewer Revenue Refunding Bonds, Series 2012 (the “2012 Bonds”)	\$11,045,000
Water and Sewer Revenue Bonds, Series 2015 (the “2015 Bonds”)	7,590,000
Water and Sewer Revenue Bonds, Series 2016 (the “2016 Bonds”)	25,935,000
Water and Sewer Revenue Bonds, Series 2018 (the “2018 Bonds”)	34,335,000
Water and Sewer Revenue Refunding Note, Series 2020 (the “2020 Note”)	<u>4,635,000</u>
Total	\$83,540,000

The 2012 Bonds, the 2015 Bonds, the 2016 Bonds, the 2018 Bonds and the 2020 Note are referred to herein as the “Prior Parity Bonds.”

Additional Bonds. The City may issue additional bonds payable from the Net Income of the Facilities on a parity with the lien of the 2022 Bonds and the Prior Parity Bonds upon the conditions set forth in the Bond Ordinance. See “SECURITY FOR THE BONDS--Additional Bonds.” The 2022 Bonds, the Prior Parity Bonds and any additional bonds issued with a parity lien on the Net Income are referred to herein as the “Parity Bonds.” The City currently has plans to issue additional bonds in the next five (5) years. See “THE FACILITIES-Future Capital Improvements.”

Reserve Fund. Upon delivery of the 2022 Bonds, the City will fund a Reserve Fund for the 2022 Bonds in an amount equal to the “Minimum Bond Reserve” (defined herein). The Minimum Bond Reserve for the 2022 Bonds will be funded [with a reserve fund surety bond provided by _____ (the “2022 Reserve Policy”)]. See “SECURITY FOR THE BONDS--Reserve Fund.”

Rate Covenant. The City has covenanted in the Bond Ordinance to set the rates, fees and other charges for usage of the Facilities so that Gross Income will be adequate annually to pay the annual Operation and Maintenance Expenses and 125% of the actual annual debt service requirements on the Parity Bonds and any other bonds payable annually from Gross Income.

The 2022 Bonds; Prior Redemption

The 2022 Bonds are issuable as fully registered bonds in the denominations of \$5,000 and integral multiples thereof. The 2022 Bonds are dated as of the date of delivery and bear interest from their date or such later date to which interest has been paid, payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2022. The 2022 Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

The 2022 Bonds will be issued as fully registered bonds without coupons and will initially be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), as securities depository for the 2022 Bonds. Purchases of the 2022 Bonds are to be made in book entry only form in principal amounts of \$5,000 or any integral multiple thereof. The principal of and premium, if any, on the 2022 Bonds are payable at U.S. Bank Trust Company, at its operations center in St. Paul, Minnesota (together with any successors or assignees, the “Paying Agent”). Payment of interest on any 2022 Bond will be payable by wire transfer on the interest payment date to Cede & Co. Payments to the owners of the 2022 Bonds are to be made as described in Appendix C - Book Entry Only System.

The City has made arrangements for custodial deposit of the 2022 Bonds with DTC in New York, New York. The Bond Ordinance contains such provisions and provides for the issuance of the 2022 Bonds in such a manner as to make them eligible for such custodial deposit. After the initial deposit of the 2022 Bonds with DTC, they may not be removed from such custodial deposit, transferred or exchanged except as provided in the Bond Ordinance.

The 2022 Bonds are subject to redemption prior to maturity at the option of the City as described in “THE 2022 BONDS--Redemption of the 2022 Bonds.” At the option of the winning bidder, certain of the 2022 Bonds also may be subject to mandatory sinking fund redemption. See the Notice of Public Sale dated April 29, 2022.

Professionals

Kutak Rock LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the 2022 Bonds. Butler Snow, LLP, Denver, Colorado, has acted as special counsel to the City in connection with this Official Statement. As is customary, the fees of Kutak Rock LLP and Butler Snow LLP will be paid only at closing from the proceeds of the 2022 Bonds. Certain legal matters will be passed on for the City by the City Attorney. U.S. Bank Trust Company will act as the paying agent and registrar for the 2022 Bonds (the “Paying Agent” and “Registrar”). The basic financial statements of the City included in this Official Statement as Appendix A have been audited by CliftonLarsenAllen LLP, Certified Public Accountants, Broomfield, Colorado. See “INDEPENDENT AUDITORS.” Hilltop Securities Inc., Denver, Colorado, is acting as the Municipal Advisor to the City (the “Municipal Advisor”). See “MUNICIPAL ADVISOR.” The fees of the Municipal Advisor will also be paid at closing from the proceeds of the 2022 Bonds.

Tax Status

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by the City with certain covenants, interest on the 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of

the federal alternative minimum tax. Bond Counsel is also of the opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2022 Bonds is excludable from gross income for Colorado income tax purposes and from the calculation of alternative minimum taxable income. See “TAX MATTERS” herein for a more detailed discussion.

Continuing Disclosure Undertaking

The City will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) at the time of the closing for the 2022 Bonds. The Disclosure Undertaking will be executed for the benefit of the beneficial owners of the 2022 Bonds and the City will covenant in the Bond Ordinance to comply with its terms. The Disclosure Undertaking will provide that so long as the 2022 Bonds remains outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as Appendix D.

[Any needed language about noncompliance in last 5 years to come]. The City has procedures in place to assist with compliance with its continuing disclosure undertakings in the future.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the information contained under the headings “CERTAIN RISK FACTORS,” “SECURITY FOR THE BONDS-Historical Net Income and Pro Forma Debt Service Coverage”, and “THE FACILITIES-Budgets” 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 Net Income to pay debt service on the 2022 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2022 Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2022 Bonds, the Bond Ordinance, the City and the Project are included in this Official Statement. All references herein to the 2022 Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City and the Municipal Advisor:

Attn: Finance Department
1777 Broadway
Boulder, Colorado 80302
Telephone: (303) 441-3040.

8055 E. Tufts Street, Suite 500
Denver, Colorado 80237
Telephone: (303) 771-0566.

CERTAIN RISK FACTORS

The purchase of the 2022 Bonds involves special risks and uncertainties; the 2022 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the 2022 Bonds and could affect the market price of the 2022 Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2022 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.*

Limited Obligations

General. The 2022 Bonds constitute special, limited obligations of the City. The principal of and interest on the 2022 Bonds is payable solely from and secured by an irrevocable pledge of the Net Income derived by the City from the operation of the Facilities, together with certain interest income and other amounts as provided in the Bond Ordinance. The 2022 Bonds constitute an irrevocable pledge of the Net Income on parity with the lien thereon of the Prior Bonds and any Additional Parity Bonds. See “SECURITY FOR THE BONDS.” **The 2022 Bonds do not constitute a general obligation of the City. Owners of the 2022 Bonds may not look to any funds or accounts of the City other than those specifically pledged to the payment of the 2022 Bonds.**

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

No Mortgage Secures the 2022 Bonds. The payment of the 2022 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Income and other moneys pledged for the payment of the Bond Requirements of the 2022 Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the 2022 Bonds. See “SECURITY FOR THE BONDS--Limited Obligations.”

Additional Bonds

Under the Bond Ordinance, the City is permitted to incur other debt payable on a parity with the lien of the 2022 Bonds. See “SECURITY FOR THE BONDS--Additional Bonds.” Debt service on all Parity Bonds of the City will be payable from Net Income on a pro-rata basis. Accordingly, to the extent that future obligations are issued on a parity with the lien of the 2022 Bonds, the security for the 2022 Bonds may be diluted.

The City currently has plans to issue Additional Parity Bonds in the next five years to meet long term capital needs (approximately \$10.5 million for the Betasso Water Treatment Facility and \$19 million to comply with more stringent wastewater regulations.)

Factors That May Cause Insufficiency of Expected Revenues

General. The 2022 Bonds are payable solely from Net Income. If the Facilities (or any portion of it) were to become inoperable due to damage, destruction, or environmental restriction or, in the case of the Water System, if the City should lack raw water or lack treatable water due to contamination, drought or any other reason, the City may be unable to generate adequate Net Income to pay debt service on the 2022 Bonds (to the extent such losses are not covered by insurance). See “SECURITY FOR THE BONDS” and “THE FACILITIES.”

COVID-19. 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 financial impacts from the COVID-19 pandemic for the Facilities resulted in budget adjustments for the City’s three utilities enterprise funds early in the second quarter of 2020. The City’s Facilities staff anticipated and modeled a potential decrease in water and wastewater revenue based on reduced commercial demand. The commercial reduction was offset by a larger demand from the residential customers and revenues in 2020 and 2021 came in above projections. Like other municipal water and wastewater facilities, the Facilities have past due receivables from a small percentage of customers due to the COVID-19 pandemic and the Facilities continues to work with the City’s Department of Human Services to implement enhanced options for utility bill assistance programs. The City does not anticipate any COVID-19 impacts in 2022.

Poor national and regional economic conditions in the future may increase the rate of nonpayment of fees and charges by the City’s customers. The City cannot predict (i) whether the COVID-19 pandemic will continue or for what duration; (ii) the future duration or expansion of related business closings, public health orders, regulations and legislation; (iii) the duration and severity of unemployment resulting from business closures or other factors, or the availability of unemployment payments from the State or the federal government; or (iv) how future short term and long-term economic conditions related to COVID-19 will affect the operation of the Facilities or the City’s finances in general.

Water Quality, Environmental and Other Regulatory Requirements

General. In operating the Facilities, the City also may be subject to various environmental regulations which could subject the City to increased operating costs or capital expenditures. Such increased costs could reduce the amount of Net Income available to pay debt service on the 2022 Bonds.

The Facilities are subject to numerous Federal and State regulatory requirements. Those regulations are subject to change at any time. Public drinking water systems like the Water System are regulated by the Environmental Protection Agency; the Colorado Department of Public Health and Environment (“CDPHE”) has the authority to enforce drinking water quality standards. Water quality standards imposed by the Federal government or the State may affect the water

available to the City and implementation of those standards or enforcement by CDPHE could result in increased costs associated with water treatment operations of the City. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the Facilities to become unavailable. Any disruption of service could negatively impact Net Income.

Climate Issues. The City has developed municipal water supplies in three different watersheds, in the local Boulder Creek basin and from the western slope through the Colorado Big Thompson (“CBT”) Project, which increases the resiliency of the water supply to localized factors such as drought and wildfire and allows for infrastructure outages to accommodate maintenance; however, if there were impacts to more than one part of the Water System at the same time, an interruption to the water supply could occur. The City’s adopted water system reliability criteria establishes a planning goal to provide municipal water for all needs in 19 out of 20 years on average, which means the City expects to reduce water use in response to drought in about five years out of a hundred. The reliability criteria are incorporated into the City’s water supply planning model, which simulates operation of the Water System under historic streamflow, weather conditions, and climate change scenarios. These simulations inform the City’s plans for further development of its capital improvement program and water rights portfolio. The City’s drought plan, currently being updated, provides guidance for recognizing and responding to drought, including implementing water use restrictions. These risks could disrupt service and reduce the amount of Net Income available to pay debt service on the 2022 Bonds.

Constitutional Limitations on Enterprises

The City has concluded that its Facilities each presently qualify as an “enterprise” under the provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”). If the City’s water and/or wastewater operations should fail at some time in the future to qualify as an enterprise for purposes of TABOR, the related Facility would become subject to the limitations of TABOR, including, without limitation, the spending limits contained in TABOR. See “LEGAL MATTERS--Certain Constitutional Limitations.” If the City fails to maintain the enterprise status of either Facility, that event will not adversely affect the validity or enforceability of the 2022 Bonds but may affect the City’s ability to collect Net Income in an amount enough to pay debt service.

Limitations on Remedies Available to Owners of 2022 Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2022 Bonds in the event of a default in the payment of principal of or interest on the 2022 Bonds. Consequently, remedies available to the owners of the 2022 Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2022 Bonds and the obligations incurred by the City in issuing the 2022 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Net Income which is superior to the lien thereon of the 2022 Bonds; and the reasonable and necessary exercise, in certain

exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2022 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Ordinance on behalf of the Owners of the 2022 Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

Delay in Enforcement of Liens

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

Future Changes in Laws

Various Colorado laws and constitutional provisions apply to the operation of the Facilities and the operation of the City. 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 City in the future.

Secondary Market

There is no guarantee that a secondary market for the 2022 Bonds will be created or maintained by the Underwriter or others. Thus, prospective investors should be prepared to hold their 2022 Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The City expects to apply the proceeds from the sale of the 2022 Bonds in the following manner:

<u>Sources and Uses of Funds</u>	
<u>Sources of Funds:</u>	<u>Amount</u>
Par amount of 2022 Bonds	
Plus/(less): net original issue premium/(discount)	
Total	
<u>Uses of Funds:</u>	
The Project	
Costs of issuance (including underwriting discount and premium on the 2022 Reserve Policy)	
Total	

Source: The Municipal Advisor.

The Project

The Project will consist of capital improvements to the City's Water System and Sewer System. The City currently expects that the Project will be comprised of the components described below. However, the City retains the discretion to fund different or additional capital improvement projects for the Water System and/or the Sewer System.

The Project is currently expected to include:

1. Improvements to the City's 63rd Water Treatment Facility (the "63rd WTF"), including the replacement of the major power supply and electrical components of the 63rd WTF, improving the reliability and redundancy of the major power supply and electrical components and repair and replacement of the high service pump station (HSPS). The HSPS was built in 1969 and is the sole source of supply to the distribution system from the 63rd WTF. The improvements to the 63rd WTF will not interrupt or otherwise negatively impact the Water System during construction. The project went out for bid in March 2022 with construction beginning in the second quarter of 2022 and completion by second quarter of 2025.

2. Improvements and rehabilitation to the Albion Dam (the "Dam"), located to the west of the City in the Indian Peaks Wilderness and part of the North Boulder Creek watershed, for the purposes of meeting modern dam safety requirements and modern dam operational practices, as well as a potential raise of the Dam's storage capacity.

In 2017, an initial rehabilitation alternative study was issued and in 2021 a pre-feasibility level design was completed on the preferred rehabilitation alternative. Final design is in process and the project is expected to be bid in May 2022 with construction taking place over two summer seasons and completed by November 2023.

3. Replacement of a portion of the primary wastewater conveyance pipeline to the Boulder Water Resource Recovery Facility by the installation of a 2.5 mile, 42 to 54-inch sanitary wastewater pipeline, and rehabilitation of approximately 3 miles of existing sanitary sewer

pipings. The result of this project will be a decrease in the interceptor becoming hydraulically overloaded and a reduced risk of exposure from flooding. The project is expected to be bid in the first quarter of 2023 with construction taking place over a sixteen-month period.

THE 2022 BONDS

General Description

The 2022 Bonds are issuable as fully registered bonds in the denominations of \$5,000 and integral multiples thereof. The 2022 Bonds are dated as of the date of delivery and bear interest from their date or such later date to which interest has been paid, payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2022. The 2022 Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

The 2022 Bonds will be issued as fully registered bonds without coupons and will initially be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), which is acting as the securities depository for the 2022 Bonds. Purchases by beneficial owners of the 2022 Bonds (“Beneficial Owners”) are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System” and Appendix C hereto.

Payment of Principal and Interest; Record Date

The principal of and premium, if any, on the 2022 Bonds are payable at U.S. Bank Trust Company, at its operations center in St. Paul, Minnesota (together with any successors or assignees, the “Paying Agent”). Payment of interest on any 2022 Bond will be payable by wire transfer on the interest payment date to Cede & Co. Payments to the Beneficial Owners of the 2022 Bonds are to be made as described in “APPENDIX C - Book Entry Only System.”

The City has made arrangements for custodial deposit of the 2022 Bonds with DTC in New York, New York. The Bond Ordinance contains such provisions and provides for the issuance of the 2022 Bonds in such a manner as to make them eligible for such custodial deposit. After the initial deposit of the 2022 Bonds with DTC, they may not be removed from such custodial deposit, transferred or exchanged except as provided in the Bond Ordinance.

Redemption Provisions*

Optional Redemption. The 2022 Bonds maturing on and after December 1, 20__, are callable for redemption at the option of the City, in whole or in part, and if in part in such order of maturities as the City determines and by lot within a maturity on December 1, 20__, and on any date thereafter, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Notice of Redemption. Notice of any redemption will be given by the Paying Agent in the name of the City, by sending a copy of such notice by certified or registered first class, postage prepaid mail, at least 30 days prior to the redemption date, to the Registered Owners of each of the 2022 Bonds being redeemed. Such notice shall specify the number or numbers of the 2022 Bonds so to be redeemed and the redemption date. If any of the 2022 Bonds shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in the Bond Fund, funds sufficient to pay the redemption price of such 2022 Bonds at the redemption date, then said 2022 Bonds shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Any 2022

Bonds redeemed prior to their maturity by call for prior redemption or otherwise shall not be reissued and shall be cancelled the same as 2022 Bonds paid at or after maturity.

Tax Covenants

In the Bond Ordinance, the City covenants that it shall not use or permit the use of any proceeds of the 2022 Bonds or any other funds of the City from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any of the 2022 Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code, or would otherwise cause the interest on the 2022 Bonds to be includible in Gross Income for federal income tax purposes. The City covenants that it shall at all times do and perform all acts and things permitted by law and which are necessary in order to assure that interest paid by the City on the 2022 Bonds shall, for purposes of federal income taxation, not be includible in Gross Income under the Code or any other valid provision of law.

In particular, but without limitation, the City further represents, warrants and covenants to comply with the following restrictions of the Code, unless it receives an opinion of nationally recognized bond counsel stating that such compliance is not necessary: (i) gross proceeds of the 2022 Bonds shall not be used in a manner which will cause the 2022 Bonds to be considered “private activity bonds” within the meaning of the Code; (ii) the 2022 Bonds are not and shall not become directly or indirectly “federally guaranteed”; (iii) the City shall timely file Internal Revenue Form 8038 G which shall contain the information required to be filed pursuant to Section 149(e) of the Code; and (iv) the City shall comply with the Tax Letter of Instructions delivered to it on the date of issue of the 2022 Bonds with respect to the application and investment of 2022 Bond proceeds, subject to the provisions of the Bond Ordinance regarding the Rebate Fund.

Defeasance

When all principal, interest and any prior redemption premiums due in connection with the 2022 Bonds have been duly paid, the pledge and lien and all obligations under the Bond Ordinance will be discharged and the 2022 Bonds will no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There will be deemed to be such due payment when the City has placed in escrow or in trust with a commercial bank located within or without the State and exercising trust powers an amount sufficient (including the known minimum yield from Federal Securities in which such amount, wholly or in part, may be initially invested) to meet all requirements of principal, interest and any prior redemption premiums due as the same become due to the final maturities of the 2022 Bonds or upon any prior redemption date as of which the City will have exercised or will have obligated itself to exercise its prior redemption option by a call of the 2022 Bonds for payment then. The Federal Securities will become due prior to the respective times on which the proceeds thereof will be needed in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Book-Entry Only System

The 2022 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2022 Bonds. The ownership of one fully registered 2022 Bond for each maturity as set forth on

the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See “Appendix C - Book-Entry Only System”.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2022 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2022 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Paying Agent or the Registrar will have any responsibility or obligation to DTC’s Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the Beneficial Owners of the 2022 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

Set forth below is a summary of the debt service requirements for the 2022 Bonds, the combined debt service requirements for the Prior Parity Bonds and the combined debt service payable on the 2022 Bonds and the Prior Parity Bonds.

<u>Debt Service Requirements</u> ^{(1)*}					
<u>Year</u>	<u>The 2022 Bonds</u>			<u>Total Prior</u>	<u>Grand</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Parity Bonds</u> ⁽²⁾	<u>Total</u>
2022				9,261,803	
2023				9,263,763	
2024				9,241,683	
2025				9,226,283	
2026				6,131,943	
2027				6,132,820	
2028				6,135,628	
2029				6,130,783	
2030				6,132,643	
2031				5,586,250	
2032				5,577,850	
2033				5,580,806	
2034				5,580,894	
2035				4,904,600	
2036				2,645,763	
2037				2,644,931	
2038				2,646,400	
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
Total	\$ _____	\$ _____	\$ _____		\$ _____

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Represents the total debt service payable on the Prior Bonds in each year.

Source: The Municipal Advisor.

SECURITY FOR THE BONDS

Limited Obligations

General. The 2022 Bonds will not constitute an indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, will not be payable from the proceeds of general property taxes, and will not be considered or held to be general obligations of the City, but rather are the City's special obligations payable solely from the Net Income derived from the operation and use of the Facilities.

No Pledge of Property. The payment of the 2022 Bonds will not be secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Income and any other moneys that may be lawfully pledged for the payment of the 2022 Bonds pursuant to the Bond Ordinance. No property of the City, except as above stated, will be liable to be forfeited or taken in payment of the 2022 Bonds.

Pledge of Net Income of the Facilities

The 2022 Bonds are secured by and constitute an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Income. Net Income consists of all Gross Income of the Facilities (i.e., all income derived directly or indirectly by the City from the operation and use of the Facilities), less only reasonable Operation and Maintenance Expenses related to the Facilities. The Net Income is irrevocably pledged to the payment of debt service on the 2022 Bonds, the Prior Parity Bonds, and any Parity Bonds hereafter issued pursuant to the terms and conditions of the Bond Ordinance. See "Additional Bonds" below.

The 2022 Bonds from time to time Outstanding are equitably and ratably secured by a lien on Net Income and shall not be entitled to any priority one over the other in the application of the Net Income regardless of the time or times of the issuance of the 2022 Bonds.

Rate Maintenance Covenant

The City will covenant in the Bond Ordinance to set its rates, fees and other charges for usage of the Facilities such that Gross Income will be adequate annually to pay the annual Operation and Maintenance Expenses and 125% of the actual annual debt service requirements on the 2022 Bonds and any other bonds payable annually from Gross Income (excluding the reserves therefor).

Historical Net Income and Pro Forma Debt Service Coverage

The following table sets forth a history of Net Income and a history of pro forma debt service coverage, calculated by dividing the Net Income to by the maximum annual debt service on the Parity Bonds, after taking the issuance of the 2022 Bonds into account, for the years 2017 - 2021 (unaudited). The pro forma debt service coverage is not necessarily indicative of future coverage ratios. *Investors should be aware that collections of Net Income, or components thereof, may not continue at the levels stated below, and the coverage factors in future years may not remain at the historical levels indicated.* See "CERTAIN RISK FACTORS."

Pro-Forma Debt Service Coverage^{*}
(in thousands)

	2017	2018	2019	2020	2021(1)
Gross Income	\$52,141	\$54,218	\$63,205	\$65,103	
Operations and Maintenance Expenses	(29,899)	(29,828)	(26,059)	(27,390)	
Net Income	\$22,242	\$24,390	\$37,146	\$ 37,713	

Estimated Maximum Annual Debt Service (2) *
Pro-Forma Coverage Ratio*

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

(2) \$ _____ * in 20__ *. See “DEBT SERVICE REQUIREMENTS.”

Source: The Municipal Advisor and the City.

Special Funds under the Bond Ordinance

General. The Bond Ordinance establishes certain special funds and continue the authorization of other special funds which include the Water Income Fund, the Sewer Income Fund, the Sewer System Operation and Maintenance Fund, the Water System Operation and Maintenance Fund, the Bond Fund, the Reserve Fund, the Issuance Expense Fund and the Rebate Fund. As described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Flow of Funds - Administration of Income Funds, the income from the Facilities will be required to be distributed to certain of the above funds on certain dates and in certain priorities. Also, as described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Flow of Funds, deposits to the Bond Fund will be made on a monthly basis. Moneys in the Bond Fund and the Reserve Fund will be irrevocably pledged to payment of the 2022 Bonds.

Reserve Fund. The Bond Ordinance establishes the “City of Boulder, Colorado, Water and Sewer Revenue Bonds, Series 2022 Reserve Fund” (the “Reserve Fund”). Upon the issuance of the 2022 Bonds, the Reserve Fund shall be funded in an amount equal to the average annual debt service on the 2022 Bonds, less amounts on deposit in any reserve fund in connection with Parity Bonds heretofore or hereafter issued in accordance with the Bond Ordinance (the “Minimum Bond Reserve”). Pursuant to the Bond Ordinance, the City will utilize a debt service reserve fund surety bond (the “2022 Reserve Policy”) provided by _____. (“_____” or the “2022 Reserve Policy Provider). See Appendix B - Summary of Certain Provisions of the Bond Ordinance--Flow of Funds.

Additional Bonds

The Bond Ordinance permits the City to issue additional Parity Bonds and subordinate lien bonds upon the satisfaction of the conditions described below.

Issuance of Parity Bonds. The City may issue additional Parity Bonds payable from Net Income and constituting a lien thereupon on a parity with, but not prior nor superior to, the lien of the 2022 Bonds upon satisfaction of the following provisions of the Bond Ordinance.

(a) *Absence of Default.* The City shall not have defaulted in making any payments required by the Bond Ordinance (described in Appendix B - Summary of Certain provisions of the Bond Ordinance--Flow of Funds) during the 24 calendar months immediately

preceding the issuance of such additional bonds, or if none of the 2022 Bonds have been issued and Outstanding for a period of at least 24 calendar months, for the longest period any of the 2022 Bonds have been issued and Outstanding.

(b) *Facilities Earnings Test.* The annual Gross Income derived from the operation of the Facilities for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Bonds shall have been sufficient to pay the annual Operation and Maintenance Expenses of the Facilities for said Fiscal Year, and, in addition, sufficient to pay an amount representing 125% of the combined maximum annual principal and interest requirements of the Outstanding Parity Bonds of the City payable from and constituting a lien upon Net Income of the Facilities and the bonds proposed to be issued, except as otherwise expressly provided in the Bond Ordinance.

(c) *Reduction of Annual Requirements.* The respective annual principal and interest requirements (including as a principal requirement the amount of any prior redemption premiums due on any prior redemption date as of which any Outstanding bonds have been called or have been ordered to be called for prior redemption) shall be reduced to the extent such requirements are scheduled to be paid each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Insured Bank located within or without the State and exercising trust powers, including the known minimum yield from any investment in Federal Securities.

(d) *Consideration of Additional Expenses.* In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in Operation and Maintenance Expenses of the Facilities that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional bonds.

(e) *Reserve Fund.* There shall be established a reserve fund in an amount equal to at least the average annual debt service on such additional Parity Bonds.

(f) *Reserve Policy Costs.* In addition to the requirements described in paragraph (b) above, the annual Gross Income derived from the operation of the Facilities for the Fiscal Year immediately preceding the date of the issuance of such additional Parity Bonds shall have been sufficient to pay 100% of the Policy Costs then due and owing on any reserve policy on any Outstanding Parity Bonds.

A written certification by the Chief Financial Officer or an Independent Accountant that said annual Gross Income, when adjusted as provided in the Bond Ordinance, is sufficient to pay said amounts, as provided in the Bond Ordinance, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional Parity Bonds.

Subordinate Bonds Permitted. The Bond Ordinance does not prevent the City from issuing additional bonds payable from Net Income and having a lien thereon subordinate, inferior and junior to the lien of the 2022 Bonds authorized to be issued by the Bond Ordinance.

Superior Bonds Prohibited. The Bond Ordinance does not permit the City to issue additional bonds payable from Net Income and having a lien thereon prior and superior to the 2022 Bonds.

Issuance of Parity Refunding Bonds. No refunding bonds payable from Net Income shall be issued on a parity with the 2022 Bonds authorized in the Bond Ordinance unless: the lien on Net Income of the Outstanding bonds so refunded is on a parity with the lien thereon of the 2022 Bonds; or the refunding bonds are issued in compliance with the requirements set forth under “Issuance of Parity Bonds” above.

THE FACILITIES

General

The City operates the Facilities pursuant to Article XX of the Constitution of the State, the City's Charter and ordinances, including the Enterprise Ordinance, adopted by the City Council. Policy direction for the Facilities is set by the City Council, and the Facilities are administered by the City Manager. The Utilities Department directs the day to day operations of the water, sewer and storm water/flood management utilities. Although the three utilities are each financially independent, all three are managed in an integrated fashion. For purposes of the Bond Ordinance and the security for the 2022 Bonds, the Facilities consist only of the water and sewer utilities, and do not include the City's Storm Water and Flood Management Utility Enterprise.

As of December 31, 2021, the Facilities provided water and sewer service to 29,579 and 27,868 accounts, respectively, within the City limits and the area immediately adjacent to the City.

Governing and Administrative Personnel; Employees

The City Council is responsible for policy decisions with respect to the Facilities. The City Council consists of nine members elected for staggered four- and two-year terms. A presiding member of the City Council, as selected by the members thereof, is designated as Mayor. Currently there are no vacancies on the City Council. See "THE CITY--Governing Body."

In 1992 the City formed a Water Resources Advisory Board (the "Advisory Board") that advises the city manager, planning board and City Council concerning water resources matters, including environmental assessments, capital improvements and proposed changes to City's raw water, treated water, wastewater and flood control master plans. The Advisory Board also advises the city manager concerning policy issues on operating programs related to water conservation, water treatment plant residuals, wastewater treatment plant biosolids disposal, and water quality. The Advisory Board consists of five members appointed by the City Council.

Various individuals are responsible for implementation of the City Council's actions with respect to the Facilities, and the day-to-day operation and maintenance of, and collection of revenues from, the Facilities. These persons include the City Manager and the Utilities Director, as well as other persons described below.

Biographical information with respect to various individuals responsible for the Facilities is as follows:

Joe Taddeucci, Public Utilities Director. Mr. Taddeucci has been the Director of the Utilities since August 2019. In this role, he manages the City's Water, Wastewater, and Stormwater/Flood Control utilities including a staff of approximately 180 employees. Prior to that he had been the Water Resources Manager since August 2012. In that position, he managed the operations of the City's raw water delivery systems, water rights portfolio and hydroelectric facilities. Prior to that Mr. Taddeucci worked for the City's Utilities Department as a Utilities Engineering Project Manager starting in 2005. Prior to joining the City, Mr. Taddeucci was a water resources Project Director for TCB (now AECOM), a national design and consulting firm. Mr. Taddeucci received his Bachelor of Science in Civil Engineering from Michigan Technological University in Houghton, Michigan in 1991. He is a licensed Professional Engineer in Colorado.

Christopher J. Douville, Public Utilities Deputy Director Mr. Douville has leadership responsibilities over the operational teams of the City's Facilities, and previously served as the Manager of Wastewater Treatment for 13 years. Prior to joining the City, Mr. Douville was a Senior Engineer and Construction Manager in the Wastewater Practice for Brown and Caldwell Engineers, a national environmental engineering design and consulting firm. He holds a Class "A" Wastewater Treatment Operator Certification in the State of Colorado. Mr. Douville received his Bachelor of Science in Environmental Resources Engineering from Humboldt State University in Arcata, California in 1995. He received his Master of Science Degree in Civil Engineering from the University of Colorado at Boulder in 1999. Mr. Douville is a licensed Professional Engineer in Colorado and Hawaii.

Graham Clark, Senior Financial Manager for Utilities Department Mr. Clark has been the Senior Financial Manager for the Utilities Department since July 2021; prior to that time, he served as the Transportation Senior Financial Manager beginning in April 2018. In his current position he coordinates budget development, monitors revenues and expenditures, and develops rates and fees for the three utility funds. The total budget for the utility funds is approximately \$75 million plus any additional bond proceeds. Prior to this position, Mr. Clark was the Accounting Manager for the City of Louisville (2013-2018), and Profitability Analyst for Whole Foods Market (2008-2013). Mr. Clark also worked as an Accountant for Proctor & Gamble from 2005 to 2008. He received a Bachelor of Science degree in Finance in 2002 from the University of Iowa.

Chris Douglass, Utilities Engineering Manager Mr. Douglass has been the Utilities Engineering Manager since February 2022. In this role, he manages the City's source water operations, water resources planning and water rights portfolio, including a staff of 10 employees. Prior to this position, Mr. Douglass worked for the East Cherry Creek Valley Water & Sanitation District (ECCV) starting in 2010. Prior to joining ECCV, Mr. Douglass was a Project Manager for Kennedy/Jenks Consultants, a national design and consulting firm. Mr. Douglass received his Bachelor of Science in Civil Engineering from the University of Colorado - Boulder in 1995 and his Master of Science in Civil Engineering from the University of Colorado - Denver in 2003. He is a licensed Professional Engineer in Colorado and a LEED accredited professional.

Cole Sigmon, Wastewater Treatment Manager Mr. Sigmon has been the Wastewater Treatment Manager since November 2021. In this role, he manages the Boulder Water Resource Recovery Facility along with a staff of approximately 23 employees. Prior to this position, Cole worked for the City's Department of Public Works as a Utilities Engineering Project Manager starting in 2018. Cole worked from 2012 to 2018 as a Treatment Process Engineer at the Boulder Water Resource Recovery Facility. Cole received his Bachelor of Science in Environmental Science from the University of North Carolina at Asheville in 2007 and his Master of Science in Civil Engineering at the University of Colorado in 2011. He is licensed by the State of Colorado as a Professional Engineer and a Class A Wastewater Treatment Operator.

Kim Hutton, Water Resources Manager Ms. Hutton has been the Water Resources Manager since February 2020. In this role, she manages the operations of the City's raw water delivery systems, water rights portfolio and hydroelectric facilities, including a staff of 9 employees. Prior to this position, Ms. Hutton worked for the City's Department of Public Works

as a Water Resources Engineer from 2012 to 2020 and as a Water Resources Specialist from 2004 to 2012. Ms. Hutton received her Bachelor of Arts in Chemistry and Environmental Studies from the University of Colorado at Boulder in 1998 and her Master of Science in Engineering at the University of California, Berkeley in 2002. She is a licensed Professional Engineer in Colorado.

Jon Stoddard, Water Treatment Manager. Mr Stoddard has served as the water treatment manager since 2020. In this role, he manages the operations of the City’s drinking water system, treatment facilities, and a staff of 27 employees. Jon has worked for the City in various roles in water operations since 2000. Jon received his Bachelor of Science in Biology in 1997 and Master of Science in Civil Engineering in 2002 from the University of Colorado at Boulder.

The Utilities Department is charged with the operation and maintenance of the water, wastewater, and storm water/flood management utilities and is comprised of 179 full-time employees. Non-management employees are unionized and are represented by the Boulder Municipal Employees Association. The current contract with the employees expires late December 2023. See “GENERAL INFORMATION REGARDING THE CITY--Labor Relations.” The City considers its employee relations to be satisfactory.

Existing Facilities

The Facilities are comprised of two main components: The Water System and the Sewer System. The service area of the Facilities consists of approximately 58 square miles, including all of the City and certain adjacent areas, as limited by the topography of the area and political or community decisions.

Water System. The City obtains its raw water supplies from three geographical sources: (a) the City owned Silver Lake Watershed and North Boulder Creek via Lakewood Reservoir, (b) Middle Boulder Creek watershed via Barker Reservoir and (c) West Slope water via Carter Lake either to Boulder Reservoir or directly via the Carter Lake Pipeline or associated open canals. The water is treated at water treatment plants before being pumped to water storage tanks within the distribution system for delivery to homes.

The Silver Lake Watershed is situated directly east of the continental divide on North Boulder Creek. The United States Congress granted the City ownership of the Silver Lake Watershed through three Congressional acts in 1907, 1919 and 1927. The stated Congressional intent of the grants was to provide a clean, healthy and reliable water supply for the City. Seven reservoirs located in the Silver Lake Watershed store snowmelt water during high streamflow periods. The reservoirs then release water during low streamflow periods to meet the water needs of the City. Water from these reservoirs is delivered into Silver Lake Pipeline at a diversion structure located on North Boulder Creek two miles downstream of Silver Lake Reservoir. The water flows by gravity through the Silver Lake Pipeline for approximately 3.6 miles to Lakewood Reservoir. At Lakewood Reservoir, the water is diverted into the Lakewood Pipeline along with additional diversion of water from North Boulder Creek at Lakewood Reservoir. The water flows by gravity through the Lakewood Pipeline for 10 miles to the Betasso Water Treatment Facility (“WTF”) and is treated for municipal use.

Lakewood Pipeline and Silver Lake Pipeline were originally constructed in 1906 and 1919, respectively. The pipelines were constructed to protect the City’s water supply from contamination from tungsten, gold and silver mine drainage, and from human encampment along the creek. In 1919, the City closed the Silver Lake Watershed to public access to protect the quality of the water supply. Since 1997, the City has reconstructed the Silver Lake and Lakewood Pipelines. In

conjunction with the pipeline projects, the City constructed the Silver Lake and Lakewood Hydroelectric Facilities to dissipate pressure developed in the pipelines. The power generated from these facilities is sold to Xcel Energy.

The Middle Boulder Creek watershed is situated east of the continental divide near Nederland, Colorado, and drains directly into Barker Reservoir. The Barker system, comprised of Barker Reservoir, Barker Gravity Pipeline, Kossler Reservoir and the Boulder Canyon Penstock, was originally constructed as a hydroelectric power generating system in 1909 and was owned and operated by Public Service Company of Colorado (“PSCo”). The City had a series of agreements with PSCo since the 1950’s, permitting the City to divert and store water in Barker Reservoir and to use the associated pipelines. In 2001, the City acquired Barker Reservoir and its related facilities from PSCo at a total cost of approximately \$12.4 million.

Water from Barker Reservoir flows through a gravity pipeline to Kossler Reservoir. Water is then diverted into a high-pressure pipeline (penstock) at Kossler Reservoir and flows to the Boulder Canyon Hydroelectric Facility, located in Boulder Canyon west of Boulder. The City redirects the municipal use portion of the water into a pipeline at a point just above the hydroelectric turbines in the power plant. Any remaining water is used to generate power at the Boulder Canyon Hydroelectric Facility which is sold to Tri-State Generation and Transmission Association under a power purchase agreement. The municipal use portion of the water is conveyed to the Betasso WTF via a pressurized pipeline. Just prior to the water entering the treatment plant, excess pressure is used to generate hydroelectric power at the City’s Betasso Hydroelectric Facility which is sold to Xcel Energy.

The West Slope water is derived from two Colorado River projects, the CBT Project and the Windy Gap Project. These two Colorado River projects are operated by the Northern Colorado Water Conservancy District (“NCWCD”). Reservoirs, located on tributaries of the upper Colorado River on the Rocky Mountains’ western slope, collect and store water, which then flows through the Adams Tunnel (under the continental divide) to the eastern slope of the Rocky Mountains. A series of reservoirs store this water before final delivery through the Carter Lake Pipeline or via open canals for storage at Boulder Reservoir, located northeast of the City. This water is then treated for municipal use at the Boulder Reservoir WTF.

Both the Betasso WTF and Boulder Reservoir WTF use conventional treatment technology with, coagulation, flocculation and sedimentation (dissolved air floatation (DAF) at the Boulder Reservoir WTF), filtration, post chlorination and fluoridation. Treated water from the Betasso WTF flows by gravity via two transmission lines to the City. Treated water from the Boulder Reservoir WTF is pumped into the City’s high-pressure distribution system. Raw water delivered to Betasso WTF consists mostly of snowmelt which is relatively free of contaminants due to limited public access into the Silver Lake Watershed and wilderness areas and delivery of the raw water through pipelines rather than creeks. High-quality raw water treated at Boulder Reservoir WTF is primarily delivered via the Carter Lake Pipeline or through open canals. The canal system water while still high-quality, is not as pristine. Due to the need for chemicals to treat this water and the need to pump the treated water into the City, it costs slightly more to treat and deliver water at the Boulder Reservoir WTF than at the Betasso WTF.

The Betasso WTF can treat 40 million gallons per day (“mgd”) of water and the Boulder Reservoir WTF was upgraded in 2010 to provide a firm 16 mgd of treatment capacity, for a total of 56 mgd of treatment capacity. In 2020 and 2021, the City treated an average of 15 mgd. The peak days of water treatment in 2020 and 2021 were 30.8 mgd and 31.2 mgd, respectively.

The water distribution system services areas with elevations ranging from 5,750 feet on the west side of the City to 5,150 feet in the eastern section. Due to this large elevation differential, the system is divided into three pressure zones to keep water pressures within practical limits. Pressure Zone 1 serves areas generally below an elevation of 5,270 feet, Zone 2 serves areas between 5,270 and 5,450 feet and Zone 3 serves areas above an elevation of 5,450 feet. Excess water pressure that develops in each zone as water is delivered downhill from the Betasso WTF is reduced by pressure reducing valves and four small hydroelectric facilities. The power that is generated is sold to Tri-State Generation and Transmission Association (“Tri-State”) pursuant to a power purchase agreement. Water from the Boulder Reservoir WTF is pumped to Zone 1 and can be delivered to Zones 2 and Zone 3 by pump stations.

The water distribution system consists of a grid of approximately 467 miles of interconnected mains varying in size from 4 to 30 inches. The system is in generally good condition.

There are eight storage tanks for treated water in the distribution system: Gunbarrel reservoir (2.0 mg) serve Zone 1; Maxwell (9.5 mg) and Kohler (9.4 mg) storage tanks serve Zone 2; and Chautauqua (8.0 mg), Booton (3.5 mg), Devil’s Thumb (5.0 mg), and Betasso WTF (4.0 mg) storage tanks serve Zone 3. Connected to the Maxwell and Kohler storage tanks are combination pressure reducing hydroelectric and emergency pump stations, which generate electricity sold to Tri-State during normal operations and pump water from the tank to higher pressure zones during emergencies. There are also two pressure reducing hydroelectric generation facilities (Sunshine and Orodell) on existing transmission lines feeding Zone 3. The City owns and operates a total of eight hydroelectric facilities which generate power that is sold to Xcel Energy and Tri State. In 2021, revenue from hydroelectric power totaled about \$1.6 million.

Sewer System. The Sewer System is composed of a sanitary wastewater collection system and a single treatment facility. Approximately 380 miles of wastewater lines deliver wastewater, primarily by gravity flow, to the City of Boulder Water Resource Recovery Facility (Boulder WRRF). The collection system has one lift station that pumps wastewater from an area in the northeastern part of the City to a gravity line which then flows to the WRRF.

The Boulder WRRF treats all wastewater from the City and can provide 25.0 mgd of treatment capacity (monthly average). In 2020 and 2021 this facility treated an average of 11.8 mgd and 12.2 mgd, respectively, of wastewater. The peak days of wastewater treatment in 2020 and 2021 were 21.8 mgd and 24.9 mgd, respectively. The plant is composed of the following components: headworks facilities where large materials are screened out and grit is removed; primary clarifiers where some solids settle out; a pump station where sewage is pumped to aeration basins, where microbiological activity reduces dissolved organics and removes a portion of the total nitrogen through nitrification (ammonia reduction) and denitrification (nitrate conversion); aerated solids contact basins provide further reduction of dissolved organics and ammonia; final clarifiers where remaining settleable solids are removed; and ultraviolet light (UV) facilities for disinfection.

The treated effluent is then discharged to Boulder Creek. Sludge is removed from the primary and final clarifiers, thickened in gravity sludge thickeners and dissolved air floatation thickeners, and then biologically degraded in anaerobic digesters. The methane gas produced in this process is processed into renewable natural gas and injected on the Xcel natural gas pipeline for sale to the local solid waste hauler. The City generates an additional revenue stream from this renewable natural gas through the generation and sale of Renewable Identification Numbers under the EPA’s Renewable Fuel Standard. The stabilized sludge (biosolids) from the digesters is

dewatered in centrifuges and transported to agricultural land by a contract hauling company. There, it is applied to the land as a soil conditioner and fertilizer.

Water Supply Firm Yield and Uses

General. The operation of the City's raw Water System involves intricate relationships between water rights, laws and legal agreements, streamflows, storage facilities, transmission facilities, treatment capacity and water demand. During the peak streamflow period in the spring, snowmelt in the mountains causes high creek flows and water supplies are generally available for all users. However, because streamflows will quickly drop, many water users, like the City, store water in reservoirs and regulate the release of water to satisfy their needs throughout the year. It is also important for the City to store excess water in its reservoirs during wet years to carry over into dry years to assure a reliable water supply.

Water rights in Colorado are administered according to the Prior Appropriation Doctrine, which has frequently been described as "first in time, first in right." Those water users who first put water to beneficial use gained a senior right to the water. Use by junior appropriators is curtailed during a water shortage. The City owns a diverse portfolio of water rights and water delivery contracts that allow the City to use water both from the local Boulder Creek basin and from the western slope through the CBT system. The City also holds decreed exchange rights that, in effect, allow the trade of CBT water in Boulder Reservoir and water in Baseline Reservoir for Boulder Creek basin water high in the mountains.

Use of available water is sequenced according to many factors including water quality, economics, delivery system restrictions and the need to maintain adequate carry-over storage for droughts. As described under "Existing Facilities" above, the City receives its raw water supply from three geographical sources: (a) the Silver Lake Watershed via Lakewood Reservoir; (b) Middle Boulder Creek watershed via Barker Reservoir; and (c) West Slope water from the CBT and Windy Gap Projects via Boulder Reservoir. Under normal operations, the water from Lakewood and Barker Reservoirs are used preferentially to meet the water demands of the City to the extent that the long-term reliable yield of the Water System is not reduced. The balance of the water demand is met by Boulder Reservoir or the Carter Lake Pipeline.

Long-Term Planning; Drought. The City engages in long-term planning with respect to the Water System in order to provide sufficient Water System capacity, sufficient water resources and to provide for water quality. Most recently, the City adopted a 2011 Water Utility Master Plan (the "WUMP"), which provides planning for source water, water treatment and distribution. The WUMP also includes a consolidated capital improvement plan. In the WUMP, the City has modeled the Water System for both current environmental conditions and a range of climate change scenarios. Climate change scenarios are one of the factors in the City's planning process and necessary operating and capital expenditures resulting from the planning models are incorporated into the Water System's business plan and capital improvement plan (see "Future Capital Improvements" below). The WUMP is subject to periodic updating, including updates of existing conditions and scenarios used to model changes.

The City has recognized that it would be prohibitively expensive to acquire sufficient water rights to provide a full supply of water for all uses under all conditions. The City's Drought Plan, 2010 (the "Drought Plan") and its adopted water system reliability criteria state that it has planned to provide water for all needs in 19 out of 20 years on average. This means that the City expects to reduce its water demands in response to drought in about five years out of a hundred.

During a drought as severe as that experienced in 2002, planned water use reductions such as lawn watering limitations would be instituted. The City models operation of its Water System under historic streamflow and weather conditions as well as climate change scenarios, all which include multi-year drought periods. The models indicate the City can achieve the adopted reliability criteria in the current climate as through a variety of climate change scenarios. Therefore, officials of the City believe that the City owns adequate raw water supplies to serve the maximum population projected under the WUMP at the levels defined in its Drought Plan and during the life of the Bonds. The City is in the process of updating the 2010 Drought Plan.

It is estimated that the City's water rights could reliably meet a demand level of more than 24,000-acre feet even in moderately dry years. It is projected that the City's average annual treated water demand at build-out will be approximately 22,000 acre-feet under current climate conditions. The City's current water use over the past five years for municipal treated water supply needs has averaged about 17,700 acre-feet. Another 750 to 1,750 acre-feet has been provided for the Boulder Creek Instream Flow Program. The remainder of the City's water portfolio remains available for future municipal treated water supply, as well as for instream flow and agricultural leasing uses.

Water Usage Statistics. The following table details the quantities of water drawn over the past five years from each of the City's water sources:

Treated Water Production in Million Gallons

Year	Silver Lake / Lakewood System	Barker System	Colorado-Big Thompson System	Total Water Treated
2017	2,646	1,028	2,171	5,845
2018	2,577	1,385	1,939	5,901
2019	2,544	1,011	1,772	5,327
2020	2,502	1,486	1,687	5,675
2021	2,475	734*	2,329	5,538

One of the ways the City manages the year-to-year variation in water supply is through its agricultural water leasing program. The City's water supply is largely driven by annual precipitation, particularly snowmelt, which varies from year to year. Consequently, the amount of water available for leasing has similar variation. These amounts are not included in the table above entitled "Treated Water Production in Million Gallons." Listed below are the amounts leased in each year shown.

Leased Water Amounts in Acre Feet

<u>Year</u>	<u>Leased</u>
2017	7,202
2018	8,360
2019	5,972
2020	6,918
2021	5,959

* The decline in production is temporary and related to scheduled maintenance on facilities in the Lake Albion watershed. Additionally, in 2021, the City had carryover water available in the CBT system from 2020 and emphasized the used of that water. The City makes source water decisions to balance system-wide maintenance needs and other operational considerations, which means usage across the different sources may vary from year to year.

Future Capital Improvements

The City estimates that capital improvements for the Facilities will be as follows for the years 2022 through 2026.

Capital Improvements for the Facilities 2022-2026(1)

	2022	2023	2024	2025	2026
Water Improvements	\$54,805,000	\$16,000,000	\$28,055,000	\$19,260,000	\$15,600,000
Sewer Improvements	\$56,635,000	\$31,977,000	\$7,580,000	\$7,255,000	\$27,623,000

- (1) The 2022 amounts include bond funding from the proceeds of the 2022 Bonds. The City also plans to issue approximately \$24,423,000 in additional Parity Bonds in 2023 for permit and sanitary sewer improvements and \$20,998,000 in additional Parity Bonds in 2026 for the Arapahoe Trunk Sewer improvements. The estimated amount of the additional Parity Bonds are based on preliminary costs of the projects and these costs may change as the time for issuing such Parity Bonds nears and the projects are further refined and bided out.

Customers

The Water System served a customer base of 29,579 accounts as of December 31, 2021. Of this total, 28,714 accounts were inside the City and 865 accounts were outside the City limits. In 2021, residential customers made up 87% of the total Water System customers, while Commercial and Industrial customers made up 13% of the total.

The five largest users of the City's Water System in 2021, their respective usage and the revenues derived by the City are set forth below. The City is the largest customer of the Water System by total consumption (using approximately 238,367,000 gallons); however, the City does not charge its departments for municipal water use.

Largest Water Users as of December 31, 2021

Customer by Type	Total Consumption (in 1,000 gallons)	2021 Revenues Generated	Percentage of 2021 Revenues
Higher Education	213,528	\$ 1,145,232	3.4%
Computer Consulting/Storage Devices	96,050	480,043	1.4
School District	64,573	488,876	1.5
Biopharmaceutical Manufacturing Company	41,122	194,667	0.6
Mobile Home Park	35,801	184,219	0.6

The Sewer System served a customer base of 27,868 accounts as of December 31, 2021. Of this total, 26,968 accounts were inside the City and 900 accounts were outside the City limits. In 2021, residential customers made up ___% of the total Sewer System customers, while Commercial and Industrial customers made up ___% of the total.

The five largest users of the City's Sewer System in 2021, their respective usage and the revenues derived by the City are set forth below. The City is the largest customer of the Sewer System by total consumption (using approximately _____ gallons); however, the City does not charge its departments for municipal wastewater use.

Largest Wastewater Users as of December 31, 2021

Customer by Type	Total Consumption (in 1,000 gallons)	2021 Revenues Generated	Percentage of 2021 Revenues
Higher Education			
Computer Consulting/Storage Devices			
School District			
Biopharmaceutical Manufacturing Company			
Mobile Home Park			

The following table shows a history of the City's water and wastewater accounts.

History of Customer Accounts

	2017	2018	2019	2020	2021
Water	29,225	29,505	29,621	29,532	29,579
Wastewater	27,771	27,853	27,884	27,974	27,868

Rates and Charges

Introduction. Water and wastewater charges are reviewed annually by the Utilities Division to ensure that adequate revenues are collected to meet the financial obligations of each utility. In addition, a financial consultant is hired periodically to review the utilities' rates and fees. In 2017, the City completed a rate study which informed rate structure changes that went into effect January 2018. One of the key changes in the water and wastewater rate structures included adjusting the wastewater rates so that the fixed portion of the fee will account for 25% of billed revenues, compared to approximately 4% previously. Other adjustments were made to how customer water budgets were calculated to be more reflective of efficient water usage.

Recommended rate increases are reviewed and approved by City Council as part of the annual budget process. Rates are designed to maintain revenues sufficient to meet debt service

requirements on revenue bonds; to pay operation, maintenance and capital expenses with respect to the Facilities; to meet all reserve requirements and to meet rate covenant requirements such as those contained in the Bond Ordinance. The City's water and sewer rates are not subject to Public Utilities Commission review.

The City utility rates are computed through an analysis of revenues compared to revenue requirements. The projections of revenue requirements are based upon an examination of current costs incurred in providing utility service, projected capital infrastructure needs and reflect anticipated changes in the future level of costs. Increases in future costs are primarily due to replacements and additions to the Facilities, regulatory requirements and inflationary conditions. Projections of revenue are based on the estimated future number of customers to be served and associated water usage or sewage treatment for those customers.

Comparison of projected revenue requirements with projected revenue under existing rates measures the degree of adequacy of the overall level of current charges. Based on this analysis, adjustments to the existing rate schedule are recommended to the City Council. The primary basis of this rate setting method is the recovery of costs from customers in a manner reasonably commensurate with services provided.

Water Rates. Water rates consist of a fixed service charge levied each billing period and a quantity charge which is applied to the amount of water consumed. Service charges are designed to recover meter reading, billing and collection which are attributable to each customer regardless of the quantity used and are assessed based on meter size. The monthly service charge also recovers a portion of the capital costs to further ensure revenue stability as water sales are influenced by the weather and can fluctuate year to year. Quantity charges primarily recover those costs that are incurred to provide customer average and peak water usage requirements. The City's quantity rate varies with water usage, but not by meter size.

Since 1988, the City has administered an increasing block rate structure to encourage the efficient use of water. As the amount of water used increases and moves into the next rate block the quantity charge, or the cost per 1,000 gallons, increases. In January 2007, the City implemented a new water rate structure that uses "water budgets" and a more aggressive pricing strategy to further encourage water conservation. The rate structure is intended to further promote water conservation and the efficient use of water, support community goals, reflect the value of water, send a price signal to customers who exceed their water budget (waste water) and avoid the costs of new water development and expanded water treatment. The City's municipal code also contains provisions for an emergency water conservation plan that can be invoked if needed. The plan includes lawn watering restrictions, excess usage surcharges and enforcement provisions. The City did invoke mandatory water use restrictions during the drought year of 2002.

A monthly water budget is developed for each customer using criteria such as number of people in the household, historic usage and specific irrigable area. The budgets for residential customers and irrigation-only accounts are shaped throughout the year to reflect outdoor watering patterns. The City still uses increasing block rates and correlates the block/price changes to the customer's individual water budget. Water use above a monthly water budget is billed at increasingly higher rates than water use that is within a monthly water budget. The block rate structure for the quantity charge portion of the water bill is shown in the following table.

Water Block Rate Structure

	Rate Per 1,000 Gallons	Water Usage (Gallons) Billed in Each Rate Block
Block 1	$\frac{3}{4}$ the Block 2 Rate	Usage up to 60% of the monthly budget
Block 2	Block 2 Rate	Usage between 60-100% of the monthly budget
Block 3	2 times the Block 2 Rate	Usage over monthly budget up to 150% of monthly budget
Block 4	3 times the Block 2 Rate	Usage between 150% and 200% of monthly budget
Block 5	5 times the Block 2 Rate	Usage over 200% of monthly budget

The following table shows water rate changes since 2018. The table shows the service charges per billing period, and quantity charges per 1,000 gallons of water used. In addition, the table also includes the number of accounts by meter size as of December 31, 2021. Approximately 24% of the total revenue from monthly water sales comes from the monthly service charge and 76% from the quantity charges.

History of Water Rates for the City

INSIDE CITY

SERVICE CHARGE

Meter Size	12/31/31 Accounts	Rates Effective:				
		1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
3/4"	23,503	\$ 12.18	\$ 13.03	\$ 13.94	\$ 15.06	\$ 16.11
1"	2,893	20.50	21.94	23.48	25.35	27.13
1 1/2"	1,504	44.14	47.23	50.54	54.58	58.40
2"	561	77.32	82.73	88.52	95.60	102.29
3"	165	172.00	184.04	196.92	212.68	227.56
4"	70	304.55	325.87	348.68	376.58	402.93
6"	12	683.41	731.25	782.44	845.03	904.19
8"	6	1,213.80	1,297.91	1,388.76	1,499.86	1,604.85

QUANTITY CHARGE, per 1,000 gallons

Block 1	\$ 3.19	\$ 3.41	\$ 3.65	\$ 3.94	\$ 4.22
Block 2	4.25	4.55	4.87	5.26	5.63
Block 3	8.50	9.10	9.74	10.52	11.26
Block 4	12.75	13.64	14.61	15.78	16.88
Block 5	21.25	22.74	24.35	26.30	28.14

OUTSIDE CITY

SERVICE CHARGE

Meter Size	12/31/31 Accounts	Rates Effective:				
		1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
3/4"	759	\$ 18.27	\$ 19.55	\$ 20.91	\$ 22.58	\$ 24.16
1"	83	30.75	32.90	35.21	38.03	40.69
1 1/2"	12	66.21	70.84	75.80	81.86	87.59
2"	5	115.98	124.10	132.78	143.40	153.44
3"	2	258.00	276.06	295.38	319.01	341.34
4"	1	456.83	488.80	523.02	564.86	604.40
6"	2	1,025.12	1,096.87	1,173.66	1,267.55	1,356.28
8"	1	1,820.70	1,946.87	2,083.15	2,249.80	2,407.29

QUANTITY CHARGE, per 1,000 gallons

Block 1	\$ 3.19	\$ 3.41	\$ 3.65	\$ 3.94	\$ 4.22
Block 2	4.25	4.55	4.87	5.26	5.63
Block 3	8.50	9.10	9.74	10.52	11.26
Block 4	12.75	13.64	14.61	15.78	16.88
Block 5	21.25	22.74	24.35	26.30	28.14

The average annual charge for water service for a typical single-family residential customer has been as follows:

Typical Customer Annual Water Bill ⁽¹⁾

Bill for Inside City Customer

	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
Service Charge	\$146.19	\$156.39	\$167.34	\$180.72	\$193.37
Quantity Charge	424.16	468.11	500.88	540.95	578.81
Total Charge	\$570.35	\$624.50	\$668.22	\$721.67	\$772.19

Bill for Outside City Customer

	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
Service Charge	\$219.24	\$236.87	\$253.45	\$273.73	\$292.89
Quantity Charge	424.16	468.11	500.88	540.95	578.81
Total Charge	\$643.40	\$704.98	\$754.33	\$814.68	\$871.71

- ⁽¹⁾ Profile of the Typical Customer:
Customer Class = Single Family Residential
Meter Size = $\frac{3}{4}$ "
Irrigable Area = 5,200 square feet
Annual Water Consumption = 120,000 gallons
Monthly Average Winter Water Consumption = 5,000 gallons

Wastewater Rates. The basic schedule of sewer rates consists of a monthly service charge, which varies by water meter size, and a quantity charge. The quantity charge for customers with average strength sewage is based on the average winter water consumption (AWC) by the customer during the months of December through March. The residential customer's wastewater charges are based on the customer's AWC or on the quantity of water consumed in the current billing period, whichever is less. All non-residential customers with average strength sewage that have only an indoor water budget allocation are billed for wastewater based on actual water consumed during the billing period throughout the year. Non-residential customers that have both an indoor and outdoor water budget allocation will be billed based on the actual water use or their indoor water budget allocation, whichever is lower. Wastewater charges are not assessed against irrigation-only accounts. Customers with above average strength sewage are billed according to the excess strength charges. There are only a few customers paying a sewer charge based on excess strength waste, and the City's revenues derived therefrom are minimal.

The following table shows how wastewater rates have changed over the past five years. Service charges are shown for each billing period, and quantity charges for each 1,000 gallons of consumption as described above. Approximately __% of the total revenue from monthly wastewater sales comes from the monthly service charge and __% from the quantity charges.

History of Wastewater Rates for the City

Inside City

Service Charge

Meter Size	Accounts	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
3/4"	22,624	\$ 11.11	\$11.67	\$12.25	\$12.87	\$13.51
1"	2,403	19.48	20.45	21.47	22.55	23.67
1 1/2"	1,308	44.44	46.66	48.99	51.44	54.01
2"	413	78.33	82.25	86.36	90.68	95.21
3"	150	176.07	184.87	194.11	203.82	214.01
4"	56	313.33	329.00	345.45	362.72	380.86
6"	7	704.99	740.24	777.25	816.11	856.92
8"	7	1,253.32	1,315.99	1,381.79	1,450.88	1,523.42

Quantity Charge

Per 1000 gal	\$5.71	\$6.00	\$6.30	\$6.62	\$6.95
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Outside City

Service Charge

Meter Size	Accounts	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
3/4"	780	\$ 16.67	\$17.50	\$18.38	\$19.29	\$20.26
1"	103	29.22	30.68	32.21	33.82	35.51
1 1/2"	10	66.66	69.99	73.49	77.16	81.02
2"	3	117.50	123.37	129.54	136.02	142.82
3"	1	264.11	277.31	291.17	305.73	321.01
4"	2	470.00	493.49	518.18	544.09	571.29
6"	0	1,057.49	1110.36	1165.88	1224.17	1,285.38
8"	1	1,879.98	1973.98	2072.68	2176.31	2,285.13

Quantity Charge

Per 1000 gal	\$8.57	\$9.00	\$9.45	\$9.92	\$10.42
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The average annual charge for sewer service for a typical single-family residential customer has been as follows:

Typical Customer Annual Wastewater Bill ⁽¹⁾

Bill for Inside City Customer

	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
Service Charge	\$133.32	\$ 139.99	\$ 146.99	\$154.33	\$162.05
Quantity Charge	274.08	287.78	302.17	317.28	333.15
Total Charge	\$407.40	\$427.77	\$449.16	\$471.62	\$495.20

Bill for Outside City Customer

	1/1/18	1/1/19	1/1/20	1/1/21	1/1/22
Service Charge	\$200.04	\$210.00	\$220.50	\$231.53	\$243.10
Quantity Charge	411.36	432.00	453.60	476.28	500.09
Total Charge	\$611.40	\$642.00	\$674.10	\$707.81	\$743.20

⁽¹⁾ Profile of the Typical Customer:
Customer Class = Single Family Residential
Meter Size = 3/4"
Annual Water Consumption = 120,000 gallons
Monthly Average Winter Water Consumption = 4,000 gallons

Operations. The utility billing office carries out payment processing, billing, collections and customer service functions for all three City utilities. The staff supporting this effort includes one billing supervisor, four customer service representatives and a technical support person for the billing system. Meter reading, maintenance, testing and repair are accomplished by an additional staff of eight people.

Approximately 1,500 water meters are read each day. These meter readings are uploaded into the utility billing computer system on a daily basis, generating bills which are mailed on the following day. Each account receives one bill per month that includes water, wastewater and storm water/flood management charges.

Payment for utility services is due within 10 days of the date of the bill. If payment has not been received at the time of the next regular billing, a message noting that a portion of the bill is past due will appear on the bill. When payment is not received within sixty days from the date of the original billing, a Final Notice will be mailed notifying account holder that if the bill is not paid within ten calendar days, the water service may be discontinued.

When payment is not received seventy days from the date of the original billing, a door tag is placed at the property and the water is turned off after two days. Historically the City has experienced a less than one percent delinquency rate. If a partial payment is made, the payment is automatically applied to the oldest, outstanding bill, and applied first to miscellaneous fees, then the flood management utility, then the wastewater utility and finally the water utility. If all collection efforts fail, the City's code provides that service may be terminated, and delinquent charges may be certified to the Boulder County Treasurer for collection as part of property taxes.

Comparison to Other Cities' Rates. The City annually completes a survey for fifteen Front Range Communities of the average annual water and wastewater bills for a hypothetical inside city, single family residence with a 3/4" meter using 90,000 gallons annually. For 2021, of the sixteen Colorado Front Range cities surveyed, the City ranked eighth lowest with respect to water bills; second highest with respect to wastewater bills and fifth highest for combined water and wastewater bills.

Budgets

The City-wide 2022 budget was developed using a priority-based budgeting approach that scores or rates individual program to community defined results (or goals) to ensure resources are being allocated to areas deemed most important to the community. Annual operating budget proposals are developed by the managers of each functional group within the Utilities Division. The Utility manager responsible for Planning and Project Management formulates the Capital Improvement Program ("CIP") for the upcoming six years. These proposals are reviewed and modified by successive levels of management within the department until a final proposal is approved by the Utilities Director. The department budget proposal is then submitted to the Water Resources Advisory Board and the Planning Board for their review and recommendation. The City Manager considers these recommendations, along with public comment, before submitting the staff recommended budget to City Council, which makes the final determination regarding the budget. While the Utilities Division budget is developed in a cohesive manner (e.g. programs or projects that affect more than one utility fund), the water and wastewater budgets are entirely independent, each relying upon separate revenues and each maintained as a separate accounting entity.

The Utilities Department fiscal year 2022 approved budget (the "2022 Budget") is approximately \$175 Million Dollars, which includes the proceeds of the 2022 Bonds. The 2022

Budget contains the following key initiatives: (a) water projects focusing on addressing aging infrastructure and increasing reliability, resilience, and level of services of the water infrastructure, (b) the improvements to the 63rd WTF, which will be funded in part with proceeds of the 2022 Bonds, (c) improvements to the Betasso WTF, in order to meet anticipated regulations and provide needed system reliability improvements, (d) installing new main wastewater pipeline to the Boulder Water Resource Recovery Facility, which will be funded in part with proceeds of the 2022 Bonds, (e) continuing the South Boulder Creek Flood Mitigation project with completion of the 30% design and permit applications through the Army Corps of Engineers and FEMA, and (f) phase 1 improvements in the Gregory Canyon Creek drainageway to provide capacity for a 10-year storm event.

The 2002 Budget for the Water Utility Fund contains (i) approximately \$77.2 Million Dollars in revenues, including a portion of the proceeds of the 2022 Bonds, (ii) approximately \$76.1 Million Dollars in expenses, and (iii) an increase in the ending fund balance before reserves of approximately \$1 Million Dollars.

The 2022 Budget for the Wastewater Utility Fund contains (i) approximately \$82.2 Million Dollars in revenues including a portion of the proceeds of the 2022 Bonds, (ii) approximately \$81.2 Million Dollars in expenses, and (iii) an increase in the ending fund balance before reserves of approximately \$1 Million Dollars.

The Water Utility Fund and the Wastewater Utility Fund

The accounts of the City are organized and operated on a fund basis. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental funds utilized for the administration and operation of the Facilities are the Water Utility Fund and the Wastewater Utility Fund, which are enterprise funds for accounting purposes. All activities necessary to provide water and sewer service are accounted for in the Water Utility Fund and the Wastewater Utility Fund, respectively. All of the Gross Income is accounted for in either the Water Utility Fund or the Wastewater Utility Fund.

Historical Financial Information - Water Utility Fund and Wastewater Utility Fund

Set forth in the following tables are five-year comparative statements of revenues, expenses, and changes in net position for the Water Utility Fund and the Wastewater Utility Fund. The information in these tables has been derived from the City's Annual Comprehensive Financial Report ("ACFR") for 2017 through 2020 and from unaudited 2021 information provided by the City. The information in this table should be read together with the City's audited basic financial statements for the year ended December 31, 2020, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Prospective investors should be aware that the 2022 Bonds constitute special, limited obligations of the City payable solely from the Net Income. Inclusion of the City's audited basic financial statements (which contain Water Fund and Wastewater Fund information) is for informational purposes only and does not imply that the 2022 Bonds constitute a general obligation of the City or a lien on any City revenues other than the Net Income.

Historical Revenues, Expenditures and Changes in Net Position - Water Utility Fund (in 000's)

	Year Ended December 31,				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021(1)</u>
Operating revenues:					
Charges for services	\$ 28,640	\$ 29,647	\$ 30,315	\$ 33,740	35,722
Sale of goods	2	4	8	17	9
Total operating revenues	28,642	29,651	30,323	33,757	35,731
Operating expenses					
Personnel	8,974	9,757	6,336	7,109	8,235
Non-personnel	8,804	7,749	9,070	8,909	10,332
Depreciation and amortization	4,712	4,872	6,070	6,764	6,764
Total operating expenses	22,490	22,378	21,476	22,782	25,331
Operating income (loss)	6,152	7,273	8,847	10,975	10,400
Nonoperating revenues (expenses)					
Interest and investment earnings	467	778	1,490	1,423	(223)
Leases, rents and royalties	100	63	77	117	114
Intergovernmental	123	(123)	-	-	-
Interest expense	(568)	(1,725)	(1,962)	(1,798)	(1,658)
Contribution expense - future water rights	(420)	-	-	-	-
Gain (loss) on sale of capital assets	101	(43)	(9)	(13)	(7)
Other, net	20	206	65	1	-
Total nonoperating revenues (expenses)	(177)	(844)	(339)	(270)	(1,774)
Income (loss) before capital contributions and transfers	5,975	6,429	8,508	10,705	8,626
Capital contributions	3,167	2,543	7,096	8,787	5,001
Transfers out	(364)	(324)	(334)	(370)	(1,122)
Change in net position	8,778	8,648	15,270	19,122	12,505
Total net position, beginning of year (2)	228,615	236,481	245,129	260,399	279,521
Total net position, end of year	\$ 237,393	\$ 245,129	\$ 260,399	\$ 279,521	292,026

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

(2) The beginning net position for 2018 was restated by to reflect the cumulative effect of application of GASB Statement No. 75 (Net OPEB liability).

Source: The City's audited financial statements for the years ended December 31, 2017-2020, and unaudited 2021 information provided by the City.

Historical Revenues, Expenditures and Changes in Net Position -
Wastewater Utility Fund (in 000s)

	Year Ended December 31,				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021(1)</u>
Operating revenues:	\$ 19,212	\$ 21,393	\$ 21,821	\$ 21,741	24,831
Charges for services					
Sale of goods	1	-	-	-	2
Total operating revenues	19,213	21,393	21,821	21,741	24,833
Operating expenses					
Personnel	6,017	5,701	3,732	4,562	4,899
Non-personnel	5,510	6,477	6,288	6,073	6,514
Depreciation and amortization	2,855	2,946	3,749	3,817	3,817
Total operating expenses	14,382	15,124	13,769	14,452	15,230
Operating income (loss)	4,831	6,269	8,052	7,289	9,603
Nonoperating revenues (expenses)					
Interest and investment earnings	119	313	981	997	(210)
Leases, rents and royalties	16	9	22	13	17
Intergovernmental revenue	587	(14)	10	-	
Interest expense	(781)	(1,193)	(1,146)	(985)	(848)
Gain (loss) on sale of capital assets	-	(25)	(3)	(17)	(5)
Other, net	5	149	-	7	35
Total nonoperating revenues (expenses)	(54)	(761)	(136)	15	(1,011)
Income (loss) before capital contributions and transfers	4,777	5,508	7,916	7,304	8,592
Capital contributions	975	907	2,649	2,285	1,050
Transfers in	-	-	-	-	
Transfers out	(322)	(322)	(331)	(367)	(960)
Change in net position	5,430	6,093	10,234	9,222	8,682
Total net position, beginning of year (2)	76,657	81,512	87,605	97,839	107,061
Total net position, end of year	\$ 82,087	\$ 87,605	\$ 97,839	\$ 107,061	115,743

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

(2) The beginning net position for 2018 was restated by to reflect the cumulative effect of application of GASB Statement No. 75 (Net OPEB liability).

Source: The City's audited financial statements for the years ended December 31, 2017-2020, and unaudited 2021 information provided by the City.

THE CITY

Description

The City of Boulder, Colorado (the “City”) is a municipal corporation duly organized and existing as a home rule city under Article XX of the Constitution of the State of Colorado (the “State”) and the home rule charter of the City. The City, with an estimated population of approximately 116,424, is located in north central Colorado, approximately 25 miles northwest of Denver, Colorado. The City encompasses 25 square miles and is the county seat of Boulder County.

Governing Body

The City operates under a council-manager form of government whereby all powers of the City are vested in an elected City Council. On November 2, 1999 voters approved an amendment to the City’s Charter removing term limits for City Council members. The present members of the Council, their principal occupations, lengths of service to the Council, and terms of office are as follows:

<u>Name and Office</u>	<u>Principal Occupation</u>	<u>Date Elected</u>	<u>Term Expires</u>
Aaron Brockett, Mayor	Computer programmer	11/2015	11/2023
Rachel Friend, Mayor Pro Tem	Attorney and educator	11/2019	11/2023
Matt Benjamin, Council member	Astronomer	11/2021	11/2025
Lauren Folkerts, Council member	[to come]	11/2021	11/2025
Junie Joseph, Council member	Human rights and development	11/2019	11/2023
Nicole Speer, Council member	Scientist	11/2021	11/2025
Mark Wallach, Council member	Retired attorney and developer	11/2021	11/2025
Tara Winer, Council member	Small business owner	11/2021	11/2023
Bob Yates, Council member	Community Advocate	11/2015	11/2023

Administrative Personnel

The City Council consists of nine members elected for staggered four- and two-year terms. The presiding member of the City Council, as selected by the members thereof, is designated as Mayor.

Various individuals are responsible for implementation of the City Council’s actions with respect the day-to-day operation and maintenance of the City. The following paragraphs summarize the background and experience of selected City administrative personnel.

The City Manager manages the day to day business of the City government; sets strategic direction to achieve the City’s community sustainability goals; implements council determined policies; coordinates community issues between departments; and supervises the work of the departments.

Nuria Rivera-Vandermyde, City Manager, Ms. Rivera-Vandermyde joined the City in 2021 and currently serves as the City Manager. She has been a local government leader since 2013 when she was hired by the City of Minneapolis, Minnesota, as the director of regulatory services. She progressed to the roles of deputy city coordinator and city coordinator within that time. In 2019, she moved to Austin, Texas to take on a deputy city manager role.

Rivera-Vandermyde received her Juris Doctor degree from New York University School of Law and her Bachelor of Arts in Political Science and English from Amherst College.

Chris Meschuk, Deputy City Manager. Mr. Meschuck serves as deputy city manager. Chris joined the city in 2005 and has served in numerous roles in the city manager's office and planning department, most recently as assistant city manager. As deputy city manager, Mr. Meschuck serves as the city manager liaison on citywide issues and projects, working in collaboration with city departments to support Boulder's current and future needs. He holds a master's degree in Urban and Regional Planning from the University of Colorado Denver, a Bachelor of Environmental Design from the University of Colorado Boulder and is a certified Planner with the American Institute of Certified Planners. Mr. Meschuck currently volunteers with community service and youth leadership development organizations.

Kara Skinner, Interim Chief Financial Officer. Ms. Skinner has been the City's Interim Chief Financial Officer since November 2021. She joined the City in 2017 as the Assistant Director of Finance. Just prior to her roles with the City, Ms. Skinner was the Chief Financial Officer for the City of Colorado Springs. Ms. Skinner holds a bachelor's degree in economics from the University of Colorado Boulder and a master's degree in economics from Duke University. Ms. Skinner's early career was in the public utilities industry, serving as an analyst for the Maine Public Utilities Commission, analyst for the Hawaiian Electric Company and economist for the Hawaii Public Utilities Commission. She has taught economics as adjunct faculty for Jacksonville University, University of North Florida and the University of Hawaii. She currently is the Treasurer of the Colorado GFOA (CGFOA).

Growth Policy

The City and County have jointly adopted a comprehensive plan, the Boulder Valley Comprehensive Plan (the "BVCP"), that directs new urban development to the City's service area, preserves land outside the urban growth boundary, promotes a compact community, provides for affordable housing, and promotes alternative transportation modes. A major update to the plan began in 2015 and was adopted in 2017. More recently, a minor update to the plan began in 2020 and was adopted in 2021. A link to the plan can be found here <https://bouldercolorado.gov/bvcp>.

Based on the most recent data, the City and its service area (Areas I and II) had a population of approximately 116,424 (2020 estimate) and employment of 98,499 (2019 estimate). Approximately 30,000 students attend the University of Colorado. Over the next 20 years, the City is projected to add another 5,800 housing units, 35,000 people and 16,000 jobs. It should be noted that these projections occur only with every major update to the BVCP. The next major update is anticipated to occur in 2025. Since there is little vacant land left in the City's service area, most of the growth will occur through redevelopment.

Public Utilities

Water and sewer services are provided by the City. Gas and electricity for the City are currently provided by Xcel Energy. Rates for gas, electricity and telephone services are provided by private companies regulated by the Public Utilities Commission.

Retirement and Pension Matters

City employees are covered under several retirement plans and other, non-City funded postemployment benefits are available to employees. The matters are discussed in significant detail in Notes U, V and W to the City's audited financial statements, attached to this Official Statement as Appendix A.

Labor Relations

Non-management, non-exempt employees of most City departments are presently represented by the Boulder Municipal Employees Association (the "BMEA"). As of February 6, 2022, there were 377 standard employees represented by the BMEA. In addition, the City also has economic contracts with the police association (166 employees) and the firefighters' association (113 employees); those contracts have been renewed through the last pay period of 2022. In the opinion of the City's Human Resources Director, the City's relationship with its employees is presently satisfactory.

Risk Management

General. The Council acts to protect the City (including the Facilities) against loss and liability by maintaining certain insurance coverages, including property, general liability, automobile liability, law enforcement liability, public officials errors and omissions liability, crime coverage, cybersecurity and workmen's compensation insurance provided by the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). The City's current CIRSA coverage expires on _____, 202_. The Town's various coverages have varying deductibles and coverage limits.

In the opinion of the Finance Director (Should be Chief Financial Officer), the City's insurance policies provide adequate insurance protection for the City. See Note I in the audited financial statements attached hereto for a description of the City's 2020 risk management activities.

Cybersecurity. Neither the City nor the Facilities have been the subject of any successful cyberattack that impacted or affected operations or financial recording/reporting functions. Both the City and the Facilities have cyber training programs and mitigation/prevention plans for cyberattacks.

CITY DEBT STRUCTURE

Debt Limitation

The Charter limits City indebtedness to no more than three percent of the total assessed valuation of real property within the City. The City's 2021 assessed valuation is \$4,281,858,030; therefore, the maximum general obligation debt permitted by the Charter is \$128,455,741. This limit does not include revenue bonds, even if there is a contingent pledge of the full faith and credit of the City. The City presently has no indebtedness outstanding which applies toward the debt limit.

Outstanding Obligations

Revenue Obligations with General Obligation Pledge. Set forth below are certain obligations of the City outstanding secured with a pledge of revenues other than the Net Income and additionally secured by a pledge of the City's full faith and credit.

Outstanding Revenue Bonds Secured by a General Obligation Pledge

<u>Obligation</u>	Principal Outstanding (as of 4/1/2021)
Open Space Acquisition Bonds, Series 2014	\$6,980,000
Waste Reduction Refunding Note, Series 2020	<u>2,860,000</u>
	<u><u>\$9,840,000</u></u>

Other Revenue Obligations. The City has the authority to issue revenue obligations payable from the net revenues derived from the operation of municipality-owned utilities or other income producing projects or from the revenue received from certain taxes other than ad valorem property taxes. Such obligations do not constitute an indebtedness of the City; however, except for refinancing bonded debt at a lower interest rate, TABOR (as defined hereafter) requires that all multiple fiscal year obligations of the City have voter approval, unless the City qualifies the issuing utility as an enterprise, which would exempt the issuance of such debt from the provisions of TABOR. The following table sets forth the City's revenue obligations not secured by the Net Income (other than conduit issuances) which are outstanding as of the date of this Official Statement.

Other Outstanding Revenue Obligations

<u>Bond Issue</u>	<u>Principal Outstanding (as of 4/1/2022)</u>
Water and Sewer Revenue Refunding Bonds, Series 2012	\$ 11,045,000
Water and Sewer Revenue Bonds, Series 2015	7,590,000
Storm Water and Flood Management Revenue Bonds, Series 2015	16,720,000
Water and Sewer Revenue Bonds, Series 2016	25,935,000
Water and Sewer Revenue Bonds, Series 2018	34,355,000
Community Culture and Safety Sales and Use Tax Revenue Note, Series 2019A	
Community Culture and Safety Sales and Use Tax Revenue Note, Series 2019B	
Water and Sewer Revenue Refunding Note, Series 2020	<u>4,635,000</u>
Total	

General Fund Bonds. In 2020, the City issued its Taxable Pension Obligation Refunding Note, Series 2020, which is are presently outstanding in the aggregate principal amount of \$4,945,000 and in 2021 the City issued its General Fund Refunding Note, Taxable Converting to Tax-Exempt, Series 2021, which is presently outstanding in the aggregate principal amount of \$26,355,000. These bonds are not general obligations of the City but are secured by all legally available funds and revenues of the City’s General Fund.

Central Area General Improvement District. In 1970, the City created the Central Area General Improvement District (“CAGID”), which consists of a portion of the City including its core downtown area. CAGID obligations are not obligations of the City as a whole but are limited to the CAGID area. CAGID presently has outstanding \$1,610,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2012. These bonds are secured by certain revenues pledged by CAGID as well as a pledge of the full faith and credit of CAGID, but not the City as a whole.

Special Assessment Bonds. The City has the power to create special improvement districts and to issue special assessment bonds payable from assessments against benefited properties within the district. The City does not have any outstanding special improvement districts.

Leases and Long-Term Contracts. The Council has the authority to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described in “LEGAL MATTERS-- Certain Constitutional Limitations.” The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. As of April 1, 2022, the City had outstanding approximately \$7,340,709 of lease purchase revenue notes, which are subject to annual appropriation and payable from revenues guaranteed by the City’s open space sales and use tax. [Other Obligations to report? Outstanding amounts of 2010 and 2012 Equipment Lease/Purchase agreements for various energy improvement/fixtures (This amount is \$4,529,386 for the both of them)

The City has also entered into a lease purchase agreement with the Boulder Municipal Property Authority dated as of November 1, 2015 (the “2015 Lease”) with respect to several buildings and properties used by the City. In connection with the 2015 Lease, Taxable Certificates of Participation, Series 2015, were issued and are presently outstanding in the aggregate principal amount of \$32,000,000. The City’s obligation to pay rent under the 2015 Lease is subject to annual appropriation and may be terminated by the City during any fiscal year

for all subsequent fiscal years. The City's annual rental payments under the 2015 Lease total approximately \$2.8 million per year through 2036.

In addition, the City has entered into a lease purchase agreement with the Boulder Municipal Property Authority dated as of September 1, 2019 (the "2019 Lease") with respect to several buildings and properties used by the City. In connection with the 2019 Lease, Taxable Certificates of Participation, Series 2019, were issued and are presently outstanding in the aggregate principal amount of \$18,450,000. The City's obligation to pay rent under the 2019 Lease is subject to annual appropriation and may be terminated by the City during any fiscal year for all subsequent fiscal years. The City's annual rental payments under the 2015 Lease total approximately \$1.3 million per year through 2039.

Mill Levy Limitations and Tax Rates

The Charter restricts the property tax levy to 13.0 mills on a dollar of assessed valuation. This limitation does not include special assessments for local improvements, payment of interest or principal on bonded indebtedness or the charter mill levy for health and hospital purposes. Article X, Section 20 of the Colorado Constitution, however, imposes limitations which are substantially more restrictive than those of the Charter. See "LEGAL MATTERS--Certain Constitutional Limitations."

Earmarked funds from the property tax include 0.900 mills for the Permanent Park and Recreation Fund, 0.333 mills for the Library Fund, and 0.400 mills for human-services purposes. The 0.400 mills for human-services purposes is included in the City's General Fund.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City'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 City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population

The following table sets forth the respective populations of the City, Boulder County and the State of Colorado for the time periods shown. Between 2010 and 2020, the population of the City increased 11.2% and that of Boulder County increased 12.3%. The State's population increased 14.8% during the same time period.

Year	<u>Population</u>					
	City of Boulder	Percent Change	Boulder County	Percent Change	Colorado	Percent Change
1970	66,870	--	131,889	--	2,207,259	--
1980	76,685	14.7%	189,625	43.8%	2,889,735	30.9%
1990	83,312	8.6	225,339	18.8	3,294,394	14.0
2000 ⁽¹⁾	94,673	13.6	269,814	19.7	4,301,261	30.6
2010	97,385	2.9	294,567	9.2	5,029,196	16.9
2020	108,250	11.2	330,758	12.3	5,773,714	14.8

(1) The Colorado State Demography Office adjusted the 2000 figure for Boulder County to reflect the 2001 creation of the City and County of Broomfield.

Sources: United States Department of Commerce, Bureau of the Census (1970-2020) and Colorado State Demography Office (2000 figure for Boulder County).

Income

The following table sets forth annual per capita personal income levels for Boulder County, the State and the United States. Per capita levels in Boulder County have consistently exceeded State and national levels during the period shown.

Annual Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Boulder County</u>	<u>Colorado</u>	<u>United States</u>
2016	\$65,226	\$52,251	\$49,812
2017	69,456	55,125	51,811
2018	72,607	58,267	54,098
2019	77,305	60,848	56,047
2020	79,649	63,776	59,510

(1) Figures for Boulder County updated November 16, 2021. State and national figures updated September 23, 2021. 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 Boulder County, the State and the United States for the period indicated.

Labor Force and Percent Unemployed

<u>Year</u>	<u>Boulder County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2016	180,901	2.6%	2,894,157	3.1%	4.9%
2017	186,219	2.2	2,982,495	2.6	4.4
2018	192,258	2.6	3,071,396	3.0	3.9
2019	195,471	2.3	3,126,120	2.7	3.7
2020	192,879	6.2	3,122,237	7.3	8.1
<u>Month of December</u>					
2020	194,211	5.8%	3,172,790	6.9%	6.7%
2021	199,627	3.2	3,227,853	4.1	3.9

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

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

The following table shows the number of individuals employed within selected Boulder County industries which are covered by unemployment insurance. In 2020, the largest employment sector in Boulder County was professional and technical services (comprising approximately 17.0% of the county's work force), followed, in order, by educational services, health care and social assistance, manufacturing, and retail trade. For the twelve-month period ended December 31, 2020, total average employment in the County decreased 5.0% as compared to the same period ending December 31, 2019, and the weekly average wage increased by 6.0% during the same time period.

Average Number of Employees within Selected Industries - Boulder County

Industry	2016	2017	2018	2019	2020	2021 ⁽²⁾
Accommodation and Food Services	17,774	17,945	18,191	17,956	13,441	13,992
Administrative and Waste Services	6,693	5,868	6,183	6,416	6,198	6,109
Agriculture, Forestry, Fishing, Hunting	479	534	606	569	611	598
Arts, Entertainment and Recreation	3,195	3,161	3,288	3,475	2,605	2,683
Construction	5,247	5,538	5,689	5,837	5,447	5,354
Educational Services	21,244	21,763	21,799	23,172	22,172	21,982
Finance and Insurance	4,031	4,070	4,032	4,118	4,108	4,133
Government	8,365	8,378	8,482	8,447	8,323	7,917
Health Care and Social Assistance	21,744	22,647	23,194	23,357	22,056	22,713
Information	7,945	8,063	8,251	8,603	8,527	8,772
Management of Companies/Enterprises	1,206	1,443	1,566	1,525	1,614	1,710
Manufacturing	17,504	18,429	19,057	19,804	20,056	20,739
Mining	227	169	176	177	172	213
Non-classifiable	24	5	22	17	20	12
Other Services	5,318	5,382	5,376	5,415	4,862	5,064
Professional and Technical Services	26,981	27,543	28,364	30,085	30,439	31,370
Real Estate, Rental and Leasing	2,739	2,757	2,756	2,782	2,700	2,807
Retail Trade	17,407	17,491	17,554	17,493	16,565	17,180
Transportation and Warehousing	2,133	2,052	2,112	2,177	2,291	2,339
Utilities	301	289	256	307	311	323
Wholesale Trade	6,105	6,288	6,513	6,730	6,481	6,648
Total ⁽¹⁾	<u>176,663</u>	<u>179,815</u>	<u>183,466</u>	<u>188,461</u>	<u>178,999</u>	<u>182,654</u>

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

(2) Figures are averaged through the second quarter of 2021.

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

Major Employers

The following table sets forth a selection of the largest public and private employers in Boulder County. 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 area.

Major Employers in Boulder County

Name of Employer	Product or Service	Estimated Number of Employees ⁽¹⁾
University of Colorado at Boulder	Higher Education	9,814 ⁽²⁾
Boulder Valley School District	K-12 Education	3,680 ⁽³⁾
St. Vrain Valley School District	K-12 Education	3,570 ⁽³⁾
Medtronic PLC	Medical Devices and Products	2,430
Boulder Community Health	Healthcare	2,380
Ball Aerospace & Technologies Corporation	Aerospace, Technologies, and Services	1,650
Seagate Technology	Computer Hard Drives	1,460
IBM Corporation	Computer Systems and Services	1,460
Good Samaritan Medical Center	Healthcare	1,450
Google	Internet Services and Products	1,390

(1) Figures show employees in Boulder County as of June 2021 unless otherwise noted.

(2) Figure as of November 1, 2020. Figure does not include student employees.

(3) Figures are taken from the employer's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Sources: Development Research Partners as posted by Metro Denver Economic Development Corporation; and individual public sector employers.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in Boulder County during the time period shown. Such information only represents the number of foreclosures filed and does not consider foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures – Boulder County

Year	Number of Foreclosures	Percent Change
2017	170	--
2018	123	(27.6) %
2019	146	18.7
2020	48	(67.1)
2021	38	(20.8)
2022	3	--

(1) Figures are for January 1 through January 31, 2022.

Sources: Colorado Division of Housing (2017 to 2020 figures) and Boulder County Public Trustee's Office (2021 and 2022 figures).

TAX MATTERS

[Kutak to review/update tax language]

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the 2022 Bonds. Failure to comply with such requirements could cause interest on the 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2022 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2022 Bonds.

Bond Counsel is also of the opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2022 Bonds is excludable from gross income for Colorado income tax purposes and from the calculation of alternative minimum taxable income.

The accrual or receipt of interest on the 2022 Bonds may otherwise affect the federal income tax liability of the owners of the 2022 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status or other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2022 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2022 Bonds.

A copy of the proposed form of opinion of Bond Counsel with respect to the 2022 Bonds is attached as Appendix E to this Official Statement.

Original Issue Premium

The 2022 Bonds that have an original yield below their respective interest rates, [as shown on the inside cover of this Official Statement] (collectively, the "Premium Obligations"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes original issue premium on such Premium Obligation. A purchaser of a Premium Obligation must amortize any premium over the term of such Premium Obligation using constant yield principles based upon the purchaser's yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of premium amortized in a payment period offsets a corresponding amount of the interest allocable to the corresponding payment period and the purchaser's basis in such Premium Obligation is reduced

by a corresponding amount resulting in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Obligations should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Obligation.

Original Issue Discount

The 2022 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discounted Tax-Exempt Obligations"), are being sold at an original issue discount. The difference between the initial public offering prices of the Discounted Tax-Exempt Obligations and their stated amounts to be paid at maturity, (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

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

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

Owners of Discounted Tax-Exempt Obligations should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local consequences of owning a Discounted Tax-Exempt Obligation. Subsequent purchasers of Discounted Tax-Exempt Obligations that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2022 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any owner of the 2022 Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2022 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2022 Bonds of the market value thereof would be impacted thereby. Purchasers of the 2022 Bonds should consult their tax advisor regarding any pending or proposed tax legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2022 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASES OF THE 2022 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2022 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE 2022 BONDS

LEGAL MATTERS

Litigation

The City has been advised that to the best knowledge of the City Attorney as of the date of this Official Statement, there are no suits or claims currently pending or threatened against the City that will materially and adversely affect the financial condition or operations of the City, the City's power to issue and deliver the 2022 Bonds; the proceedings and authority under which the 2022 Bonds are issued, the Fee is charged and collected, or the Net Income is collected, or affecting the validity of the 2022 Bonds or the pledge of said Net Income to the repayment of the 2022 Bonds thereunder; and neither the corporate existence nor the boundaries of the City or the title of its present officers to their respective offices is being contested.

Governmental Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. Financial immunity is also waived for serious bodily injury or death resulting from an incident of school violence (murder, first degree assault or felony sexual assault). In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which occur during the performance of their duties and within the scope of their employment.

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

[To be discussed and reviewed by CAO] In 2021, the Colorado Legislature passed Senate Bill 21-088 (“SB 88”) which created a new cause of action and added a waiver of immunity for certain sexual misconduct claims that occurred on or after January 1, 1960, but before January 1, 2022. Any claims brought under SB 88 must be commenced before January 1, 2025. Claimants are limited to a maximum recovery of \$500,000 under the new cause of action created by SB 88 unless a court finds certain aggravating factors by clear and convincing evidence, in which case the total amount awarded to a claimant cannot exceed \$1,000,000 dollars. [The City’s historical insurance coverage for sexual misconduct claims may not be sufficient to cover claims brought pursuant to SB 88. To date, the City has not received any notices or demands under SB 88 and the City has plans in place to address any such claims in the event they are alleged in the future.]

The City may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City 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

In connection with the 2022 Bonds, Kutak Rock LLP, as Bond Counsel, will render its opinion as to the validity of the 2022 Bonds and the treatment of interest thereon for purposes of federal and State income taxation. See Appendix E - Form of Bond Counsel Opinion. Butler Snow LLP is acting as special counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the City Attorney.

Certain Constitutional Limitations

General. At the general election on November 3, 1992, the voters of Colorado approved Article X, Section 20 of the Colorado Constitution (“TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the City (“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 City, 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. The City’s Water Utility and Wastewater Utility are considered “enterprises” under TABOR, and therefore the 2022 Bonds may be issued without an election.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the 2022 Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so.

At the November 2, 1993 election, City voters authorized the City to collect, retain, and expend without regard to the revenue and limitations imposed by TABOR, the full proceeds of the City’s sales and use tax, admission tax, accommodations tax, and non-federal grants. At the

November 8, 1994 election, City voters approved an increase in the City's trash tax and allowed the City to collect and spend the full proceeds of such taxes and any interest thereon.

At the November 5, 1996 election, City voters authorized the City to remove TABOR restrictions on all revenues (except property tax) and expenditures of the City, and authorized the collect, retention and expenditures of all revenues of the City free from current revenue and expenditure limitations and from any limitations that may be enacted in the future without the amendment of the City's Charter by the electors of the City.

In addition, at the November 4, 2008 election, City voters authorized the City to remove TABOR restrictions on property tax revenues collected above the limits imposed by TABOR. The election specified that retention above TABOR limits will not rise more than 0.5 mills annually for tax collection years 2009 and beyond up to the maximum allowable level of property taxes and that any tax monies that are collected above those that the City may retain will be credited to property owners as an offset against the subsequent year's taxes.

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 City has set aside 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.

Enterprise Status. The City has determined that the Facilities are currently enterprises; however, TABOR contemplates that enterprise status can change over time. Because the 2022 Bonds are issued by the City as an enterprise, under TABOR voter approval for the issuance of the 2022 Bonds is not required, and the remaining terms of TABOR do not apply to the operation of the Facilities.

If the Facilities ever ceases to be enterprises, the Facilities' spending and revenues would become subject to the limitations of TABOR, unless the City obtains voter approval to be exempted from such limitations. Assuming such voter approval is not obtained, the applicability of the spending and revenue limitations upon the Facilities could restrict the City's ability to spend its revenues in excess of such limitations absent voter approval. The effect of any future application of the limitations of TABOR would depend on the City's overall spending and revenues at that time. Even if the Facilities cease to have enterprise status, the rate covenant and the lien on Net Income provided for in the Bond Ordinance will continue to secure the payment of debt service on the 2022 Bonds.

Police Power

The obligations of the City 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.

INDEPENDENT AUDITORS

The basic financial statements of the City as of December 31, 2020, and for the year then ended, included in this Official Statement as Appendix A, have been audited by CliftonLarsonAllen LLP, Broomfield, Colorado, as stated in the report appearing therein.

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

MUNICIPAL ADVISOR

Hilltop Securities Inc. is acting as the Municipal Advisor to the City in connection with the issuance of the 2022 Bonds. The Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2022 Bonds. In its role of Municipal Advisor to the City, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

RATING

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the 2022 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the significance of any S&P ratings may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such rating reflect only the views of the rating agencies, 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 a 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 of the 2022 Bonds. Other than the City's obligations under the Disclosure Undertaking, neither the City nor the Municipal Advisor has undertaken any responsibility to bring to the attention of the owners of the 2022 Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

PUBLIC SALE

The City expects to offer the 2022 Bonds at public sale on _____, 2022. See the Notice of Public Sale dated April 29, 2022.

OFFICIAL STATEMENT CERTIFICATION

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

CITY OF BOULDER, COLORADO

By: _____
Mayor

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE: The audited basic financial statements of the City for the year ended December 31, 2020, have been excerpted from the City's Annual Comprehensive Financial Report for that year. Certain statistical tables and other information were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general-purpose financial statement of the City.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

(to be provided by Bond Counsel)

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2022 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Bonds 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 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, 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 City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2022 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the Facilities of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2022 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____
CITY OF BOULDER, COLORADO
(ACTING THROUGH ITS WATER UTILITY ENTERPRISE
AND ITS WASTEWATER UTILITY ENTERPRISE)
WATER AND SEWER REVENUE BONDS
SERIES 2022

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Boulder, Colorado (the “City”)(acting through its Water Utility Enterprise and its Wastewater Utility Enterprise) in connection with the issuance of the Water and Sewer Revenue Bonds, Series 2022, dated as _____, 2022, in the aggregate principal amount of \$ _____ (the “2022 Bonds”). The 2022 Bonds are being executed and delivered pursuant to that certain Bond Ordinance adopted by the City Council of the City on _____, 2022. The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2022 Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the 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 City 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 City and which has filed with the City 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 City 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 2022 Bonds.

“Participating Underwriter” shall mean the original underwriter of the 2022 Bonds required to comply with the Rule in connection with an offering of the 2022 Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than July 31 following the end of the City’s fiscal year, commencing on July 31, 2019, 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 City shall provide the Annual Report to the Dissemination Agent (if the City 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 City may be submitted separately from the balance of the Annual Report.

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City 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 City’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 2022 Bonds.

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

SECTION 5. Reporting of Listed Events. The City 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 2022 Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the 2022 Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2022 Bonds, or other material events affecting the tax status of the 2022 Bonds;
- (7) Modifications to rights of Certificateholders, *if material*;
- (8) Certificate calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the 2022 Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;⁸
- (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 obligation⁹ 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 City, any of which affect security holders, *if material*; and

⁸ 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.

⁹ 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 City 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.

(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 City'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 2022 Bonds; (ii) the date that the City 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 2022 Bonds.

SECTION 8. Dissemination Agent.

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist the City 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 City 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 City and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the City 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 City 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 City 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 City 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 2022 Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City 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 City 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 City 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 City 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 City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the 2022 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City 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 City 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 City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2022 Bonds, and shall create no rights in any other person or entity.

DATE: _____, 20022

CITY OF BOULDER, COLORADO

By: _____
Chief Financial Officer

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Boulder, Colorado (acting through its Water Utility Enterprise
and its Wastewater Utility Enterprise)

Name of Certificate Issue: Water and Sewer Revenue Bonds, Series 2022

Date of Issuance: _____, 2022

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named 2022 Bonds as required by the Continuing Disclosure Certificate dated _____, 2022. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF BOULDER, COLORADO

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

See page iv of the Official Statement

NOTE: The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in this Official Statement be used in future years.

APPENDIX E
FORM OF BOND COUNSEL OPINION

June __, 2022

\$ _____
CITY OF BOULDER, COLORADO
(ACTING THROUGH ITS WATER UTILITY ENTERPRISE
AND ITS WASTEWATER UTILITY ENTERPRISE)
WATER AND SEWER REVENUE BONDS
SERIES 2022

We have examined the Charter and City Code of the City of Boulder, Colorado (the “City”), in the County of Boulder and the State of Colorado (the “State”), and a certified copy of the transcript of proceedings of the City relating to the issuance by the City (Acting through its Water Utility Enterprise and its Wastewater Utility Enterprise) of its Water and Sewer Revenue Bonds, Series 2022 (the “2022 Bonds”). The 2022 Bonds are executed and delivered in the aggregate principal amount of \$ _____ and are dated, bear interest at the rates and mature on the dates provided in the Ordinance (as defined below). The 2022 Bonds are executed and delivered solely as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The 2022 Bonds are subject to optional redemption prior to maturity as provided in the Ordinance.

The 2022 Bonds have been issued under and pursuant to the Constitution and laws of the State, including particularly the Charter of the City, the Enterprise Ordinance, the City’s Resolution adopted on April 5, 2022 authorizing the public sale of the 2022 Bonds and approving the form of the Notice of Bond Sale (the “Resolution”) and an emergency ordinance adopted by the City on April 5, 2022 as supplemented by the Sale Certificate dated June 1, 2022 (collectively, the “Ordinance”), for the purpose of providing funds to (a) construct, acquire, improve and equip certain treatment and transmission facilities in the City’s water system and sewer system; (b) purchase a reserve fund surety bond for the Reserve Fund (defined below); and (c) pay all necessary, incidental and appurtenant expenses in connection therewith, including the costs of issuance of the 2022 Bonds.

In our opinion, the proceedings show lawful authority for the issuance of the 2022 Bonds. The Ordinance and the Resolution have been duly adopted by the City Council of the City and are in full force and effect in the forms in which finally adopted as of the date hereof.

We have also examined an executed form of bond of said issue of 2022 Bonds and have found it to be in proper form and executed by the proper officers of the City. In our opinion, based upon our examination as set forth above, the 2022 Bonds constitute valid and legally binding special obligations of the City enforceable in accordance with their terms, payable, as to principal and interest, out of the Net Income (as defined in the Ordinance) of the City’s water and sewer systems (collectively, the “Facilities”), which Net Income is pledged therefor. As security for such payment, there are irrevocably pledged the following special funds: a fund designated as “City of Boulder, Colorado, Water and Sewer Revenue Bonds, 2022 Bond Fund” (the “Bond Fund”) and a fund designated as “City of Boulder, Colorado, Water and Sewer Revenue Bonds, Series 2022 Reserve Fund (the “Reserve Fund”). The City has covenanted to pay into the Bond Fund from the Net Income derived from the Facilities (which Net Income consists generally of the Gross Income

derived from the operation and use of the Facilities less operations and maintenance expenses other than depreciation and amortization as more fully set forth in the Ordinance), sums sufficient to pay when due the principal and interest on the 2022 Bonds. The 2022 Bonds constitute an irrevocable and first lien (but not necessarily an exclusive first lien) upon the resulting Net Income derived from the Facilities.

The Reserve Fund shall be funded in an amount equal to the Minimum Bond Reserve, as defined in the Ordinance, by a debt service reserve fund insurance policy (the “2022 Reserve Policy”) issued by Assured Guaranty Municipal Corp (the “2022 Reserve Policy Provider”). In the Ordinance, the City has authorized the execution and delivery of a Reserve Policy Agreement, dated June __, 2022 (the “2022 Reserve Policy Agreement”), by and between City (acting through its Water Utility Enterprise and its Wastewater Utility Enterprise) and the 2022 Reserve Policy Provider. Based upon our examination of the 2022 Reserve Policy Agreement and the Ordinance, we are of the opinion that (a) the 2022 Reserve Policy Agreement has been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery by 2022 Reserve Policy Provider, represents the valid and legally binding agreement of the City enforceable in accordance with its terms; and (b) the 2022 Reserve Policy constitutes a debt service reserve fund insurance policy under the Ordinance.

The obligations of the City contained in the Ordinance and the 2022 Reserve Policy Agreement may be subject to general principles of equity which may permit the exercise of judicial discretion, 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 its governmental bodies of the police power inherent in the sovereignty of the State, are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally, and are subject to the exercise by the United States of America of the powers delegated to it by the federal constitution.

It is also our opinion that under existing laws, regulations, ruling and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2022 Bonds is excludable from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax.

It is also our opinion that to the extent interest on the 2022 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of alternative minimum taxable income

The accrual or receipt of interest on the 2022 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions expressed above are based upon existing legislation as of the date thereof, and we express no opinion as of any date subsequent hereto or with respect to any pending legislation.

Respectfully,

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