

NEW ISSUE – BOOK-ENTRY ONLY

**RATINGS: Moody's: "Aa2"
S&P: "AA-"
(See "RATINGS" herein)**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2020R Certificates. See "TAX MATTERS" herein.

\$98,030,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

Dated: Date of Delivery

Due: March 15, as shown on the inside front cover

The Series 2020R Certificates will be executed and delivered pursuant to and secured by a Master Trust Indenture, as supplemented (the "Indenture"), including a supplemental indenture securing the Series 2020R Certificates, executed and delivered by Zions Bancorporation, National Association, Denver, Colorado, as Trustee, and will evidence proportionate interests in the right of the Trustee to receive Base Rent and certain other amounts payable by the State of Colorado pursuant to certain annually renewable lease purchase agreements between the Trustee, as lessor, and the State, acting by and through the State Treasurer, as lessee, in respect of property that has been leased to the Trustee by certain Participating K-12 Institutions (or, in the case of some charter schools, the chartering entities) in connection with the funding of capital construction projects for such Participating K-12 Institutions, and in turn subleased back from the State by such Participating K-12 Institutions, pursuant to the State's Building Excellent Schools Today (BEST) grant program as described herein. *Capitalized terms not otherwise defined on this cover page have the meanings set forth in this Official Statement.*

The net proceeds of the Series 2020R Certificates will be used to (a) pay the costs of projects for K-12 public school institutions (the "Participating K-12 Institutions") that have been reviewed, prioritized and recommended by the Public School Capital Construction Assistance Board (the "Assistance Board") for approval by the State Board of Education and the State's Capital Development Committee, (b) pay the costs of issuance of the 2020R Certificates and (c) make deposits to funds and accounts held by the Trustee under the Indenture.

The Series 2020R Certificates will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2020R Certificates. Beneficial Ownership Interests in the Series 2020R Certificates, in non-certificated book entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2020R Certificates by the rules and operating procedures applicable to the DTC book entry system as described herein.

The Series 2020R Certificates bear interest at the rates per annum set forth on the inside front cover hereof payable semi-annually on each March 15 and September 15, commencing March 15, 2021, and mature in the amounts and on the dates set forth on the inside front cover hereof, subject to optional, mandatory and extraordinary redemption prior to maturity as described herein.

Maturity Schedules on the Inside Front Cover

The Series 2020R Certificates are secured on a parity basis with all other Series of Certificates executed and delivered pursuant to the Indenture, all of which evidence undivided interests in the right to receive the Lease Revenues as described herein, and are payable solely from the Trust Estate under the Indenture without preference, priority or distinction of any Certificate over any other Certificate. The Rent under the Leases is payable by the State from moneys in the Public School Capital Construction Assistance Fund, which is funded from revenues received by the State from: (i) a portion of rental income and royalties derived from State school lands; (ii) a portion of the State lottery proceeds; (iii) payments of Matching Moneys from certain K-12 public school institutions, including charter schools, for which the projects are financed; (iv) excise tax revenue from marijuana sales; and (v) if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases, any moneys that the Colorado General Assembly transfers to the Assistance Fund from any other legally available sources, including the State General Fund. Upon the occurrence of an Event of Default or an Event of Nonappropriation under any Lease, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property that the State has leased from the Trustee pursuant to the Leases, subject to the terms of the Leases and the Indenture.

Payment of Rent and all other payments by the State constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the General Assembly to the Assistance Fund from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases are subject to the action of the General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to

appropriation by the General Assembly in its sole discretion, and are not to be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State or constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew any Leases, the sole security available to the Trustee, as lessor under the Leases, is the Leased Property leased under the Leases, subject to the terms of the Leases.

This cover page contains certain information for quick reference only. It is not a summary of the transaction. Each prospective investor should read this Official Statement in its entirety to obtain information essential to making an informed investment decision and should give particular attention to the section entitled "CERTAIN RISK FACTORS."

The Series 2020R Certificates are offered when, as and if delivered, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State, as counsel to the State. Stradling Yocca Carlson & Rauth, Denver, Colorado, has acted as counsel to the Underwriters set forth below in connection with the execution and delivery of the Series 2020R Certificates. Hilltop Securities Inc., Denver, Colorado, has acted as municipal advisor to the State in connection with the offering and execution and delivery of the Series 2020R Certificates. It is expected that the Series 2020R Certificates will be executed and available for delivery through the facilities of DTC on or about December 9, 2020.

RBC CAPITAL MARKETS LLC

CITIGROUP

**KEYBANC CAPITAL MARKETS
INC.**

Dated: November 18, 2020

MATURITY SCHEDULE

\$98,030,000

**STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R**

Maturing (March 15)	Principal Amount	Interest Rate	Yield	CUSIP No.®
2021	\$3,465,000	5.000%	0.190%	19668Q MD4
2022	1,645,000	5.000	0.200	19668Q ME2
2023	1,710,000	5.000	0.250	19668Q MF9
2024	1,785,000	5.000	0.310	19668Q MG7
2025	1,875,000	5.000	0.330	19668Q MH5
2026	1,970,000	5.000	0.450	19668Q MJ1
2027	2,065,000	5.000	0.560	19668Q MK8
2028	2,170,000	5.000	0.670	19668Q ML6
2029	2,265,000	5.000	0.800	19668Q MM4
2030	2,380,000	5.000	0.940	19668Q MN2
2031	2,500,000	5.000	1.070 ¹	19668Q MP7
2032	2,625,000	5.000	1.170 ¹	19668Q MQ5
2033	2,755,000	5.000	1.280 ¹	19668Q MR3
2034	2,890,000	5.000	1.360 ¹	19668Q MS1
2035	3,035,000	4.000	1.570 ¹	19668Q MT9
2036	2,270,000	4.000	1.610 ¹	19668Q MU6
2037	1,620,000	4.000	1.650 ¹	19668Q MV4
2038	1,685,000	4.000	1.690 ¹	19668Q MW2
2039	1,750,000	4.000	1.730 ¹	19668Q MX0
2040	1,820,000	4.000	1.770 ¹	19668Q MY8
2041	1,890,000	4.000	1.810 ¹	19668Q MZ5
2045	51,860,000	4.000	1.880 ¹	19668Q NA9

¹ Priced to the first optional call date of March 15, 2030 at par.

© CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and is provided solely for the convenience of the purchasers of the Series 2020R Certificates and only as of the issuance of the Series 2020R Certificates. None of the State, the Trustee or the underwriters of the Series 2020R Certificates (the "Underwriters") has any responsibility for the accuracy of such data now or at any time in the future. The CUSIP numbers for the Series 2020R Certificates may be changed after the issuance of the Series 2020R Certificates as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Series 2020R Certificates or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2020R Certificates.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2020R Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2020R Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the State of Colorado or the Underwriters.

The information set forth in this Official Statement has been obtained from the State, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the State. In accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness. 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 Series 2020R Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the State or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2020R Certificates and does not have or assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

This Official Statement has been prepared only in connection with the original offering of the Series 2020R Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2020R Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the State, the Series 2020R Certificates and the terms of the offering, including the merits and risks involved. The Series 2020R Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this Official Statement.

THE PRICES AT WHICH THE SERIES 2020R CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE FRONT COVER OF THIS OFFICIAL STATEMENT. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO

DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2020R CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2020R CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Cautionary Statement Regarding Projections, Estimates and Other
Forward-Looking Statements in this Official Statement

This Official Statement, including, but not limited to, the material set forth under “STATE FINANCIAL INFORMATION,” “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS,” “LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE” and in “APPENDIX E – THE STATE GENERAL FUND,” “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST,” “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND” and “APPENDIX J – STATE PENSION SYSTEM,” contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimates,” “intends,” “expects,” “believes,” “anticipates,” “plans,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statements will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. The State does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

\$98,030,000

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

INTRODUCTION

This Official Statement, including the cover page, inside front cover and appendices, provides information in connection with the offering and sale of the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2020R (the “Series 2020R Certificates”). Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Glossary in the form of the hereinafter defined 2020R Supplemental Indenture appended to this Official Statement.

This Introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2020R Certificates to potential investors is made only by means of the entire Official Statement.

COVID-19 (Coronavirus)

The spread of a novel strain of coronavirus called COVID-19 is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, state, and local economies. On October 30, 2020, the Colorado Department of Public Health and Environment (“CDPHE”) released a new modeling report indicating an increase in hospitalizations and in the estimated number of Coloradans who currently are infectious. The report indicates that if Colorado remains on the current trajectory of its epidemic curve, state epidemiologists predict continued growth in cases and increased demand on hospitals. Further, the report evaluates what might happen with increased social contact beginning the Friday before Thanksgiving and lasting through the end of 2020 and continuing into 2021. As further described under “CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus),” the Governor issued an executive order on October 30, 2020, and expiring November 30, 2020, consolidating numerous prior orders which imposed various restrictions upon Colorado residents and businesses. The order recognizes unique local circumstances and uses a five-level dial to visualize a county’s success in containing the spread of COVID-19. On November 2, 2020, CDPHE issued a public health order, which sets forth the requirements for the implementation of the Governor’s October 30th order.

COVID-19 has resulted in a substantial reduction of revenues historically available to the State, as well as requiring significant public health emergency response costs. However, the OSPB September 2020 Revenue Forecast forecasted revenues to the State General Fund greater than those forecast in the OSPB May 2020 Revenue Forecast. The combined effect of the State’s budget reduction measures and the increased General Fund Revenues forecast in the OSPB September 2020 Revenue Forecast will likely result in the State having revenues in excess of those in the fiscal year 2020-2021 budget that by law, will roll forward to successive budget years. **Investors should review information regarding the COVID-19 pandemic in “CERTAIN RISK FACTORS – Potential Impact of COVID-19 (Coronavirus)” and Appendices E and F. As discussed herein, COVID-19 has materially adversely impacted the finances**

of the State beginning in Fiscal Year 2020. Unless, otherwise noted, historical, financial, economic, and demographic data contained herein does not reflect the impact of COVID-19.

The Indenture, the Prior Certificates and the Leases

The Indenture. The Series 2020R Certificates are being executed and delivered by Zions Bancorporation, National Association, Denver, Colorado, as trustee (the “Trustee”), pursuant to the State of Colorado Building Excellent Schools Today Master Trust Indenture, dated August 12, 2009 (the “Master Indenture”), as previously amended and supplemented by supplemental indentures related to the several series of certificates of participation previously executed and delivered pursuant thereto and as amended and supplemented by the Series 2020R Supplemental Trust Indenture (the “2020R Supplemental Indenture”) to be dated as of the date of delivery of the Series 2020R Certificates (the “Closing Date”), in connection with the execution and delivery of the Series 2020R Certificates. The Master Indenture, as amended and supplemented to the Closing Date and as may be further amended and supplemented from time to time, is referred to herein collectively as the “Indenture.”

The Prior Certificates. Other certificates of participation have been executed and delivered pursuant to the Indenture (collectively, the “Prior Certificates”) in addition to the Series 2020R Certificates (each series of which is referred to herein as a “Series” and collectively, with the Series 2020R Certificates, as the “Certificates”). Upon the execution and delivery of the Series 2020R Certificates, the following certificates of participation that have previously been executed and delivered pursuant to the Indenture will also be outstanding in the aggregate principal amount of \$1,242,810,000. See “PLAN OF FINANCING – The Program.”

- State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2009A (the “Series 2009A Certificates”), delivered in the original aggregate principal amount of \$87,145,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$87,145,000¹;
- State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Qualified School Construction Series 2010D (the “Series 2010D Certificates”), delivered in the original aggregate principal amount of \$95,690,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$95,690,000¹;
- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax Exempt Series 2012H (the “Series 2012H Certificates”), delivered in the original aggregate principal amount of \$195,965,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$21,680,000;
- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax Exempt Series 2013I (the “Series 2013I Certificates”), delivered in the original aggregate principal amount of \$89,510,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$15,810,000;
- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax Exempt Series 2017J (the “Series 2017J Certificates”), delivered in the original aggregate principal

¹ The Series 2009A Certificates and Series 2010D Certificates are not subject to redemption prior to their respective maturity dates. However, the Trustee is required under the Master Indenture to deposit into the respective Sinking Fund Accounts established within the Certificate Fund for the Series 2009A Certificates and the Series 2010D Certificates that portion of each payment of Base Rent by the State which is designated and paid as the related Sinking Fund Principal under the related Lease, which amounts are to be applied to the payment of the principal amount of the related Certificates at maturity. As of November 1, 2020, amounts of \$64,170,306.20 and \$51,019,185.26 have been deposited in the Sinking Fund Accounts for the Series 2009A Certificates and 2010D Certificates, respectively

amount of \$156,305,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$156,305,000;

- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax Exempt Series 2017K (the “Series 2017K Certificates”), delivered in the original aggregate principal amount of \$115,790,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$85,105,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018L (the “Series 2018L Certificates”), delivered in the original aggregate principal amount of \$75,290,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$70,405,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018M (the “Series 2018M Certificates”), delivered in the original aggregate principal amount of \$93,535,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$86,385,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018N (the “Series 2018N Certificates”), delivered in the original aggregate principal amount of \$240,425,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$233,755,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2019O (the “Series 2019O Certificates”), delivered in the original aggregate principal amount of \$165,805,00 and to be outstanding on the Closing Date in the aggregate principal amount of \$161,170,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (Convertible to Tax-Exempt) Series 2019P (the “Series 2019P Certificates”), delivered in the original aggregate principal amount of \$155,595,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$154,835,000; and
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (convertible to Tax-Exempt) Series 2019Q (the “Series 2019Q Certificates”), delivered in the original aggregate principal amount of \$74,935,000 and to be outstanding on the Closing Date in the aggregate principal amount of \$74,525,000.

The Leases. The Series 2020R Certificates and all other Series of Certificates are payable and secured on a parity basis and evidence undivided interests in the right to certain payments by the State under annually renewable lease purchase agreements entered into from time to time by and between the Trustee, as lessor, and the State of Colorado (the “State”), acting by and through the State Treasurer (the “State Treasurer”), as lessee, pursuant to the Indenture, referred to herein collectively as the “Leases.” Upon the execution and delivery of the Series 2020R Certificates, the Leases will include the following:

- Series 2009A Lease Purchase Agreement, dated as of August 12, 2009;
- Series 2015 Lease Purchase Agreement dated as of February 12, 2015;
- Series 2017J Lease Purchase Agreement dated as of December 7, 2017;
- Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017, which amends and restates the Series 2011G Lease Purchase Agreement dated as of December 8, 2011;

- Series 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018, which amends and restates the Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010;
- Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018, which amends and restates the Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 (the “2018M Lease”);
- Series 2018N Lease Purchase Agreement dated as of December 6, 2018 (the “2018N Lease”);
- Series 2019O Lease Purchase Agreement to be dated as of December 5, 2019 (the “2019O Lease”);
- Series 2019P Amended and Restated Lease Purchase Agreement dated as of December 27, 2019, which amends and restates the Series 2012H Lease Purchase Agreement dated as of December 6, 2012 (the “2019P Lease”);
- Series 2019Q Lease Purchase Agreement to be dated as of December 27, 2019, which amends and restates the Series 2013I Lease Purchase Agreement dated as of December 9, 2013 (the “2019Q Lease”); and
- Series 2020R Lease Purchase Agreement to be dated as of the Closing (the “2020R Lease”).

The Leases will also include any other annually renewable lease purchase agreements that may be entered into in the future between the Trustee, as lessor, and the State, acting by and through the State Treasurer, as lessee, pursuant to the Indenture.

The Leased Property. Each of the Series 2020R Participating K-12 Institutions is entering into a Site Lease with the Trustee dated as of the date of delivery of the Series 2020R Certificates (the “2020R Site Leases”) pursuant to which, in each case, certain land owned (or acquired prior to or contemporaneously with the execution and delivery of the Series 2020R Certificates) by the respective Series 2020R Participating K-12 Institution and the buildings, structures and improvements now or hereafter located on such land (collectively, the “2020R Leased Property”) will be leased to the Trustee. See “SECURITY AND SOURCES OF PAYMENT – The Leased Property” and “CERTAIN RISK FACTORS – Effect of a Nonrenewal of the Lease.” The 2020R Leased Property, with the additional Leased Property which has already or may in the future be leased under the 2020R Lease, the Prior Leases, additional Leases or amendments to the Prior Leases or the 2020R Lease is referred to herein as the “Leased Property.” The 2020R Leased Property is being leased by the Trustee to the State, pursuant to the 2020R Lease and the State is subleasing the 2020R Leased Property to the respective Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2020R Certificates (the “2020R Subleases”). Any additional Leased Property which the State has already chosen or chooses in the future to lease under the Prior Leases or additional Leases or amendments to the Prior Leases, the 2020R Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2020R Certificates on a parity basis. The State may substitute other property for any portion of the Leased Property upon delivery to the Trustee of certain items as described in “SECURITY AND SOURCES OF PAYMENT – The Leased Property – Substitution of Leased Property.” Upon any decision of the State not to appropriate and thereby terminate the 2020R Lease or any other Lease in a particular year, the State would relinquish its right to use all of the Leased Property (including the 2020R Leased Property) or any portion thereof through the term of the respective Site Leases. In such event, the Participating K-12 Institution which is the Sublessee of such Leased Property (and, in the case of a charter school, its chartering school entity) will have the option to purchase a portion of such Leased Property under the related Sublease upon certain conditions as further described herein. See “SECURITY AND SOURCES OF PAYMENT – The Leased Property – Sublessee’s Purchase Option.”

Authorization

The Act. The Series 2020R Certificates are being executed and delivered under authority granted by the constitution and laws of the State and particularly Part 1 of Article 43.7 of Title 22, Colorado Revised Statutes, as amended (“C.R.S.”), referred to herein as the “Act” or the “BEST Act.” Pursuant to the Act, the Colorado General Assembly (the “General Assembly”) has created the Public School Capital Construction Assistance Board (the “Assistance Board”) within the Colorado Department of Education and provided that the Assistance Board may authorize the execution by the State Treasurer of lease purchase agreements and related instruments in order to fund the costs of certain capital construction projects (the “Projects”) for K-12 public school institutions (the “Participating K-12 Institutions”) that are reviewed, prioritized and recommended by the Assistance Board for approval by the State Board of Education (the “State Board”) and a Capital Development Committee established by statute (the “Capital Development Committee”) for school districts, boards of cooperative services, charter schools or the Colorado School for the Deaf and Blind in the State, to pay the costs of issuance of the Certificates and to make deposits to funds and accounts held by the Trustee under the Indenture. The 2020R Lease is being entered by the State in order to fund certain Projects approved by the State Board and Capital Development Committee in June of 2020 (collectively, the “2020 State Approval”) as described in “The Series 2020R Projects” under this caption for the Series 2020R Participating K-12 Institutions in accordance with the Act. See “The Program” and “The Series 2020R Participating K-12 Institutions” under this caption. See also “PLAN OF FINANCING – The Program” for further information about the Act.

The execution by the State of any future Leases for Projects not authorized as described above would require authorization by the State, as well as authorization by the General Assembly if the aggregate Rent (which includes the Base Rent and Additional Rent, both as described hereinafter) payable under such future Leases, together with the then existing Leases, would cause the maximum aggregate annual lease payments permitted by the Act to be exceeded. For a description of the Program and such maximum aggregate annual lease payments, see “PLAN OF FINANCING – The Program.”

The Program. The Act establishes the Building Excellent Schools Today grant program (the “Program” or the “BEST Program”), which provides funding to rebuild, repair or replace the State’s most dangerous and necessary K-12 facilities for the most needy institutions, and leverages such financial assistance through local matching contributions from such institutions. Schools and proposed projects for funding are evaluated by the Assistance Board through an ongoing application process supplemented by a Statewide needs assessment and site visits. Applications are prioritized by the Assistance Board based on the following criteria, in descending order of importance: (1) projects addressing health, safety, security and technology; (2) projects to relieve overcrowding; and (3) all other projects. The Assistance Board’s review results in a prioritized list of projects to be submitted to the State for final approval.

The State has funded a variety of Projects pursuant to the Program through the execution and delivery of the Prior Certificates, as well as various Series of Certificates that have been paid in full, and has entered into Leases with respect to all of such Projects. See “The Indenture, the Leases and the Prior Certificates” above in this section. The Projects funded with the Prior Certificates are described in “APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES.” The 2020R Lease is being entered into by the State in order to fund certain Projects as further described in “The Series 2020R Projects” under this caption (the “Series 2020R Projects”). The Master Indenture permits the execution of additional Leases, or amendments to Leases, and the execution and delivery of additional Series of Certificates under the Master Indenture, to fund additional Projects as part of the Program as described in “Additional Certificates” in this section and “SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates.” The Series 2020R Certificates are payable and secured on parity with the Prior Certificates and any future Certificates executed and delivered pursuant to the Master Indenture. The State could also choose to fund future Projects through certificates of participation that are not executed

and delivered pursuant to the Master Indenture, in which case the related leased property would not secure the Series 2020R Certificates. See also “SECURITY AND SOURCES OF PAYMENT – The Leased Property.”

The Assistance Fund. The Series 2020R Certificates will be payable solely from amounts annually appropriated by the General Assembly to make payments under the Leases, as described in “Security and Sources of Payment” in this section and “SECURITY AND SOURCES OF PAYMENT – Payments by the State.” The Act requires that, to the extent appropriated, such payments by the State be made from the Public School Capital Construction Assistance Fund created by the Act (the “Assistance Fund”). The Act provides that the Assistance Fund is to be partially funded from a portion of rental income and royalties derived from State school lands, from moneys paid to the State by Participating K-12 Institutions in amounts approved by the State as a condition to the financial assistance provided to such Participating K-12 Institutions (“Matching Moneys”), a portion of State lottery proceeds, excise tax revenues from marijuana sales and, if the amount in the Assistance Fund is insufficient to pay the full amount due to be made under the Leases, any moneys that the General Assembly transfers from any other legally available sources, including the State General Fund. The obligation of a Participating K-12 Institution to pay Matching Moneys to the State, if applicable, may be satisfied by (a) cash, (b) a bond issued by a Participating K-12 Institution or its chartering entity and delivered to the State (a “Matching Moneys Bond”), or (c) installment payments made by the Participating K-12 Institution to the State. ***Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts are available to be appropriated by the State to pay principal and interest on the Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.*** See “APPENDIX G – THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND” for a description of the Assistance Fund.

The Act currently provides that the balance of the Assistance Fund as of each June 30 is to be at least equal to the total amount of payments to be made by the State during its next “Fiscal Year” (being the period from July 1 to the ensuing June 30) under the terms of any lease purchase agreement entered into pursuant to the Act less the amount of any Matching Moneys and certain federal moneys to be received for the purpose of making the payments.

Prospective investors should closely review the financial and other information included in this Official Statement regarding the State, including the Assistance Fund and the State General Fund, to evaluate any risks of nonappropriation by the General Assembly. See “STATE FINANCIAL INFORMATION,” “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS,” “APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020” “APPENDIX E – THE STATE GENERAL FUND,” “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST,” “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND,” “APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES” and “APPENDIX J – STATE PENSION SYSTEM.”

Purposes of the Series 2020R Certificates

Proceeds from the sale of the Series 2020R Certificates will be used to finance the costs of the Series 2020R Projects for the Series 2020R Participating K-12 Institutions, as more fully described in “Series 2020R Participating K-12 Institutions” under this caption and “PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions.” Proceeds of the Series 2020R Certificates will also be used to fund a deposit to the State Public Financing Cash Fund and to pay the costs

of issuance associated with the Series 2020R Certificates. See “PLAN OF FINANCING – Sources and Uses of Funds” for a description of the estimated uses of proceeds of the Series 2020R Certificates.

Series 2020R Participating K-12 Institutions

Proceeds of the Series 2020R Certificates are expected to be used to fund the Series 2020R Projects for the benefit of the following entities in Colorado (collectively, the “Series 2020R Participating K-12 Institutions”): (1) Johnstown-Milliken RE-5J; (2) Pueblo School District No. 60 (two projects); and (3) School District No. RE-4, formerly known as School District No. 4, d/b/a Springfield School District No. RE-4 (“Springfield School District RE-4”). See “PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions.”

Series 2020R Projects

The Series 2020R Projects involve various capital projects for the Series 2020R Participating K-12 Institutions approved in the 2020 State Approval, at certain funding levels. In accordance with the terms of the 2020R Subleases between the State and the Series 2020R Participating K-12 Institutions, each of the Series 2020R Participating K-12 Institutions agrees to construct the respective projects, and in accordance with the 2020R Lease, the State has agreed to cause the projects of the Series 2020R Participating K-12 Institutions that will execute and deliver 2020R Subleases to be constructed by causing such Series 2020R Participating K-12 Institution to comply with its related 2020R Sublease, but no failure of the related Series 2020R Participating K-12 Institution to comply with the relevant provisions of its 2020R Sublease will relieve the State of its obligation to cause the facilities to be constructed. See “PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions” for further information about the Series 2020R Projects. Projects other than the Series 2020R Projects have been funded with the proceeds of the Prior Certificates and other projects may be funded with proceeds of additional Series of Certificates executed and delivered under the Master Indenture relating to a separate Lease or an amendment to the 2020R Lease or a Prior Lease. However, such additional Series of Certificates will require further authorization by the Colorado General Assembly if the aggregate Base Rent payable under the 2020R Lease, the Prior Leases and the additional Lease or an amendment to the 2020R Lease or a Prior Lease relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payment permitted by the Act. It is possible that after the 2020R Certificates are executed and delivered, the currently imposed annual lease payment limits would allow funding of a few future projects through the execution and delivery of additional Series of Certificates without further authorization by the Colorado General Assembly. See “Terms of the Series 2020R Certificates – Additional Series of Certificates” under “SECURITY AND SOURCES OF PAYMENT” and “PLAN OF FINANCING – The Program.”

Terms of the Series 2020R Certificates

General Provisions. The Series 2020R Certificates will be dated as of the Closing Date and will mature on the dates and in the principal amounts set forth on the inside front cover of this Official Statement, subject to optional, mandatory and extraordinary redemption prior to their stated maturity dates as described in “THE SERIES 2020R CERTIFICATES – Redemption Prior to Maturity.”

The Series 2020R Certificates will bear interest, at the rates per annum (calculated on the basis of a 360 day year of twelve 30 day months) set forth on the inside front cover of this Official Statement, from the Closing Date to their maturity or prior redemption dates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2021.

Book-Entry Only Registration. The Series 2020R Certificates will be delivered in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company,

New York, New York (“DTC”), which will serve as securities depository for the Series 2020R Certificates. Ownership interests in the Series 2020R Certificates (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in denominations of \$5,000 and integral multiples thereof by or through participants in the DTC system (“DTC Participants”). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, prior redemption, transfers, the receipt of notices and other communications with respect to the Series 2020R Certificates and various other matters by the rules and operating procedures applicable to the DTC book entry system as described in “THE SERIES 2020R CERTIFICATES – DTC Book-Entry System” and “APPENDIX K – DTC BOOK-ENTRY SYSTEM.” References herein to the registered owners of the Series 2020R Certificates (the “Owners”) mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Principal and interest payments with respect to the Series 2020R Certificates will be made by the Trustee, as paying agent for the Series 2020R Certificates, to Cede & Co., as the Owner of the Series 2020R Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX K – DTC BOOK-ENTRY SYSTEM.”

For a more complete description of the general provisions of the Series 2020R Certificates, see “THE SERIES 2020R CERTIFICATES” and the forms of the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement.

Security and Sources of Payment

The Series 2020R Certificates are secured on a parity basis with all other Series of Certificates executed and delivered pursuant to the Indenture, all of which evidence undivided interests in the right to receive the Lease Revenues, and are payable solely from the Trust Estate under the Indenture without preference, priority or distinction of any Certificate over any other Certificate. The Certificates, including the Series 2020R Certificates, are payable solely from annually appropriated Base Rent (generally an amount equal to the principal of and interest due on the outstanding Certificates) received by the Trustee pursuant to the Leases, other Lease Revenues received by the Trustee pursuant to the Leases and other moneys in the Trust Estate in accordance with the terms of the Indenture. See generally “SECURITY AND SOURCES OF PAYMENT.” The Leases provide that the obligation of the State to pay Base Rent and Additional Rent during the Lease Term is, subject only to the other terms of the Leases, absolute and unconditional and is not to be abated or offset for any reason related to the Leased Property; and that notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State is to pay all Rent when due during the Lease Term. The State is not to withhold any Rent payable during the Lease Term pending final resolution of such dispute and may not assert any right of set-off or counter-claim against its obligation to pay Rent; provided, however, that the payment of any Rent will not constitute a waiver by the State of any rights, claims or defenses which the State may assert. No action or inaction on the part of the Trustee will affect the State’s obligation to pay Rent during the Lease Term.

An Event of Nonappropriation under the Leases will be deemed to have occurred, subject to the State’s right to cure described below, on June 30 of any Fiscal Year if the General Assembly has failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the ensuing Fiscal Year; provided, however, that an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization.

Upon the occurrence of an Event of Nonappropriation, the Trustee may exercise any of the remedies described in the Leases, including the sale or lease of the Trustee's interest in the Leased Property, subject to the purchase option of the Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) under the respective Subleases. Each such Participating K-12 Institution (and, in the case of charter schools, the chartering entity) has the right under its respective Sublease to purchase all of the Leased Property subject to such Sublease following the occurrence of an Event of Default or Event of Nonappropriation under the related Lease by paying an amount equal to the principal amount of the Attributable Certificates (as defined in in Section 9.01 of the form of the 2020R Subleases appended to this Official Statement) through the closing date for the purchase of such Leased Property, and paying all Additional Rent payable through the date of conveyance of such Leased Property. The net proceeds from the exercise of such remedies are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2020R Certificates as described in the form of Master Indenture appended to this Official Statement. There can be no assurance that the Participating K-12 Institutions will exercise their right to purchase the Leased Property or that such proceeds will be sufficient to pay all of the principal due on the Series 2020R Certificates.

The State has the option to terminate a Lease and release the related Leased Property from the Indenture in connection with the defeasance of the related Certificates by paying the State's Purchase Option Price applicable to such Lease, and may also substitute other property for any portion of the Leased Property, as described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *State's Purchase Option – Substitution of Leased Property.*"

Payment of Rent and all other payments by the State constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the General Assembly to the Assistance Fund from any legally available sources, including the State General Fund, if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases are subject to the action of the General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the General Assembly in its sole discretion, are not to be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and do not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew a Lease, the sole security available to the Trustee, as lessor under the Lease, is the Leased Property leased under such Lease, subject to the terms of the Lease.

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2020R Certificates and the Prior Certificates, and which will be secured by the Trust Estate on parity with the Series 2020R Certificates and the Prior Certificates, without notice to or approval of the Owners of the Outstanding Series 2020R Certificates or Prior Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. For a description of these conditions, see "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates." If any additional Certificates are executed and delivered, either an additional Lease must be entered into by the State, or one or more existing Leases must be amended, as applicable, to include as Leased Property any additional property that may be leased by the State in connection with the execution and delivery of such additional Certificates. It is anticipated that after the 2020R Certificates are executed and delivered, the

currently imposed annual lease payment limits would allow funding of future Projects through the execution and delivery of additional Series of Certificates. See also “PLAN OF FINANCING – The Program.”

Certain Risks to Owners of the Series 2020R Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the Leases, the value of the Leased Property and the market price of the Series 2020R Certificates to an extent that cannot be determined at this time. Each prospective investor should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled “CERTAIN RISK FACTORS.”

Legal Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel (“Bond Counsel”) in connection with the execution and delivery of the Series 2020R Certificates and will deliver its opinion substantially in the form included in this Official Statement as “APPENDIX D – FORM OF OPINION OF BOND COUNSEL.” Certain legal matters will be passed upon for the State by the Attorney General of the State and by Sherman & Howard, L.L.C., Denver, Colorado, as Special Counsel to the State in connection with the preparation of this Official Statement. Stradling Yocca Carlson & Rauth, Denver, Colorado, has acted as counsel to the Underwriters in connection with the execution and delivery of the Series 2020R Certificates.

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2020R Certificates. See “TAX MATTERS” herein.

Availability of Continuing Information

Upon delivery of the Series 2020R Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2020R Certificates, to file such ongoing information regarding the State as described in “CONTINUING DISCLOSURE” herein. A form of the Continuing Disclosure Undertaking is attached hereto as Appendix C.

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared and compiled in May 2020 by Development Research Partners for use by the State. See “APPENDIX I – “CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.” **It is important to note that the information in Appendix I, such as employment figures, has changed materially since the date of such information.** See “CERTAIN RISK FACTORS--Potential Impact of COVID-19 (Coronavirus).”

Development Research Partners has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriters intends to assume responsibility for the accuracy, completeness or fairness of such information. The information in such Appendix has been included in this Official Statement in reliance upon the authority of Development Research Partners as experts in the preparation of economic and demographic analyses. Potential investors should read Appendix I in its entirety for information with respect to the economic and demographic status of the State.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents (including the Act) may be obtained during the offering period, upon request to the Underwriters at RBC Capital Markets, LLC, as Representative of the Underwriters, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O’Connell, telephone number: (303) 595-1222.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State or the Series 2020R Participating K-12 Institutions and the purchasers or holders of any of the Series 2020R Certificates.

PLAN OF FINANCING

The Program

The Series 2020R Certificates are being delivered under authority granted by the Act and pursuant to the Indenture. The Act creates the Assistance Fund and authorizes the State Treasurer to enter into Leases for Projects approved by the State, provided that the maximum total amount of annual lease payments payable by the State during any Fiscal Year under the Leases is less than the maximum total amount of annual lease payments set forth in the Act for the applicable Fiscal Year (the “Maximum Annual Lease Payments”), currently \$125 million for Fiscal Years 2020-21 and thereafter. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the Leases is greater than one-half of the Maximum Annual Lease Payments for the applicable Fiscal Year, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys must be at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under the Leases that exceeds one-half of the Maximum Annual Lease Payments applicable to such Fiscal Year. See “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND – Matching Moneys.” For example, if the total amount of annual lease payments payable by the State in Fiscal Year 2020-21 was \$75 million, the State would need to expect at the time that it enters into a Lease that at least \$12.5 million ($\$75 \text{ million} - (\$125 \text{ million}/2) = \12.5 million) in aggregate Matching Moneys would be credited to the Assistance Fund in Fiscal Year 2020-21.

For purposes of complying with the limitations on Maximum Annual Lease Payments, the “Colorado Recovery and Reinvestment Finance Act of 2009,” codified as Section 11-59.7-105(4), C.R.S. (the “CRRFA”), permits the Base Rent due under the Leases to be netted against, and reduced by, certain federal moneys to be received for the purpose of making such payments (“Federal Direct Payments”).

Federal Direct Payments are expected to be received by the Trustee on behalf of the State pursuant to the Indenture in connection with the Series 2010D Certificates as a result of their designation as “Qualified School Construction Bonds” for purposes of the Internal Revenue Code of 1986, as amended (the “Tax Code”). See also “SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments.”

The annual lease payments due under the Leases and payable by the State in any Fiscal Year during the term of such Leases, net of the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys and net of the Federal Direct Payments expected to be received by the Trustee on behalf of the State pursuant to the Indenture, are expected to be less than one-half of the Maximum Annual Lease Payments for Fiscal Year 2020-21 and thereafter. For this purpose, the impact of sequestration on Federal Direct Payments in Fiscal Year 2020-21 has been taken into account by reducing the amount of Federal Direct Payments expected to be credited to the Assistance Fund by the applicable sequestration reduction percentage. See “BASE RENT AND SERIES 2020R CERTIFICATES PAYMENT SCHEDULE” and “SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments.”

The General Assembly has established the Program in order to implement the Act. See “INTRODUCTION – The Program.” Each Series of Certificates evidences undivided interests in the right to receive certain payments by the State under the Leases. The following table sets forth the aggregate principal amount of Certificates to be outstanding after the execution and delivery of the Series 2020R Certificates.

**Certificates to be Outstanding upon the
Execution and Delivery of the Series 2020R Certificates**

<u>Series</u>	<u>Principal Amount Outstanding</u>
Prior Certificates	
Series 2009A Certificates ¹	\$ 87,145,000
Series 2010D Certificates ¹	95,690,000
Series 2012H Certificates	21,680,000
Series 2013I Certificates	15,810,000
Series 2017J Certificates	156,305,000
Series 2017K Certificates	85,105,000
Series 2018L Certificates	70,405,000
Series 2018M Certificates	86,385,000
Series 2018N Certificates	233,755,000
Series 2019O Certificates	161,170,000
Series 2019P Certificates	154,835,000
Series 2019Q Certificates	74,525,000
Series 2020R Certificates	98,030,000
Total Certificates	<u>\$1,340,840,000</u>

The Master Indenture permits the execution of additional Leases, and the execution and delivery of additional Series of Certificates under the Master Indenture on a parity basis, in order to fund additional Projects under the Program. See “INTRODUCTION – Authorization – *The Program*” and “SECURITY

¹ The Series 2009A Certificates and Series 2010D Certificates are not subject to redemption prior to their respective maturity dates. However, the Trustee is required under the Master Indenture to deposit into the respective Sinking Fund Accounts established within the Certificate Fund for the Series 2009A Certificates and the Series 2010D Certificates that portion of each payment of Base Rent by the State which is designated and paid as the related Sinking Fund Principal under the related Lease, which amounts are to be applied to the payment of the principal amount of the related Certificates at maturity. As of November 1, 2020, amounts of \$64,170,306.20 and \$51,019,185.26 have been deposited in the Sinking Fund Accounts for the Series 2009A Certificates and 2010D Certificates, respectively.

AND SOURCES OF PAYMENT – Additional Series of Certificates.” The State could also choose to fund future projects under the Program with the proceeds of certificates of participation that are not executed and delivered pursuant to the Master Indenture, in which case the related leased property would not secure the Certificates. The execution by the State of future Leases or an amendment to a Lease for additional Projects would require authorization by the State and additional authorization from the General Assembly to the extent that Rent under the existing Leases and such additional Leases would exceed the annual lease payment limit described above. It is possible that after the Series 2020R Certificates are executed and delivered, the currently imposed annual lease payment limits would permit the funding of a few future Projects through the execution and delivery of additional Series of Certificates.

Sources and Uses of Funds

The sources and uses of funds relating to the Series 2020R Certificates are set forth below:

Sources of Funds:	
Par amount of the Series 2020R Certificates	\$ 98,030,000
Original issue premium.....	19,932,334
Matching Money Cash Contribution	<u>1,841,466</u>
	\$119,803,800
Uses of Funds:	
Deposit to the Series 2020R Project Account of Capital	
Construction Fund.....	118,823,259
Costs of issuance, including Underwriters’ discount ¹	<u>980,541</u>
	<u>\$119,803,800</u>

¹ This amount (other than the Underwriters’ discount) will be deposited to the Costs of Issuance Account of the Capital Construction Fund and used to pay costs of issuance, including legal fees, rating agencies fees, printing costs and municipal advisors’ fees. For information concerning the Underwriters’ discount, see “UNDERWRITING.”

The Series 2020R Projects and Series 2020R Participating K-12 Institutions

The following table describes the Series 2020R Participating K-12 Institutions and Series 2020R Projects expected to be funded with proceeds of the Series 2020R Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received from such Series 2020R Participating K-12 Institution and total cost of the related Series 2020R Project.

Series 2020R Projects and Series 2020R Participating K-12 Institutions

<u>Series 2020R Participating K-12 Institution</u>	<u>Series 2020R Project Description</u>	<u>Matching Moneys¹</u>	<u>Total Project Cost</u>
Johnstown-Milliken RE-5J	New Elementary School Replacement 80,000 SF w/ 40 classrooms	\$24,553,305	\$34,101,813
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	6,277,513	22,419,688
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	6,203,953	22,156,976
Springfield School District No. RE-4	Renovation of High School with addition of PK-8 New 80,683 SF w/32 classrooms	5,990,000	40,144,782
Total		\$43,024,771	\$118,823,259

¹ The respective amounts shown on this chart as Matching Moneys are required to be funded as described in Appendix G hereto by the related Series 2020R Participating K-12 Institution and are to be deposited into the Assistance Fund when received. See the form of 2020R Sublease “– Costs of Sublessee’s Project” in Appendix B attached hereto. **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2020R Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts, together with other amounts on deposit in the Assistance Fund, are available to be appropriated by the Colorado General Assembly to pay principal and interest on the Series 2020R Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects or projects that are not financed with Certificates. See Appendix G for a description of the Assistance Fund.**

Under the 2020R Subleases, the Series 2020R Participating K-12 Institutions will agree to construct and use the respective Series 2020R Projects in a manner which satisfies the restrictions of the Tax Code and the Act. In accordance with the terms of the 2020R Subleases between the State and the Series 2020R Participating K-12 Institutions, each of the Series 2020R Participating K-12 Institutions agrees to construct the respective facilities. In accordance with the 2020R Lease, the State has agreed to cause such Projects to be constructed by causing a Series 2020R Participating K-12 Institution to comply with its related 2020R Sublease, but no failure of the related Series 2020R Participating K-12 Institution to comply with the relevant provisions of its 2020R Sublease will relieve the State of its obligation to cause the facilities to be constructed. See “SECURITY AND SOURCES OF PAYMENT – The Leased Property – The 2020R Subleases and Matching Moneys” and “CERTAIN RISK FACTORS – Actions under the 2020R Subleases.”

THE SERIES 2020R CERTIFICATES

The following is a summary of certain provisions of the Series 2020R Certificates during such time as the Series 2020R Certificates are subject to the DTC book-entry system. Reference is hereby made to the Master Indenture and the 2020R Supplemental Indenture, the forms of which are appended to this

Official Statement, for the detailed provisions pertaining to the Series 2020R Certificates, including provisions applicable in the event of the discontinuance of participation in the DTC book-entry system.

Generally

The Series 2020R Certificates are being executed and delivered under authority granted by the laws of the State, including specifically the Act, and pursuant to the Indenture.

The 2020R Certificates will be dated the Closing Date, will mature on the dates and in the principal amounts set forth on the inside front cover of this Official Statement and will be subject to optional, mandatory and extraordinary redemption prior to maturity as described in “Redemption Prior to Maturity” in this section.

Interest on the Series 2020R Certificates, at the rates per annum (calculated on the basis of a 360 day year of twelve 30 day months) set forth on the inside front cover of this Official Statement, will accrue from the Closing Date through the maturity or prior redemption dates of the Series 2020R Certificates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2021.

DTC Book-Entry System

The Series 2020R Certificates will be in fully registered form (*i.e.*, registered as to payment of both principal and interest) and will be registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2020R Certificates. Beneficial Ownership Interests in the Series 2020R Certificates, in non-certificated book-entry only form, may be purchased in authorized denominations of \$5,000 or any integral multiple thereof by or through DTC Participants. Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Certificates mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX K – DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2020R Certificates will be payable by the Trustee, as paying agent for the Series 2020R Certificates, to Cede & Co., as the Owner of the Series 2020R Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX K – DTC BOOK-ENTRY SYSTEM.”

None of the Trustee, the State or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2020R Certificates under the Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Series 2020R Certificates, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2020R Certificates or (5) any other related matter.

Redemption Prior to Maturity

Extraordinary Redemption upon the Occurrence of an Event of Nonappropriation or an Event of Default. The Series 2020R Certificates and all other outstanding Certificates are subject to redemption in whole, on such date as the Trustee may determine to be in the best interest of the Owners, upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default

under any Leases, at a redemption price equal to the lesser of: (i) the principal amount of the Series 2020R Certificates and all other outstanding Certificates (with no premium) plus accrued interest, if any, to the redemption date, or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Leases with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default under any Lease that gave rise to such redemption, and (B) the other amounts available in the Trust Estate for payment of the redemption price of the Series 2020R Certificates and all other outstanding Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, which amounts are to be allocated among the Series 2020R Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account for each Series of Qualified School Construction Certificates are to be allocated only among Certificates with the same Series designation as such Sinking Fund Account. **The payment of such redemption price of any Certificate pursuant to the related supplemental indenture will be deemed to be the payment in full of such Certificate, and no Owner of any Certificate redeemed pursuant to this redemption provision will have any right to any payment from the Trustee or the State in excess of such redemption price.**

In addition to any other notice required to be given under the Indenture, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default under any Lease, the Trustee is to notify the Owners of the Certificates that are subject to redemption upon the occurrence and continuation of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under such Lease (i) that such event has occurred, and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price thereof. If the funds then available to the Trustee are sufficient to pay the redemption price, such redemption price is to be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price of the Certificates, the Trustee is to (a) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Leases, (b) subject to the applicable provisions of the Indenture, immediately begin to exercise and diligently pursue all remedies available to it under the Leases in connection with such Event of Nonappropriation or an Event of Default, and (c) pay the remainder of the redemption price, if any, if and when funds become available to the Trustee from the exercise of such remedies.

Optional Redemption of the Series 2020R Certificates. The Series 2020R Certificates are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations from the remaining maturities bearing interest at the same rates designated by the State and by lot within any remaining maturity bearing interest at the same rate designated for redemption, on any date on and after March 15, 2031, at a redemption price equal to the principal amount of the Series 2020R Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, is to be given by the Trustee by mailing a copy of the redemption notice by United States first class mail at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any Certificates as to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given whether or not the Owner receives the notice. If at the time of mailing of notice of redemption there has not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of Certificates, such notice will state that

it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee is required to apply funds to the payment of the Series 2020R Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2020R Certificates so redeemed (initially Cede & Co.) the amounts due on the Series 2020R Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2020R Certificates.

BASE RENT AND SERIES 2020R CERTIFICATES PAYMENT SCHEDULE

The following table sets forth the State's Base Rent obligations in connection with the 2020R Lease (which also constitutes the payment schedule for the Series 2020R Certificates), as well as the State's aggregate Base Rent obligations in connection with the other Leases to be outstanding following the execution and delivery of the Series 2020R Certificates, assuming that all Leases are renewed by the State for the full Lease Term and that there is no prior redemption or defeasance of Certificates other than mandatory sinking fund redemptions.

Base Rent Obligations					
(Totals may not add due to rounding)					
Fiscal Year (June 30)	Base Rent		Prior Certificates Total Base Rent	Less Anticipated Federal Direct Payments²	Total Net Base Rent for All Certificates
	Series 2020R Certificates				
	Principal Component¹	Interest Component¹			
2021	\$3,465,000	\$1,131,253	\$87,714,488	\$(4,867,559)	\$87,443,182
2022	1,645,000	4,068,950	87,650,851	(4,872,726)	88,492,075
2023	1,710,000	3,986,700	87,631,704	(4,872,726)	88,455,678
2024	1,785,000	3,901,200	87,625,758	(4,872,726)	88,439,232
2025	1,875,000	3,811,950	87,610,822	(4,872,726)	88,425,046
2026	1,970,000	3,718,200	87,597,475	(4,872,726)	88,412,949
2027	2,065,000	3,619,700	87,575,465	(4,872,726)	88,387,439
2028	2,170,000	3,516,450	87,563,847	(4,872,726)	88,377,571
2029	2,265,000	3,407,950	82,689,367	--	88,362,317
2030	2,380,000	3,294,700	82,671,500	--	88,346,200
2031	2,500,000	3,175,700	79,783,870	--	85,459,570
2032	2,625,000	3,050,700	75,235,570	--	80,911,270
2033	2,755,000	2,919,450	72,962,291	--	78,636,741
2034	2,890,000	2,781,700	68,616,555	--	74,288,255
2035	3,035,000	2,637,200	66,347,095	--	72,019,295
2036	2,270,000	2,515,800	67,228,049	--	72,013,849
2037	1,620,000	2,425,000	67,955,988	--	72,000,988
2038	1,685,000	2,360,200	67,947,488	--	71,992,688
2039	1,750,000	2,292,800	63,897,675	--	67,940,475
2040	1,820,000	2,222,800	56,997,050	--	61,039,850
2041	1,890,000	2,150,000	52,464,663	--	56,504,663
2042	--	2,074,400	52,462,613	--	54,537,013
2043	--	2,074,400	52,463,000	--	54,537,400
2044	--	2,074,400	52,462,800	--	54,537,200
2045	51,860,000	2,074,400	--	--	53,934,400
	\$98,030,000	\$1,286,003	\$1,763,155,980	\$(38,976,642)	\$1,893,495,341

¹ There will be credited against the amount of Base Rent otherwise payable under the related Lease the amount on deposit in the Certificate Fund that is not restricted by the Indenture to the payment of the redemption price of Certificates or the costs of defeasing Certificates.

[Footnotes continued on following page]

² Represents amount of expected Federal Direct Payments on the Series 2010D Certificates. Although the ongoing existence or level of Federal Direct Payments reductions is not possible to forecast. The amounts shown in the table above assume a sequestration rate of 5.9% for the September 2020 payment and 5.7% for all subsequent payments. See “SECURITY AND SOURCES OF PAYMENT – Payments by the State – Federal Direct Payments” and “CERTAIN RISK FACTORS – Federal Direct Payments” for a discussion of Federal Direct Payments and the potential effect of sequestration. The State has covenanted in the 2010D-F Lease to request the Federal Direct Payments from the United States Treasury, and the Trustee in such Lease has agreed to assist the State in doing so.

Source: Municipal Advisor.

SECURITY AND SOURCES OF PAYMENT

Payments by the State

The Series 2020R Certificates evidence undivided interests in the right to receive Lease Revenues pursuant to the Leases on a parity basis with all other Certificates outstanding from time to time. The Certificates are payable solely from the Trust Estate without preference, priority or distinction of any Certificate over any other Certificate. The Lease Revenues include: (i) the Base Rent; (ii) Federal Direct Payments; (iii) the State’s Purchase Option Price (as defined in “The Leased Property – *State’s Purchase Option*” hereafter in this section), if paid (including any Net Proceeds applied to the payment of the State’s Purchase Option Price pursuant to a Lease); (iv) earnings on moneys on deposit in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and (v) any other moneys to which the Trustee may be entitled for the benefit of the Owners. All payment obligations of the State under each Lease, including, but not limited to, payment of Base Rent, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the State’s then current Fiscal Year. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained in the Leases are the covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse may be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or under the Leases, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing Leases or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

As more fully described under the caption “CERTAIN RISK FACTORS” and in the form of the 2020R Lease appended to this Official Statement, following an Event of Nonappropriation, the Lease Term of a Lease will terminate on June 30 of any Fiscal Year in which the Event of Nonappropriation occurs.

Under the Act, Base Rent and Additional Rent must be paid from the amounts on deposit in the Assistance Fund, which is established by the Act and provides for the deposit thereto of certain revenues as described in “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND.” The Act also permits the General Assembly to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amounts in the Assistance Fund are insufficient to cover the full amount of Rent required by the Leases. Any such amounts in the Assistance Fund may be used only to pay Base Rent and Additional Rent if specifically appropriated by the General Assembly for that purpose. The State is not obligated to appropriate such revenues to the Assistance Fund, or to appropriate any other State moneys to be transferred to the Assistance Fund, for purposes of paying Base Rent or Additional Rent under the Leases. In addition, amounts on deposit in the Assistance Fund are not restricted to the payment of the Certificates and may be used for any purpose permitted by the Act, including, without limitation, defraying the cost of Projects. See “STATE FINANCIAL INFORMATION,” “APPENDIX E – THE STATE GENERAL FUND” and “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND.”

PAYMENT OF RENT AND ALL OTHER PAYMENTS BY THE STATE CONSTITUTE CURRENTLY APPROPRIATED EXPENDITURES OF THE STATE AND MAY BE PAID SOLELY FROM LEGALLY AVAILABLE MONEYS IN THE ASSISTANCE FUND, INCLUDING ANY MONEYS APPROPRIATED OR TRANSFERRED BY THE GENERAL ASSEMBLY TO THE ASSISTANCE FUND FROM ANY LEGALLY AVAILABLE SOURCE, INCLUDING THE STATE GENERAL FUND, IF THE AMOUNT OF MONEY IN THE ASSISTANCE FUND THAT IS AVAILABLE TO PAY RENT WILL BE INSUFFICIENT TO COVER THE FULL AMOUNT OF RENT. ALL OBLIGATIONS OF THE STATE UNDER THE LEASES ARE SUBJECT TO THE ACTION OF THE GENERAL ASSEMBLY IN ANNUALLY MAKING MONEYS AVAILABLE FOR PAYMENTS THEREUNDER. THE OBLIGATIONS OF THE STATE TO PAY RENT AND ALL OTHER OBLIGATIONS OF THE STATE UNDER THE LEASES ARE SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY IN ITS SOLE DISCRETION, AND SHALL NOT BE DEEMED OR CONSTRUED AS CREATING AN INDEBTEDNESS OF THE STATE WITHIN THE MEANING OF ANY PROVISION OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS OF THE STATE AND SHALL NOT CONSTITUTE A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE STATE WITHIN THE MEANING OF SECTION 3 OF ARTICLE XI OR SECTION 20(4) OF ARTICLE X OF THE STATE CONSTITUTION OR ANY OTHER LIMITATION OR PROVISION OF THE STATE CONSTITUTION, STATE STATUTES OR OTHER STATE LAW. IN THE EVENT THE STATE DOES NOT RENEW ANY LEASE, THE SOLE SECURITY AVAILABLE TO THE TRUSTEE, AS LESSOR UNDER THE LEASES, IS THE LEASED PROPERTY LEASED UNDER THE LEASES, SUBJECT TO THE TERMS OF THE LEASES. THE STATE'S OBLIGATIONS UNDER THE LEASES ARE SUBJECT TO THE STATE'S ANNUAL RIGHT TO TERMINATE THE LEASES UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. SEE "CERTAIN RISK FACTORS."

Lease Term

The Lease Term of each Lease is comprised of the Initial Term commencing on the date the Lease is executed and delivered and ending on June 30 of that Fiscal Year and successive one year Renewal Terms, subject to the provisions described below. The Lease Term of any Lease expires upon the earliest of any of the following events: (a) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with the Lease; (b) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred; (c) the purchase of all the Leased Property by the State pursuant to the Lease; or (d) termination of the Lease following an Event of Default in accordance with the Lease. Notwithstanding the preceding sentence, an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation as described in the preceding sentence; and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization.

Upon termination of the Lease Term, all unaccrued obligations of the State under the Lease will terminate, but all obligations of the State that have accrued thereunder prior to such termination will continue until they are discharged in full; and if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State's right to possession of the Leased Property thereunder will terminate and (i) the State is required to vacate the Leased Property within 90 days; and (ii) if and to the extent the General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State's use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State is obligated to pay Base Rent to the Trustee and Additional Rent to the Persons entitled thereto. If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee is entitled to exercise

certain remedies with respect to the Leased Property as further described in the forms of the 2020R Lease, 2020R Site Leases, the 2020R Subleases, the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement.

Nonrenewal of the Lease Term

The State is not permitted to renew the Leases or any of them (including the 2020R Lease) with respect to less than all of the Leased Property. Accordingly, a decision to not renew a Lease would mean the loss of the use by the State of all of the Leased Property (including the 2020R Leased Property). Upon a nonrenewal of the Lease Term by reason of an Event of Nonappropriation or an Event of Default, and so long as the State has not exercised its purchase option with respect to all the related Leased Property as described in “The Leased Property – *State’s Purchase Option*” below, or any Participating K-12 Institution has not exercised the purchase option of its portion of the related Leased Property as described in “The Leased Property – *Sublessee’s Purchase Option*” in this section, the State and such related Participating K-12 Institutions (and, in the case of charter schools, the chartering entities) not exercising the purchase option are required to vacate the Leased Property within 90 days. The Trustee may proceed to exercise any remedies available to the Trustee for the benefit of the Owners of the Certificates and may exercise any other remedies available upon default as provided in the Leases, including the sale of or lease of the Trustee’s interest under the Site Leases. See “CERTAIN RISK FACTORS” and the forms of the 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement.

The Leases place certain limitations on the availability of money damages against the State as a remedy in an Event of Default or an Event of Nonappropriation. For example, the Leases provide that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the Leased Property as required by the related Lease and only as to certain liabilities as described in the Leases. All property, funds and rights acquired by the Trustee upon the nonrenewal of the Leases, along with other moneys then held by the Trustee under the Indenture (with certain exceptions and subject to certain priorities as provided in the Leases and the Indenture), are required to be used to redeem the related Certificates if and to the extent any such moneys are realized. See “CERTAIN RISK FACTORS” and the forms of the 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement.

The Leased Property

Generally. The Leased Property consists of the property leased by the Trustee to the State pursuant to each of the Leases. As described above, the State is not permitted to renew the Leases or any of them (including the 2020R Lease) with respect to less than all of the Leased Property. Accordingly, a decision to not renew a Lease would mean the loss of the use by the State of all of the Leased Property (including the 2020R Leased Property) unless the purchase option for all of the Leased Property has been exercised by the State. See “*State’s Purchase Option*” below. The State may make substitutions, or may consent to substitutions by the related Participating K-12 Institution, of the related Leased Property in accordance with the terms of the related Leases and Subleases as described in “Substitution of Leased Property” in this section. **Owners of the Series 2020R Certificates should not assume that it will be possible to foreclose upon or otherwise dispose of any Leased Property, or any portion thereof, for an amount equal to the respective principal amounts of the Certificates (including the Prior Certificates) plus accrued interest thereon. See “CERTAIN RISK FACTORS – Effect of Nonrenewal of a Lease” for a description of some of the factors that may impact the value of Leased Property.**

In some cases, the Leased Property for a Participating K-12 Institution is comprised of leasehold interests in land and the school facilities for such Participating K-12 Institutions to be built thereon consistent with construction guidelines adopted by the Assistance Board. Under such circumstances, such Participating K-12 Institutions have covenanted to complete construction of their respective facilities within three years of the date of the related Sublease. See “APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES” for a description of Projects constituting Leased Property, including Projects that have been cleared for occupancy and are currently in operation. In other cases, the Leased Property for a Participating K-12 Institution is comprised of existing facilities that were not financed with the Certificates.

Prior to the issuance of the Series 2020R Certificates, the State is required to certify and is expected to certify to the Trustee that the Fair Market Value of the 2020R Leased Property is at least equal to 90% of the principal amount of the Series 2020R Certificates. See “SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates.” The following table describes the 2020R Leased Property subject to 2020R Site Leases between the Trustee and the respective 2020R Participating K-12 Institutions as indicated on the table:

<u>2020R Leased Property</u>			
<u>Participating K-12 Institutions</u>	<u>Description of Leased Property¹</u>	<u>Land</u>	<u>Fair Market Value^{2,3}</u>
Johnstown-Milliken RE-5J	New Elementary School 80,000 SF w/40 classrooms	10.002 acres	\$33,300,413
Pueblo School District No. 60	New Elementary School 56,000 SF w/24 classrooms	7.641 acres	22,426,688
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	7.046 acres	22,168,976
Springfield School District No. RE-4	High School and New Elementary School 80,683 SF	21.63 acres	46,098,236
Total			\$123,994,313

¹ The 2020R Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in “Substitution of Leased Property” under this caption. In some cases, the 2020R Leased Property is comprised of existing facilities which will not be wholly or partially financed with the proceeds of the Series 2020R Certificates.

² As defined in the Glossary included in the form of 2020R Supplemental Indenture attached as Appendix B hereto.

³ These amounts include, entirely or in part (in the case of renovations or additions), the valuation of existing buildings on the Leased Property based on a determination by the Colorado School District Self Insurance Pool, the Participating K-12 Institution’s private carrier and the State and have not been determined or confirmed by any third party evaluation. New construction value is equal to the amount deposited to the related Project Account, Allocated Investment Earnings (as defined in the Glossary included in the form of 2020R Supplemental Indenture attached as Appendix B hereto) and amounts that may be withdrawn from the Assistance Fund to fund construction of the related Project.

The 2020R Subleases and Matching Moneys

In connection with the execution and delivery of the Series 2020R Certificates, the State and each of the Series 2020R Participating K-12 Institutions is entering into a 2020R Sublease pursuant to which each of such Series 2020R Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2020R Leased Property, to pay (subject to their right not to appropriate) all Additional Rent

due under the 2020R Lease with respect to such portion of the 2020R Leased Property and the Series 2020R Certificates. The respective Series 2020R Participating K-12 Institution's obligations to pay such amounts under the 2020R Sublease are subject to annual appropriation by such Series 2020R Participating K-12 Institution. Pursuant to the 2020R Subleases, each of the Series 2020R Participating K-12 Institutions has agreed to maintain the respective 2020R Leased Property and to provide all insurance for such 2020R Leased Property as required by the 2020R Lease.

Certain Series 2020R Participating K-12 Institutions or their chartering entity have agreed to pay Matching Moneys to the State for credit to the Assistance Fund with respect to such Series 2020R Participating K-12 Institution's Project in the form of cash, principal of and interest on Matching Moneys Bonds or installment payments. Neither the cash nor the Matching Moneys Bonds are subject to annual appropriation by the Series 2020R Participating K-12 Institution, but Matching Moneys installment payments are subject to such annual appropriation.

The obligations and rights of a Series 2020R Participating K-12 Institution and the State with respect to the Series 2020R Participating K-12 Institution's Matching Moneys Bonds or installment payments are independent of the obligations of the Series 2020R Participating K-12 Institution, as Sublessee, and the rights of the State under the 2020R Subleases and, except as otherwise specifically provided in the related 2020R Sublease, (a) the obligations of the Series 2020R Participating K-12 Institution or its chartering entity and the rights of the State with respect to the Series 2020R Participating K-12 Institution's obligations under the Matching Moneys Bonds or installment payments will survive the termination of the 2020R Subleases, and (b) no failure to perform or other action of the State with respect to the 2020R Subleases will affect the State's rights to enforce the obligations of the Series 2020R Participating K-12 Institutions or their chartering entity to make payments under their Matching Moneys Bonds or installment payments.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2020R Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay principal and interest on the Series 2020R Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.

State's Purchase Option. The Leases grant to the State the option to purchase all, but not less than all, of the related Leased Property in connection with the defeasance of all the related Certificates by paying to the Trustee the "State's Purchase Option Price," subject to compliance with all conditions to the defeasance of the related Certificates under the Indenture, including, but not limited to, the receipt of an opinion of Bond Counsel that the defeasance will not cause an Adverse Tax Event as defined in the related Supplemental Indenture. For purposes of the purchase of all the related Leased Property as described in this paragraph, the "State's Purchase Option Price" is an amount sufficient (i) to defease all the related Certificates in accordance with the defeasance provisions of the Indenture, and (ii) to pay all Additional Rent payable through the date on which the related Leased Property is conveyed to the State or its designee pursuant to the Indenture, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the related Leased Property and the payment, redemption or defeasance of the Outstanding related Certificates; provided, however, that (a) the State's Purchase Option Price is to be reduced by the moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any existing defeasance escrows accounts established pursuant to the Master Indenture) that are available for deposit in the defeasance escrow account established pursuant to the Master Indenture for the related Certificates, and (b) if any related Certificates have been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this subsection, Outstanding Certificates of the Series of Certificates the proceeds of which were used to pay, redeem or defease the related Certificates are to be

substituted for the related Certificates that were paid, redeemed or defeased, which substitution is to be accomplished in any reasonable manner selected by the State in its sole discretion.

In order to exercise its option to purchase the related Leased Property as described in the previous paragraph, the State is required to: (i) give written notice to the Trustee (A) stating that the State intends to purchase the related Leased Property as described in the previous paragraph, (B) identifying the source of funds it will use to pay the State's Purchase Option Price, and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) pay the State's Purchase Option Price to the Trustee in immediately available funds on the closing date.

Sublessee's Purchase Option. Each Sublessee has the option to purchase all, but not less than all, of the portion of the Leased Property subject to its Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the Leases. See the forms of the 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement. A Sublessee would exercise such option by paying an amount equal to the principal amount of the Attributable Certificates through the closing date for the purchase of such Leased Property and to pay all Additional Rent payable through the date of conveyance of such Leased Property. The net proceeds from the exercise of such remedies are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2020R Certificates. In the Leases, the Trustee has agreed to notify each Sublessee of the occurrence of an Event of Default or Event of Nonappropriation under any Lease. There can be no assurance that the Sublessee will exercise its right to purchase such Leased Property or that such proceeds will be sufficient to pay all of the principal due on the related Certificates.

Substitution of Leased Property. The Sublessees are permitted by the respective Subleases to substitute other property for the respective Leased Property with the consent of the State and upon delivery of certain items, including a certification that the Fair Market Value of the substituted property is equal to or greater than the Fair Market Value of the Leased Property for which it is being substituted, a title insurance policy, a certificate regarding the useful life and essentiality of the substituted property and an opinion of Bond Counsel to the effect that such substitution is permitted under the related Lease and that such substitution will not cause the State or any sublessee to violate the State's tax covenants set forth in Section 9.04 of the related Lease or the Participating K-12 Institution's tax covenants set forth in Section 10.04 of the Sublease. See such sections in the forms of the 2020R Lease and the 2020R Sublease appended to this Official Statement. Furthermore, the State is permitted under each Lease to substitute other property for certain Leased Property so long as, following the substitution, either (i) the Fair Market Value of the substituted property determined as of the date of substitution is equal to or greater than the Fair Market Value of the Leased Property for which it is being substituted, or (ii) all of the Leased Property has a Fair Market Value at least equal to 90% of the principal amount of all Outstanding Certificates and the Trustee receives adequate title insurance documentation, a certificate as to the useful life and essentiality of the substituted property and an opinion of Bond Counsel that such substitution will not cause the State to violate its tax covenant set forth in Section 9.04 of the related Lease. The State's certification as to the value may be given based and in reliance upon certifications by the Sublessees and the certifications as to useful life and essentiality may also be provided by the Sublessees.

Insurance. The Leased Property is required to be insured by the related Participating K-12 Institutions as described in "CERTAIN RISK FACTORS – Insurance of the Leased Property," and the insurance proceeds are required to be applied by the Trustee as described in the section of the form of the Leases appended to this Official Statement under the caption "Damage, Destruction and Condemnation." Pursuant to the Subleases, the related Participating K-12 Institutions have undertaken or will undertake to provide such insurance with respect to the respective Leased Property as required by the related Leases. See the forms of the 2020R Subleases appended to this Official Statement.

Federal Direct Payments

The State elected to designate the Series 2010D Certificates as “Qualified School Construction Bonds” under Section 54F of the Tax Code and made an irrevocable election under the Tax Code so that the State would and will receive Federal Direct Payments from the United States Treasury in connection therewith.

Federal Direct Payments, to the extent received from the United States Treasury and deposited with the Trustee on behalf of the State and in accordance with the terms of the CRRFA, are netted against, and reduce, the interest portion of the gross Base Rent due each Fiscal Year from the State under the related Lease. However, the amount of Base Rent included in the annual budget proposal submitted to the General Assembly pursuant to the terms of the Leases is the gross Base Rent not reduced by the Federal Direct Payments. See “CERTAIN RISK FACTORS – Federal Direct Payments.” To the extent any moneys in the Principal Account or Interest Account of the Certificate Fund are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered, such moneys are applied as a reduction of the budgeted Base Rent.

The State, like other governmental entities, is subject to developments at the federal level with respect to the Budget Control Act of 2011 (“sequestration”). The originally scheduled Federal Direct Payments were reduced by 6.2% for federal fiscal year 2019 (which ended September 30, 2019) as a result of sequestration. The originally scheduled Federal Direct Payments were reduced by 5.9% in federal fiscal year 2020 (which ended September 30, 2020) and are reduced by 5.7% in federal fiscal year 2021. Under a federal budget bill enacted in November 2015, the sequestration reduction will continue through federal fiscal year 2030. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester.

Additional Series of Certificates

Generally. So long as the Lease Term remains in effect and no Event of Nonappropriation or an Event of Default has occurred and is continuing, one or more additional Series of Certificates may be executed and delivered as directed by the State, without the consent of Owners of outstanding Certificates, upon the terms and conditions as provided in the Master Indenture. ***Each Certificate executed and delivered pursuant to the Indenture will evidence an undivided interest in the right to receive Lease Revenues and will be payable solely from the Trust Estate without preference, priority or distinction of any Certificate over any other Certificate.***

Additional Series of Certificates may be executed and delivered only upon satisfaction of each of the following conditions:

- (i) The Trustee has received a form of Supplemental Indenture that specifies the following:
 - (a) the Series designation, the aggregate principal amount, the Authorized Denominations, the dated date, the maturity dates, the interest rates, if any, the redemption provisions, if any, the Tax Treatment Designation, the form and any variations from the terms set forth in the Master Indenture with respect to such Series of Certificates;
 - (b) any amendment, supplement or restatement of the Glossary required or deemed by the State to be advisable or desirable in connection with such Supplemental Indenture; and
 - (c) any other provisions deemed by the State to be advisable or desirable and that do not violate and are not in conflict with the Master Indenture or any previous Supplemental Indenture.

- (ii) The Trustee has received forms of a new Site Lease and Lease or amendments to an existing Site Lease and Lease adding any new Leased Property and/or amendments to an existing Site Lease and Lease removing or modifying any Leased Property that is to be removed or modified.
- (iii) If the proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the Trustee has received a form of a defeasance escrow agreement and the other items required by the Master Indenture.
- (iv) The State has certified to the Trustee that: (a) the Fair Market Value of the property added to the Leased Property in connection with the execution and delivery of such Series of Certificates is at least equal to 90% of the principal amount of such Series of Certificates; and (b) no Event of Default or Event of Nonappropriation exists under any Lease. The certification of the State pursuant to clause (a) may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.
- (v) The Trustee has received evidence that the execution and delivery of the Series of Certificates will not result in a reduction of the then current rating by any Rating Agency of any Outstanding Certificates, which evidence may take the form of a letter from a Rating Agency, a certificate of a financial advisor to the State or a certificate of an underwriter of Certificates.
- (vi) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not limited to, the amount to be deposited into the Project Account established for each Participating K-12 Institution, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the amount to be deposited into the defeasance escrow account established pursuant to the Master Indenture.
- (vii) The Trustee has received a written opinion of Bond Counsel to the effect that (a) the Certificates of such Series have been duly authorized, executed and delivered pursuant to the Act, the Master Indenture and the Supplemental Indenture executed and delivered in connection with the execution and delivery of such Series of Certificates and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Outstanding Certificate, and (b) the execution, sale and delivery of the Series of Certificates will not constitute an Event of Default or a Failure to Perform nor cause any violation of the covenants set forth in the Master Indenture.

CERTAIN RISK FACTORS

The following is a discussion of certain risks and other factors to be considered in connection with a prospective investment in the Series 2020R Certificates. Prospective investors should read this Official Statement in its entirety, and fully understand and evaluate these risks and other factors, as well as the information set forth elsewhere in this Official Statement, in order to make an informed investment decision. Each prospective investor is urged to consult with its own legal, financial and tax advisors to determine whether an investment in the Series 2020R Certificates is appropriate for such prospective investor.

This section is not intended to be an exhaustive list of all risks associated with an investment in the Series 2020R Certificates, nor are the risks set forth in this section necessarily presented in order of relevance, materiality or importance.

Option to Renew the Leases Annually

The obligation of the State, as lessee, to make payments under the Leases (including the 2020R Lease) does not constitute an obligation of the State to apply its general resources beyond the current Fiscal Year. The State is not obligated to pay Base Rent or Additional Rent under the Leases unless funds are appropriated by the General Assembly each year, notwithstanding the fact that sufficient funds may or may not be on deposit in the Assistance Fund or otherwise may be available for transfer from any other source. If, on or before June 30 of each Fiscal Year, the General Assembly does not specifically appropriate amounts sufficient to pay all Base Rent and Additional Rent, as estimated, for the next Fiscal Year, then an Event of Nonappropriation will be deemed to have occurred. Upon the occurrence of an Event of Nonappropriation as described above, or otherwise as provided in the Leases (including the 2020R Lease), the Lease Term of the Leases will be terminated; provided, however, that an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation, and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization. See the sections captioned “Event of Nonappropriation” in the form of the 2020R Lease appended to this Official Statement.

There can be no assurance that the State will renew the Leases from Fiscal Year to Fiscal Year and therefore not terminate the Leases, and the State has no obligation to do so. There is no penalty to the State (other than loss of the use of the Leased Property for itself and, unless the purchase option under a Sublease has been exercised, the related Participating K-12 Institutions) if the State does not renew particular Leases on an annual basis and therefore terminates all of its obligations under such Leases. Various political and economic factors could lead to the failure to appropriate or budget sufficient funds to make the required payments under the Leases, and prospective investors should carefully consider any factors which may influence the budgetary process. The appropriation of funds may be affected by the continuing need of the State or the Participating K-12 Institutions for the Leased Property (including the 2020R Leased Property). In addition, the ability of the State to maintain adequate revenues for its operations and obligations in general (including obligations associated with the 2020R Lease) is dependent upon several factors outside the State’s control, such as the economy, legislative changes and federal funding. Restrictions imposed under the State Constitution on the State’s revenues and spending apply to the collection and expenditure of certain revenues which may be used to pay Base Rent and Additional Rent, and also may impact the ability of the State to appropriate sufficient funds to pay Base Rent and Additional Rent each year. See “SECURITY AND SOURCES OF PAYMENT,” “STATE FINANCIAL INFORMATION,” “APPENDIX E – THE STATE GENERAL FUND” and “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND.”

Payment of the principal of and interest, if any, on the Certificates (including the Series 2020R Certificates) upon the occurrence of an Event of Lease Default or an Event of Nonappropriation will be dependent upon (1) the value of the Leased Property in a liquidation proceeding instituted by the Trustee, or (2) any rental income from leasing (to others) the Leased Property. See “Effect of a Nonrenewal of the Leases” in this section.

The State is not permitted to renew any of the Leases with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease (including the 2020R Lease) would mean the loss of the use of all of the Leased Property by the State. However, each of the Participating K-12 Institutions which is a Sublessee has the right to exercise a purchase option under its respective Sublease in order to purchase and retain the right to use its portion of the Leased Property in the event that the State chooses not to appropriate and thereby terminate the Leases (including the 2020R Lease). See “SECURITY AND SOURCES OF PAYMENT – The Leased Property.”

The Trustee, as Lessor or Trustee, has no obligation to, nor will it make any payment on the Certificates or otherwise pursuant to the Leases except to the extent of amounts in the Trust Estate under the Indenture.

Effect of a Nonrenewal of a Lease

General. In the event of nonrenewal of the State's obligations under any of the Leases upon the occurrence of an Event of Nonappropriation or an Event of Default, the State is required to vacate the Leased Property under the Leases and the Sublessees are required to vacate the respective Leased Property being used under the Subleases (unless the purchase option under any Sublease has been exercised by any Participating K-12 Institution) within 90 days. The Subleases will automatically terminate upon any nonrenewal of any Lease by the State. Subject to the right of the respective Sublessees to purchase the Leased Property under the Subleases, the Trustee may proceed to lease the Leased Property or any portion thereof, including the sale of an assignment of the Trustee's interest under the Site Leases, or exercise any other remedies available to the Trustee for the benefit of the Owners and may exercise one or any combination of the remedies available upon default as provided in the Indenture and the Leases. The Leases place certain limitations on the availability of money damages against the State as a remedy. For example, the Leases provide that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the Leased Property as required by the related Lease and only as to certain liabilities as described in such Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of any Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Leases and the Indenture), are required to be used to redeem the Certificates, if and to the extent any such moneys are realized. See the sections of the 2020R Lease captioned "Events of Default" and "- Remedies on Default" in the form of such document appended to this Official Statement and "THE SERIES 2020R CERTIFICATES – Redemption Prior to Maturity – *Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or an Event of Default.*"

The moneys derived by the Trustee from the exercise of the remedies described above may be less than the aggregate principal amount of the Outstanding Certificates and accrued interest thereon. If any Certificates are redeemed subsequent to a termination of any Lease for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial payment will be deemed to constitute a redemption in full of such Certificates pursuant to the Master Indenture and applicable series indenture; and upon such a partial payment, no owner of any Certificate (including any Series 2020R Certificate) will have any further claims for payment upon the State, the Trustee, or the Participating K-12 Institutions.

Factors Affecting the Value of the Leased Property. A potential purchaser of the Series 2020R Certificates should not assume that it will be possible to sell, lease or sublease the Leased Property or any portion thereof after a termination of the Lease Term for an amount equal to the aggregate principal amount of the Certificates then Outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the execution and delivery of the Certificates, the construction of the Projects or the acquisition of the Leased Property. The valuation of the Leased Property has not been based on any independent third party appraisal or evaluation. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property." To the extent Leased Property constitutes Projects financed by Outstanding Certificates and such Projects are partially constructed, the Trustee's ability to liquidate such Leased Property may be hindered. The value of the Leased Property could also be adversely affected by the presence, or even by the alleged presence of, hazardous substances. Present or future zoning requirements, restrictive covenants or other land use regulations may also restrict use of the Leased Property. Further, a considerable amount of Leased Property is located in areas of the State with lower population and commercial densities, which could have a detrimental effect on the Trustee's efforts to liquidate such properties. The Sublessees and the State may also substitute other property for certain Leased

Property as described in “SECURITY AND SOURCES OF PAYMENT – The Leased Property – *Substitution of Leased Property.*”

As described under “SECURITY AND SOURCES OF PAYMENT – The Leased Property,” the Trustee may only be able to lease certain Leased Property to a lessee that will continue to use it for educational purposes. Such restriction may limit the Trustee’s ability to obtain lease revenues for Owners in the event of nonrenewal of the State’s obligations under the related Lease.

Upon termination of any Lease, there is no assurance of any payment of the principal of Series 2020R Certificates by the State or the Trustee.

Payment of the principal of and interest on the Series 2020R Certificates and the Prior Certificates is paid from the State’s payment of the Base Rent and other sources identified in “SECURITY AND SOURCES OF PAYMENT,” which sources do not include any payments generated from the Leased Property, other than the Base Rent. The State is not permitted to renew the Leases or any of them (including the 2020R Lease) with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease would mean the loss of the use by the State of all of the Leased Property. An Event of Default or Event of Nonappropriation by a Participating K-12 Institution under its Sublease does not constitute an Event of Default or an Event of Nonappropriation under the related Lease and does not affect the State’s obligation to pay Base Rent. Prospective investors should be aware that value of the Leased Property could be affected if there are design or construction defects in any of the buildings subject to a Lease.

Federal Direct Payments

Federal Direct Payments, to the extent received by the State from the United States Treasury and held by the Trustee on behalf of the State, are required under the Indenture to be deposited in the Interest Account of the Certificate Fund to net against and reduce the gross Base Rent payable by the State each Fiscal Year under the related Lease. Federal Direct Payments currently are being received in connection with the Series 2010D Certificates.

No assurances are provided that the State or the Trustee will continue to receive any Federal Direct Payments. The amount of any Federal Direct Payment is subject to legislative changes by Congress. See “SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments” for a discussion of the actual and potential impact of sequestration under the 2011 Federal Budget Act on the receipt of Federal Direct Payments. Further, Federal Direct Payments will only be paid if the Series 2010D Certificates qualify as “Specified Tax Credit Bonds” within the meaning of the Recovery Act. To satisfy such qualifications, the State and the relevant Participating K-12 Institutions must comply with certain covenants and the State and the relevant Participating K-12 Institutions must establish certain facts and expectations with respect to the Series 2010D Certificates, the use and investment of proceeds thereof and the use of property financed thereby.

There are currently no procedures for requesting a Federal Direct Payment after the 45th day prior to an interest payment date. Therefore, if the request for a Federal Direct Payment is not filed in a timely fashion, it is possible that the State will never receive such Federal Direct Payment. In addition, Federal Direct Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the State to an agency of the United States of America. The amount expected to be appropriated each year by the State for payment of Base Rent is the gross Base Rent not reduced by the Federal Direct Payments under the related Lease. See “SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments.”

If the Trustee leases the Leased Property to a non-governmental entity as a result of an Event of Nonappropriation or an Event of Default and the Series 2010D Certificates remain outstanding, the Federal

Direct Payments will no longer be paid by the United States Treasury because the requisite qualifications will no longer be satisfied.

The IRS has implemented an examination program for obligations such as the Series 2010D Certificates that qualify for direct federal subsidies, and no assurance can be given that such Certificates will not be selected by the IRS for examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment of the Federal Direct Payments pending a final determination of the qualification of the Series 2010D Certificates for eligibility to receive Federal Direct Payments. Furthermore, in certain circumstances, the Federal Direct Payments may be reduced (offset) by amounts determined to be applicable under the Tax Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of the State to any federal agency. The amount of any such offsets is not predictable by the State.

Enforceability of Remedies

Under the Leases, the Trustee has the right to take possession of and dispose of the Leased Property upon an Event of Nonappropriation or an Event of Default. However, the enforceability of the Leases is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State. Because of the inherent police power of the State, a court in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay repossession for an indefinite period, even though the Lessee may be in default under a Lease. The right of the Trustee to obtain possession of the Leased Property and to sell, lease or sublease portions of the Leased Property could be delayed until appropriate alternative space is obtained by the relevant Participating K-12 Institutions. As long as the Trustee is unable to take possession of the Leased Property, it will be unable to sell or re-lease the Leased Property as permitted under the Leases and the Indenture or to redeem or pay the Series 2020R Certificates except from funds otherwise available to the Trustee under the Indenture. See also "SECURITY AND SOURCES OF PAYMENT."

Effects on the Series 2020R Certificates of a Nonrenewal Event

Bond Counsel has expressed no opinion as to the effect of any termination of the State's obligations under the 2020R Lease under certain circumstances as provided in the 2020R Lease upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2020R Certificates subsequent to such termination. See "TAX MATTERS." If the 2020R Lease is terminated and the subject property is re-let to a lessee that is not a governmental entity, there is no assurance that the Series 2020R Certificates will be transferable without registration or a transactional exemption from registration under the federal securities laws following the termination of the 2020R Lease.

Insurance of the Leased Property

The Subleases require the Participating K-12 Institutions to pay, as Additional Rent, all of the expenses with respect to casualty and property damage insurance with respect to the Leased Property subject to their respective Subleases in an amount equal to the current replacement value of the Leased Property. The Subleases also require the Participating K-12 Institutions to pay, as Additional Rent, all of the expenses with respect to public liability insurance with respect to the activities to be undertaken by the Participating K-12 Institutions in connection with the Leased Property subject to their respective Subleases and the Leases: (1) to the extent such activities result in injuries for which immunity is available under the Colorado Governmental Immunity Act, Section 24-10-101, *et seq.*, C.R.S., or any successor statute, in an amount not less than the amounts for which the State and the Participating K-12 Institutions may be liable to third parties thereunder, and (2) for all other activities, in an amount not less than \$1,000,000 per occurrence. The Leases require the State to make the same Additional Rent payments with respect to

insurance but permits the State, in its discretion, to have the required insurance coverage provided by the State or the Participating K-12 Institutions and to have such required insurance provided under blanket insurance policies or through the Colorado School District's Self Insurance Program, in the case of the Colorado School for the Deaf and Blind by the State's risk management program or, with the State's consent, the Participating K-12 Institution's risk management program. See "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE – Self Insurance." There is no assurance that in the event the Lease is terminated as a result of damage to or destruction or condemnation of the related Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Series 2020R Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2020R CERTIFICATES – Redemption Prior to Maturity."

Actions under the Subleases

Although the State's payment of Rent under the Leases will not depend or be conditioned upon payment of Rent, if any, under the Subleases, certain actions by the Participating K-12 Institutions in respect of the related Leased Property or Project could have an adverse effect on the interests of the owners of the Series 2020R Certificates. For example, failure to operate or maintain the Leased Property under a related Sublease in accordance with the terms thereof could diminish the value of that Leased Property. If, for whatever reason, such Lease terminates or the Trustee exercises re-letting or sale remedies thereunder, that diminished value could adversely affect the Trustee's ability to recoup rentals or obtain a sale price sufficient to pay Certificate principal or to redeem the full Certificate principal, as the case may be. Violations of environmental laws similarly could diminish the re-letting or sale value of the subject Leased Property, and could lead to statutory remedies under applicable federal and state laws. Failure by a Participating K-12 Institution to obtain the casualty and property insurance policies required by the applicable Sublease could limit the principal amount of Series 2020R Certificates redeemed upon the damage or destruction of the subject Leased Property under certain circumstances. In addition, while the State expects that Certificate principal and interest will be paid from funds other than moneys derived from payments in respect of property used in a private trade or business, and also expects that the Leased Property will be used by Participating K-12 Institutions, which are governmental units, use of the Projects financed with Series 2020R Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2020R Certificates.

State Budgets and Revenue Forecasts

The State Constitution requires that expenditures for any Fiscal Year not exceed revenues for such Fiscal Year. In addition, Section 24-75-201.1(1)(d), C.R.S., provides that for each Fiscal Year, a portion of the unrestricted General Fund year-end balance is to be retained as a reserve (the "Unappropriated Reserve"), and Section 24-75-201.1, C.R.S., provides that General Fund appropriations for each Fiscal Year, with certain exceptions, may not exceed specified amounts, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and other Considerations – *Revenues and Unappropriated Amounts – Expenditures; The Balances Budget and Statutory Spending Limitation.*"

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("OSPB") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on September 20, 2020 (the "OSPB September 2020 Revenue Forecast") and is included in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST." The next OSPB revenue forecast will be released in December 2020. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2020 Revenue Forecast. A revenue shortfall could adversely affect the State's ability to appropriate sufficient amounts to pay Base Rent in subsequent years. If a revenue shortfall is projected

for any forecasted years which would result in a budgetary shortfall, budget cuts will be necessary to ensure the balanced budget. See “APPENDIX E – THE STATE GENERAL FUND.”

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also “PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements” at the beginning of this Official Statement.

The State’s Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual basis of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board (“GASB”), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State’s Fiscal Year budgets on the modified accrual basis, which does not take into account the timing of when such amounts are received or paid. See “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations.”

Potential Impact of COVID-19 (Coronavirus)

The spread of a novel strain of coronavirus called COVID-19 is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, state, and local economies. State and local governments, including the State of Colorado, have announced orders, recommendations and other measures intended to slow the spread of COVID-19, including limiting the size of public gatherings and regulating public spaces in order to minimize interpersonal contact. These COVID-19 measures are changing rapidly.

Beginning in March 2020, Colorado Governor Polis has issued numerous public health orders pertaining to COVID-19. Certain material orders are described below. CDPHE provides information relating to COVID-19 and related developments in the State of Colorado on its website, covid19.colorado.gov. Reference to such website is presented herein for informational purposes only and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The primary current public health order of the Governor is Executive Order D 2020 235, issued October 30, 2020, and expiring November 30, 2020 (the “Dial Framework Order”). The Dial Framework Order consolidates numerous prior orders which imposed various restrictions upon Colorado residents and businesses. The Dial Framework Order recognizes unique local circumstances and uses a five-level dial to visualize a community’s success in containing the spread of COVID-19. On November 2, 2020, CDPHE issued Public Health Order 20-36, which sets forth the requirements for the implementation of the Dial Framework Order (together with the Dial Framework Order, the “Dial Orders”). Pursuant to the Dial Orders, each county or region is at one of five levels represented by colors on a dial: green, blue, yellow, orange and red. The CDPHE is directed to certify and review the process of moving counties between levels. Level Red requires residents to stay at home, and other levels require varying degrees of restrictions, depending on the level. In addition to the Dial Framework Order, Executive Order D 2020 138 (issued July 16, 2020, as amended on August 14, 2020, September 12, 2020, October 11, 2020, and November 2, 2020) (currently expires November 11, 2020) is currently in place, pursuant to which masks must be worn statewide when indoors, with certain exceptions.

In order to move to a less restrictive level, a county needs to meet and sustain all three metrics: new cases, percent positivity, and stable or declining hospitalizations for a two-week rolling period. The process of moving to a more restrictive level begins with a consultation with CDPHE if a county is out of compliance with any of the three metrics for a two-week period. The two-week period is a grace period. If compliance is restored in that timeframe, no further action is taken by CDPHE.

If compliance is not restored, then a consultation between the county and the State must take place to determine next steps. At this consultation, detailed metrics including the aforementioned three, but also many others like the epidemiological trends, impacted populations, and local factors will be discussed and considered in partnership between state and local officials. At the end of the consultation, CDPHE assesses whether local trends are improving, the risk to the community, and the strength of local mitigation efforts. After considering all of these factors, CDPHE will either: (1) Provide an extension for another 2-week period to remain in the same dial level while continuing existing local mitigation strategies, (2) Provide an extension, on the condition that additional, specifically defined local mitigation strategies are put in place, or (3) Require the county to transition to a more restrictive level.

A recent executive order by the Governor limits the hours that alcohol can be served at restaurants, subject to local governments applying for less stringent restrictions. The State reserves the right to revoke any looser restrictions granted. On October 30, 2020, the CDPHE released a new modeling report indicating an increase in hospitalizations and in the estimated number of Coloradans who currently are infectious. The report indicates that if Colorado remains on the current trajectory of its epidemic curve, state epidemiologists predict continued growth in cases and increased demand on hospitals. Further, the report evaluates what might happen with increased social contact beginning the Friday before Thanksgiving and lasting through the new year. With this assumption, the report indicates an increase in cases during and after the holidays as projected could be substantial if infections are not controlled in October and November of this year. At the higher projections, the state could be at risk for exceeding its ICU capacity as early as December unless Coloradans continue to take and maintain prevention measures.

Since March 2020, unemployment claims have risen significantly. According to the U.S. Bureau of Labor Statistics, as of July 2020, over 228,000 people in the State were unemployed (preliminary; not seasonally adjusted), resulting in an unemployment rate of 7.4% (preliminary; not seasonally adjusted) as compared to March 2020, where, according to the U.S. Bureau of Labor Statistics, approximately 164,000 people in the State were unemployed (preliminary; not seasonally adjusted), resulting in an unemployment rate of 5.2% (preliminary; not seasonally adjusted). On October 28, 2020, Governor Polis issued Executive Order D 2020 230, which directed the Unemployment Insurance Division to make one-time direct stimulus payments of \$375 to all qualifying individuals. The payments are to be processed by December 4, 2020 from the various fund transfers, totaling \$168 million from the State Disaster Emergency Fund. Further, on November 5, 2020, Governor Polis issued Executive Order D 2020-242, which extends the expedited unemployment insurance claim processing to provide relief to Coloradans affected by COVID-19.

The General Assembly took a variety of steps to reduce spending in the fiscal years ending June 30, 2020 and June 30, 2021 to develop a balanced budget for the fiscal year ending June 30, 2021 based on the May 2020 Revenue Forecast. The OSPB September 2020 Revenue Forecast, Appendix F, explicitly incorporates the potential impact of COVID-19 in the assumptions used as the basis for its forecast. General Fund Revenue is forecasted to have increased by 2.4% in the fiscal year ended June 30, 2020 (as compared to General Fund Revenues for the Fiscal Year ended June 30, 2019), to decrease by 4.7% in the Fiscal Year ending June 30, 2021 (as compared to General Fund Revenues forecasted for the Fiscal Year ended June 30, 2020), and to increase by 4.7% in the fiscal year ending June 30, 2022 (as compared to General Fund Revenues forecasted for the fiscal year ending June 30, 2021). The OSPB September 2020 Revenue Forecast has forecasted significantly lower revenues to the State General Fund than both the revenue forecast in the OSPB December 2019 Revenue Forecast and the OSPB March 2020 Revenue Forecast for

the fiscal years ending June 30, 2021 through June 30, 2022. However, the OSPB September 2020 Revenue Forecast has forecasted revenues to the State General Fund greater than those forecast in the OSPB May 2020 Revenue Forecast. In an effort to reduce State expenses, on September 22, 2020, the Governor announced that, except for certain exempt employees, all State employees making \$50,000 or more will be required to take 1 to 4 furlough days before the end of 2020. The number of furlough days required to be taken by a State employee will depend upon such employee's salary, with those employees with higher salaries being required to take more furlough days. The combined effect of the State's budget reduction measures and the increased General Fund Revenues forecast in the OSPB September 2020 Revenue Forecast will likely result in the State having revenues in excess of those in the fiscal year 2020-2021 budget that by law, will roll forward to successive budget years. See Appendix E – "THE STATE GENERAL FUND." Investors are encouraged to review both Appendix E and Appendix F in their entirety.

In addition to lost State revenues, the State is incurring significant expenses in healthcare costs attributable to (a) expanded testing of vulnerable populations, (b) scaling up epidemiology and contact tracing, (c) increasing testing capacity at the State Lab, including new equipment, supplies and personnel and (d) improving coordination to rapidly respond to and contain disease outbreaks. The State's emergency funding plan entails progressively identifying funding by source. First, agencies and the Governor's office have been identifying all available federal funds to cover COVID-19 response, including, but not limited to, the Family First Coronavirus Response Act (HR 6201), the CARES Act (HR 748) and the Paycheck Protection Program and Health Care Enhancement Act (HR 266). Second, for costs not able to be covered by federal funds, State agencies and the Governor's Office plan to use the State emergency funds. Finally, agencies have been working with the OSPB and the Joint Budget Committee of the General Assembly to identify needs as part of the regular budget and planning process. On May 18, 2020, the Governor announced the allocation of \$1.674 billion in federal funds under the CARES Act. Such allocation includes, but is not limited to: \$205 million to local public health agencies for COVID-19 response; \$500 million to local school districts to increase free instructional hours for kindergarten through 12th grade; \$450 million to public institutions of higher education to increase student retention and completions; \$275 million to local governments to facilitate compliance with COVID-19-related public health measures; and \$85 million for payroll expenses and other necessary State expenditures for employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. As of May 11, 2020, the OSPB estimated that the State has over \$101 million and \$197 million in its Disaster Emergency Fund and State Emergency Fund, respectively. The State anticipates that it will receive additional federal funds and that it will need to make withdrawals from State emergency funds in the future. However, due in part to their interrelationship, it is not possible to predict with any certainty at this point the timing and amounts of such receipts or withdrawals. Including the May announcement, the State has received approximately \$2.9 billion in federal funds from four different bills passed by Congress since March, including the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the CARES Act, and the Paycheck Protection Program and Health Care Enhancement Act. The largest of these was the CARES Act, under which Colorado received \$2.3 billion, including \$1.7 billion to the State and \$0.6 billion directly to the State's largest counties with populations over 500,000 (the counties of Adams, Arapahoe, Denver, El Paso, and Jefferson). The Governor also signed Executive Order D 2020 070 which allocated \$1.7 billion to different departments, funds, payrolls, and the General Fund to address the COVID-19 pandemic. These funds must be used in compliance with federal Treasury guidance and frequently asked questions, and must be spent between March 1, 2020, and December 30, 2020.

The State Treasurer is closely monitoring the General Fund cash flows and will evaluate potential cash management options, as necessary. There can be no assurances that the fiscal stress and cash pressures currently facing the State will not continue or become more difficult.

The State cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) the duration or expansion of related business closings, public health orders, regulations and legislation; and (iii) the extent

to which, or the negative effect the COVID-19 pandemic will continue to have on global, national and local economies, including whether a recession may be triggered. While it is too early to determine with any confidence the possible full extent of the effect of COVID-19 on the State, the General Fund or the Assistance Fund, such impact is expected to be significant and to have a material adverse effect on the State's finances. Accordingly, the impact of COVID-19 could have a negative effect on the ability of the General Assembly to make payments under the 2020R Lease.

Control of Remedies

Under the Indenture, the Owners of a majority in principal amount of all the Certificates then Outstanding have the right, at any time, to the extent permitted by law, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceedings relating to the Indenture or any Lease or Site Lease; provided that such direction is not otherwise than in accordance with the provisions of the Indenture. See Section 7.06 of the form of the Master Indenture attached in Appendix B hereto. The interests of Owners of the Series 2020R Certificates may vary from the interests of the Owners of other Series of Certificates for a variety of reasons.

Future Changes in Laws and Future Initiatives

Various Colorado laws, including the Act, apply to the priority and allocation of rental income and royalties derived from State school lands, allocation of State lottery proceeds, availability of funds for appropriation by the State and other operations of the State. In addition, State law allows voter initiatives meeting certain conditions to be placed on the ballot, which initiatives may involve statutory or constitutional amendments. There is no assurance that there will not be future voter initiatives or changes in, interpretation of or additions to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State and its funds.

Cyber Security Risks

The State, like other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the State is a potential target for a variety of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Recognizing the potential damage that could be caused by any such attacks, the State has established the Governor's Office of Information Technology ("OIT") as the single source for the State's cybersecurity readiness and awareness. The OIT has promulgated a series of policies and standards for State agencies and information security and provides mandatory training for State employees except those in the Department of Law, who receive training from the Department's own cybersecurity specialist due to the nature of the work performed by that Department. In addition, the State has procured insurance coverage for data breaches and other security and privacy incidents. The State does not believe that any material security breaches to its digital systems have occurred over the past 12-18 months, although employee computers at the Colorado Department of Transportation were the subject of a ransomware attack in February 2018. Nevertheless, no assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State.

Secondary Market

While the Underwriters expect, insofar as possible, to maintain a secondary market in the Series 2020R Certificates, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the Underwriters or others, and prospective purchasers of the Series 2020R Certificates should therefore be prepared, if necessary, to hold their Series 2020R Certificates to maturity or prior redemption, if any.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately 5.5 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019" AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 and "APPENDIX I – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the General Assembly to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four-year terms. The current term of such officials commenced in January of 2019 (following the general election held in November of 2018) and will expire on the second Tuesday in January of 2023. No elected executive official may serve more than two consecutive terms in the same office.

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives serve a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

It is important for prospective investors to analyze the financial and overall status of the State, including the Assistance Fund and the State General Fund, in order to evaluate the likelihood of an Event of Default or an Event of Nonappropriation. See “SECURITY AND SOURCES OF PAYMENT” and “CERTAIN RISK FACTORS.” This section and the following section captioned “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS” have been included to provide prospective purchasers with information relating to such matters. See also “APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019,” AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 “APPENDIX E – THE STATE GENERAL FUND,” “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST,” “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND,” “APPENDIX I – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION” and “APPENDIX J – STATE PENSION SYSTEM.” With the exception of the State economic and demographic information, has been provided by Development Research Partners, the information in these sections and appendices has been provided by the State. Unless otherwise noted, historical financial, economic, and demographic data contained herein does not reflect the impact of COVID-19.

The State Treasurer

The State Constitution provides that the State Treasurer is to be the custodian of public funds in the State Treasurer’s care, subject to legislative direction concerning safekeeping and management of such funds. The State Treasurer is the head of the statutorily created Department of the Treasury (the “State Treasury”), which receives all State moneys collected by or otherwise coming into the hands of any officer, department, institution or agency of the State (except certain institutions of higher education). The State Treasurer deposits and disburses those moneys in the manner prescribed by law. Every officer, department, institution and agency of the State (except for certain institutions of higher education) charged with the responsibility of collecting taxes, licenses, fees and permits imposed by law and of collecting or accepting tuition, rentals, receipts from the sale of property and other moneys accruing to the State from any source is required to transmit those moneys to the State Treasury under procedures prescribed by law or by fiscal rules promulgated by the Office of the State Controller (the “State Controller”). The State Treasurer and the State Controller may authorize any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the State Treasurer’s credit in lieu of transmitting such moneys to the State Treasury.

The State Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See “Investment and Deposit of State Funds” in this section and “APPENDIX E – THE STATE GENERAL FUND – Investment of the State Pool.” All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer’s Bill of Rights

General. Article X, Section 20 of the State Constitution, entitled the Taxpayer’s Bill of Rights and commonly known as “TABOR,” imposes various fiscal limits and requirements on the State and its local governments, excluding “enterprises,” which are defined in TABOR as government-owned businesses authorized to issue their own revenue bonds and receiving less than 10% of their annual revenues in grants from all State and local governments combined. Certain limitations contained in TABOR may be exceeded with prior voter approval.

TABOR provides a limitation on the amount of revenue that may be kept by the State in any particular Fiscal Year, regardless of whether that revenue is actually spent during the Fiscal Year. This revenue limitation is effected through a limitation on “fiscal year spending” as discussed hereafter. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year unless voters approve a revenue change.

TABOR also requires prior voter approval for the following, with certain exceptions: (i) any new State tax, State tax rate increase, extension of an expiring State tax or State tax policy change directly causing a net revenue gain to the State; or (ii) the creation of any State “multiple fiscal year direct or indirect ... debt or other financial obligation.”

TABOR further requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the “TABOR Reserve”), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the “Long Bill”) designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amounts of the TABOR Reserve for Fiscal Years 2020-21 and 2021-22 have been estimated in the OSPB September 2020 Revenue Forecast to be \$424.2 million and \$444.1 million, respectively.

Fiscal Year Revenue and Spending Limits; Referendum C. As noted above, unless otherwise approved by the voters, TABOR limits annual increases in State revenues and fiscal year spending, with any excess revenues required to be refunded to taxpayers. Fiscal year spending is defined as all expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales.

The maximum annual percentage change in State fiscal year spending is limited by TABOR to inflation (determined as the percentage change in U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index) plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991, being the base year for calculating fiscal year spending. The operation of TABOR created State budget challenges in the early years following its passage, and in 2005 several measures were passed by the General Assembly in an effort to address these challenges, including one, designated “Referendum C,” that was submitted to and approved by State voters and thereafter codified as Sections 24-77-103.6, C.R.S. and 24-77-106.5, C.R.S. Referendum C authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. In addition, for Fiscal Years 2010-11 and thereafter, Referendum C created an Excess State Revenues Cap, or “ESRC,” as a voter- approved revenue change under TABOR that now serves as the limit on the State’s fiscal year revenue retention. The base for the ESRC was established as the highest annual State TABOR revenues received in Fiscal Years 2005-06 through 2009-10. This amount, which was determined to be the revenues received in Fiscal Year 2007-08, is then adjusted for each subsequent Fiscal Year for inflation, the percentage change in State population, the qualification or disqualification of enterprises and debt service changes, each having their respective meanings under TABOR and other applicable State law. However, per SB 17-267, the ESRC for Fiscal Year 2017-18 is an amount equal to (i) the ESRC for Fiscal Year 2016-17 calculated as provided above (ii) less \$200 million. For subsequent Fiscal Years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2017-18 as the base amount.

SB 17-267 also (i) terminated the Hospital Provider Fee program and implemented the Healthcare Affordability and Sustainability Fee, which fee is exempt from TABOR as it is collected by an enterprise

created by SB 17-267 within the Department of Health Care Policy and Financing; (ii) exempts retail marijuana from the 2.9% State sales tax, which results in less revenue subject to TABOR in Fiscal Years 2017-18 and thereafter; and (iii) extends and expands the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections in Fiscal Years 2018-19 and thereafter, but will be offset in part by the distribution of a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis.

As a result of Referendum C, the State was able to retain various amounts in excess of the previously applicable TABOR limit in Fiscal Years 2005-06 through 2013-14, and no refunds were required because such revenues were below the ESRC. In Fiscal Year 2014-15, TABOR revenues exceeded the TABOR limit and resulted in the State being \$150.0 million above the ESRC, thus triggering a TABOR refund. TABOR revenues again exceeded the TABOR limit in Fiscal Years 2015-16 and 2016-17 but were below the ESRC. In Fiscal Year 2017-18, TABOR revenues exceeded the TABOR limit and resulted in the State being \$18.5 million above the ESRC, and in Fiscal Year 2018-19, TABOR revenues exceeded the TABOR limit and resulted in the State being \$428.3 million above the ESRC, in each case triggering a TABOR refund. In Fiscal Year 2019-20, TABOR revenues exceeded the TABOR limit, but were below the ESRC. The OSPB September 2020 Revenue Forecast states that TABOR revenues are not forecasted to exceed the ESRC in Fiscal Years 2020-21 and 2021-22.

SB 17-267 also changed the TABOR refund mechanisms. Under prior law, the means by which revenues in excess of the ESRC could be refunded to taxpayers included: (i) a sales tax refund to all taxpayers, (ii) the earned income tax credit to qualified taxpayers and (iii) a temporary income tax rate reduction, the particular refund mechanism used to be determined by the amount that needs to be refunded. Per SB 17-267, beginning with Fiscal Year 2017-18, there is added as the first refund mechanism the amount reimbursed by the State Treasurer to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the property tax exemptions for qualifying seniors and disabled veterans. See also Appendix E – “THE STATE GENERAL FUND – General Fund Overview.”

Referendum C also creates the “General Fund Exempt Account” within the General Fund, to which there is to be credited moneys equal to the amount of TABOR revenues in excess of the TABOR limit that the State retains for a given Fiscal Year pursuant to Referendum C. Such moneys may be appropriated or transferred by the General Assembly for the purposes of: (i) health care; (ii) public elementary, high school and higher education, including any related capital construction; (iii) retirement plans for firefighters and police officers if the General Assembly determines such funding to be necessary; and (iv) strategic transportation projects in the Colorado Department of Transportation Strategic Transportation Project Investment Program.

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.
At the general election held on November 3, 2015, the State’s voters authorized the State to retain and spend \$66.1 million in sales and excise taxes on the sale of marijuana and marijuana products (“Marijuana Taxes”) authorized by Proposition AA approved by the State’s voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. House Bill (“HB”) 15-1367, which referred the measure to the State’s voters (Proposition BB), also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in “General Fund and State Education Fund Budget” in the OSPB September 2020 Revenue Forecast. SB 17-267 increased the special sales tax on retail marijuana sales from 10% to 15% effective July 1, 2017.

Effect of TABOR on the Certificates. Voter approval under TABOR is not required for the execution and delivery of the Certificates because the State’s obligations under the Lease are payable within any Fiscal Year only if amounts for such payments have been appropriated for such Fiscal Year. Therefore, such obligations are not a “multiple fiscal year direct or indirect ... debt or other financial obligation” within the meaning of TABOR.

State Funds

The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. The State also maintains several statutorily created special funds for which specific revenues are designated for specific purposes. See “APPENDIX E – THE STATE GENERAL FUND” and “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST.”

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor’s office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November for each department to the Joint Budget Committee of the General Assembly (the “JBC”), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch may make recommendations to the JBC for their own budgets.

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental fees for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor’s vetoes are subject to override by a two-thirds majority of each house of the General Assembly.

Phase IV (Legislative). During the Fiscal Year for which appropriations have been made, the General Assembly may increase or decrease appropriations through supplemental appropriations. Any

supplemental appropriations are considered amendments to the Long Bill and are subject to the line item veto of the Governor.

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the “Unappropriated Reserve”), which may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation, unless they are obligated by statute for another purpose. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Set forth in the following table are the Unappropriated Reserve requirements for Fiscal Years 2014-15 and thereafter. See also “APPENDIX E – THE STATE GENERAL FUND – General Fund Overview.”

State of Colorado	
Unappropriated Reserve Requirement	
Fiscal Years	Unappropriated Reserve Requirement^{1,2}
2014-15	6.50%
2015-16	5.60
2016-17	6.00
2017-18	6.50
2018-19 and thereafter ³	7.25 ³

¹ The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See “General Fund Overview” table in “APPENDIX E – THE STATE GENERAL FUND – General Fund Overview.”

² Per SB 15-251, in Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. See “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies.”

³ Per SB 18-276, the Unappropriated Reserve requirement was increased to 7.25% starting with Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirement.

See also generally “APPENDIX E – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts” and “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST.”

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution mandates that expenditures for any Fiscal Year may not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year).

Excluded from this appropriations limit are: (i) any General Fund appropriation that, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for any existing program beyond the existing level of service; (ii) any General Fund appropriation that, as a result of any requirement of a final State or federal court order, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of

service; or (iii) any General Fund appropriation of any moneys that are derived from any increase in the rate or amount of any tax or fee that is approved by a majority of the registered electors of the State voting at any general election.

The limitation on the level of General Fund appropriations may be exceeded for a given Fiscal Year upon the declaration of a State fiscal emergency by the General Assembly, which may be declared by the passage of a joint resolution approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor.

See “Taxpayer’s Bill of Rights” above for a discussion of spending limits imposed on the State by TABOR and changes to these limits as the result of the approval of Referendum C.

Fiscal Year Spending and Emergency Reserves. Through TABOR, the State Constitution imposes restrictions on increases in fiscal year spending without voter approval and requires the State to maintain a TABOR Reserve. See “Taxpayer’s Bill of Rights” in this section for a discussion of the effects of the State Constitution on the State’s financial operations.

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the Office of the State Controller, a division of the Department of Personnel & Administration. The State Controller is the head of the Office of the State Controller. The State Controller or his delegate have statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation, whether the appropriation contains sufficient funds to pay the expenditure and whether the prices are fair and reasonable. All payments from the State Treasury are made by warrants or checks signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant or check is full authority for the State Treasurer to pay the warrant or check upon presentation.

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants or checks for payment of claims against the State. The State Controller prepares a Comprehensive Annual Financial Report, or “CAFR,” in accordance with generally accepted accounting principles (“GAAP”) applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State’s CAFR for Fiscal Year 2018-19 CAFR (the “Fiscal Year 2018-19 CAFR”) is appended to this Official Statement and includes the most current annual financial statements for the State.

Basis of Accounting

For a detailed description of the State’s basis of accounting, see Note 1E to the financial statements in both the State’s Fiscal Year 2018-19 CAFR and State Fiscal Year 2019-20 Basic Financial Statements (“BFS”) appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in this Official Statement are based on principles that may vary based on the requirements of the report or schedule. The cash flow schedules

include all financial activity reported specifically in the General Purpose Revenue Fund on a cash basis, while the fund level financial statements and revenue estimates are primarily prepared on the modified accrual basis of accounting. Revenue estimates are prepared for those revenues that are related primarily to the general taxing powers of the State, and to a lesser degree include intergovernmental transactions, fees for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special cash receipts that are related to fees, permits and other fees rather than to the general taxing power of the State. See also “APPENDIX E – THE STATE GENERAL FUND” – General” for a discussion of the distinction between the statutory General Fund and the GAAP General Fund.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the “Auditor”) through the Auditor’s staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2021. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State’s Fiscal Year 2018-19 CAFR, including the State Auditor’s Opinion thereon, and the State’s unaudited Fiscal Year 2019-20 BFS are appended to this Official Statement as Appendix A. The Office of the State Auditor, being the State’s independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor’s report included herein, any procedures on the financial statements presented in the Fiscal Year 2018-19 CAFR, nor has the State Auditor performed any procedures relating to this Official Statement or the Fiscal Year 2019-20 BFS.

Investment and Deposit of State Funds

The State Treasurer is empowered by Articles 36 and 75 of Title 24, C.R.S., as well as other State statutes, to invest State funds in certain public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each fund or pool of funds in the State Treasurer’s custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each State fund.

The State Treasurer is also authorized to deposit State funds in national or state chartered banks and savings and loan associations having a principal office in the State and designated as an eligible public depository by the State Banking Board or the State Commissioner of Financial Services, respectively. To the extent that the deposits exceed applicable federal insurance limits, they are required to be collateralized with eligible collateral (as defined by statute) having a market value at all times equal to at least 100% of the amount of the deposit that exceeds federal insurance (102% for banks).

See also Notes 3 and 4 to both the State’s Fiscal Year 2018-19 CAFR and the State’s Fiscal Year 2019-20 unaudited BFS appended to this Official Statement and “APPENDIX E – THE STATE GENERAL FUND – Investment of the State Pool.”

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. See “APPENDIX E – THE STATE GENERAL FUND” for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

Generally. The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years’ general revenues. Accordingly, the State currently has, and upon execution and delivery of the Series 2020R Certificates will have, no outstanding general obligation debt.

Governmental Activities. The State is authorized to and has entered into lease purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State’s Fiscal Year 2018-19 CAFR appended to this for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2019, as well as the aggregate minimum lease payments due under such lease-purchase entered into by the State for Fiscal Years 2018-19 and thereafter, and also Note 21 to the Fiscal Year 2018-19 CAFR for a discussion of lease-purchase agreements entered into by the State June 30, 2019, but before publication of the Fiscal Year 2018-19 CAFR. Additionally, on June 2, 2020, the State issued its Rural Colorado Certificates of Participation Series 2020A in the aggregate principal amount of \$500,000,000, which are paid and secured by certain payments made by the State pursuant to a lease purchase agreement. The State also issued its Colorado Department of Transportation Second Amended and Restated Headquarters Facilities Lease Purchase Agreement Refunding Certificates of Participation Series 2020 in the aggregate principal amount of \$19,050,000 on August 5, 2020, which are paid and secured by certain payments made by the State, acting by and through the Colorado Department of Transportation, pursuant to a lease purchase agreement. Furthermore, on October 14, 2020, the State issued its National Western Center Certificates of Participation Series 2020A (Tax-Exempt) in the aggregate principal amount of \$68,950,000 and its National Western Center Certificates of Participation Series 2020B (Taxable) in the aggregate principal amount of \$44,105,000 which are paid and secured by certain payments made by the State pursuant to a lease purchase agreement. The State currently expects to issue certain additional certificates of participation in December 2020 to fund certain capital improvements for state institutions of higher education.

In addition to lease purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 to the State’s Fiscal Year 2018-19 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental

agreements entered into by the State as of June 30, 2019 as well as the aggregate minimum payment obligations under such agreements in Fiscal Year 2018-19 and thereafter.

State departments and agencies, including State institutions of higher education, are also authorized to and have entered into annually renewable lease purchase agreements, and to issue revenue bonds and notes, for the purchase of equipment, the construction of facilities and infrastructure and other business-type activities. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 11, 12 and 21 to the State's Fiscal Year 2018-19 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2019, and of those issued after June 30, 2019, but before publication of the Fiscal Year 2018-19 CAFR. The revenue bonds and certificates of participation, some of which have been financed by the sale of certificates of participation in the revenues of the related lease purchase agreements, have in most cases been publicly offered, while the notes have generally been issued through private negotiation directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Notes 19 and 21 to the State's Fiscal Year 2018-19 CAFR appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2018-19 CAFR for a ten-year history of the total outstanding debt and related debt service expenditures of the State.

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more State funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of the proceeds of internal borrowing from State funds other than the General Fund. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

On August 4, 2020, the State issued \$410 million in aggregate principal amount of its Education Loan Program Tax and Revenue Anticipation Notes, Series 2020A in order to meet cash flow shortages experienced by local school districts in the State. On August 6, 2020, the State issued \$600 million in aggregate principal amount of its General Fund Tax and Revenue Anticipation Notes, Series 2020, in order to fund anticipated cash flow shortfalls in the General Fund in Fiscal Year 2020-21.

See also the Statistical Section of the State's Fiscal Year 2018-19 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State and the State Treasurer has no responsibility for such issuances, although pursuant to Section 22-30.5-408, C.R.S., the State may, but is not obligated to, appropriate moneys to cure unreplenished draws on debt service reserve funds for certain bonds issued by the Colorado Educational and Cultural Facilities Authority to fund facilities for charter schools. Generally, State authorities are legally separate, independent bodies governed

by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

Pension and Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in “APPENDIX J – STATE PENSION SYSTEM,” the “State Division Plan”). State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the “State Division DC Plan”), although the majority of State employees participate in the State Division Plan. State employees may also elect to participate in a limited healthcare plan. Each plan is administered by the Public Employees’ Retirement Association (“PERA”), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. The State does not participate in the federal Old Age, Survivors and Disability Insurance (Social Security) program.

For a general description of the State Division Plan and PERA, see “APPENDIX J – STATE PENSION SYSTEM.” For a detailed discussion of the State Division Plan, the State Division DC Plan, the limited healthcare plan and PERA, see Notes 6, 7 and 8 to both the State’s Fiscal Year 2018-19 CAFR and Fiscal Year 2019-20 BFS appended to this Official Statement, as well as PERA’s Comprehensive Annual Financial Report for calendar year 2018 (the “PERA 2018 CAFR”). The information in the State’s Fiscal Year 2018-19 CAFR regarding PERA is derived from the PERA 2018 CAFR.

The State Division Plan. The State Division Plan is funded with contributions made by the State and by each participating State employee at rates that are established by statute. The State has consistently made all statutorily required contributions to the State Division Plan. However, the State Division Plan remains significantly underfunded. In order to address the funding status of PERA’s defined benefit plans, including the State Division Plan, the General Assembly enacted SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans and thereby reach a 100% funded ratio for each of such plans within a 30-year period. SB 18-200 made changes to certain benefit and contribution provisions of the defined benefit plans administered by PERA, including implementing a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the State’s annual direct contribution to PERA within certain statutory parameters so as to stay with in the 30-year funding goal. Previously, such adjustments required action by the General Assembly.

The PERA 2019 CAFR reports that at December 31, 2019, the actuarial value of assets of the State Division Plan was approximately \$14.922 billion and the actuarial accrued liability, or “AAL,” of the Plan was approximately \$25.718 billion, resulting in an unfunded actuarial accrued liability, or “UAAL,” approximately \$10.796 billion, a funded ratio of 58.0 % and an amortization period of 35 years, all as further described in **Appendix E** – “STATE PENSION SYSTEM.” The actuarial value of assets for the State Division Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, at December 31, 2019, the Plan had an unfunded accrued liability of approximately \$9.898 billion and a funded ratio of 61.5%.

The funding status of the State Division Plan summarized above reflects the implementation by PERA in 2014 of GASB Statement No. 67, “Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25” (“GASB 67”), which establishes new standards for financial reporting and note

disclosure by defined benefit pension plans administered through qualified trusts, such as the State Division Plan, and note disclosure requirements for defined contribution pension plans administered through qualified trusts, such as the State Division DC Plan.

Because the State's annual contributions with respect to the State Division Plan are set by statute and funded in the State's annual budget, such contributions are not affected in the short term by changes in the actuarial valuation of the Plan assets or the funding ratio of the Plan.

See generally "APPENDIX J – STATE PENSION SYSTEM" for further information regarding the State Division Plan.

The Health Care Trust Fund. The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance to State employees is provided through PERA's Health Care Trust Fund, in which members from all divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2019, taking into account the changes made by SB 18-200, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately \$1.099 billion, a funded ratio of 24.1% and a 20-year amortization period. Because the Health Care Trust Fund is a cost sharing, multiple employer plan, PERA's actuary has not determined the portion of the unfunded actuarial accrued liability that applies to each Division participant. The benefit provided by the Health Care Trust Fund is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 9 and 11 to the PERA 2019 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which is related to GASB 67 but is applicable to the State, is effective for fiscal years beginning after June 15, 2014, and accordingly was first implemented in the State's Comprehensive Annual Financial Report for Fiscal Year 2014-15 (the "Fiscal Year 2014-15 CAFR"). GASB 68 revises and establishes new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. GASB 68 requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. The State reported a net pension liability in the State's Fiscal Year 2018-19 CAFR of approximately \$13.531 billion at June 30, 2019, compared to a reported net pension liability in the State's Fiscal Year 2017-18 CAFR of approximately \$19.382 billion at June 30, 2018. These amounts were determined as of the calendar year-end that occurred within the Fiscal Year. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of December 31, 2013-2018, and a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2018-19 CAFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis in the State's Fiscal Year 2018-19 CAFR and Notes 1, 6, 7 and to the Financial Statements in the State's Fiscal Year 2018-19 CAFR, as well as Appendix J – "STATE PENSION SYSTEM" and particularly the section thereof entitled "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68."

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly

will be first implemented in the State's Fiscal Year 2018-19 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits (OPEB) liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State will also be required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements.

Effect of Pension Liability on the Certificates. For a discussion of the State's current pension liability, see the Management's Discussion and Analysis in the Financial Section of the State's Fiscal Year 2018-19 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying the State's current or future plans to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement and the State's Fiscal Year 2018-19 CAFR and the State's Fiscal Year 2019-20 BFS or the State's ability to fully pay its obligations, including the Certificates.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE

No Litigation Affecting the Series 2020R Certificates

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the execution or delivery of the Series 2020R Certificates or questioning or affecting the validity of the Series 2020R Certificates or the proceedings or authority under which they are to be executed and delivered. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to enter into the related Leases or the Subleases in the manner provided in the Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered. For incidents occurring prior to July 1, 2013, the limits are \$150,000 for injury to one person in a single occurrence and an aggregate of \$600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of \$150,000; for incidents occurring on and after January 1, 2013, but before January 1, 2018, the maximum amounts that may be recovered under the Immunity Act are \$350,000 for injury to one person in a single occurrence and an aggregate of \$990,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of \$350,000; and for incidents occurring on and after January 1, 2018, but before January 1, 2022, the maximum amounts that may be recovered under the Immunity Act are \$387,000 for injury to one person in a single occurrence and an aggregate of \$1,093,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of \$387,000. These limits are subject to adjustment on January 1, 2022, and every four years thereafter based on the percentage change in the Consumer Price Index for Denver-Boulder-Greeley, or its successor index. In individual cases the General Assembly may authorize the recovery from the State of amounts in excess of these limits by legislative action initiated either directly by the General Assembly or upon recommendation of the State Claims Board. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The

Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or its employees sued in their official capacities under federal statutes when such actions are brought in federal court.

HB 12-1361 amended the Immunity Act by waiving sovereign immunity of the State in an action for injuries resulting from a prescribed fire started or maintained by the State or any of its employees on or after January 1, 2012. A prescribed fire is defined as the application of fire in accordance with a written prescription for vegetative fuels, but excluding a controlled burn used in farming industry to clear land of existing crop residue, kill weeds and weed seeds or to reduce fuel build-up and decrease the likelihood of a future fire.

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 1G, 9 and 19 and General Fund Components (in Supplementary Information) in both the State's Fiscal Year 2018-19 CAFR and the State's Fiscal Year 2019-20 BFS appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2020R Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2020R Certificates, a form of which is attached hereto as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Sherman & Howard L.L.C., Denver, Colorado, has acted as special counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State, as counsel to the State. Stradling Yocca Carlson & Rauth, Denver, Colorado, has acted as counsel to the Underwriters in connection with the execution and delivery of the Series 2020R Certificates. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2020R Certificates.

TAX MATTERS

In General

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2020R Certificates, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax.

The State and the Series 2020R Participating K-12 Institutions have made certain representations and covenanted to comply with requirements that must be satisfied in order for the interest on the Series 2020R Certificates to be excludable from gross income for federal income tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the State and the Series 2020R Participating K-12 Institutions and others with such covenants. Failure to comply with such requirements could cause interest on the Series 2020R Certificates to be included in gross income retroactive to the date of issue of such Series 2020R Certificates.

The accrual or receipt of interest on the Series 2020R Certificates may otherwise affect the federal income tax liability of the owners of the Series 2020R Certificates. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020R Certificates, 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 entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020R Certificates.

Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020R Certificates, or any other federal tax consequences related to the ownership or disposition of the Series 2020R Certificates.

Original Issue Premium

The Series 2020R Certificates that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

Recognition of Income Generally

Section 451 of the Tax Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult

their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2020R Certificates under the Tax Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2020R Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of a Series 2020R Certificate 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 Series 2020R Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In the opinion of Bond Counsel, under existing State of Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases on interest received or income of the Owners of the Series 2020R Certificates subsequent to such termination, or other tax consequences related to the ownership or disposition of the Series 2020R Certificates under the laws of the State of Colorado or any other state or jurisdiction.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this caption or adversely affect the market value of the Series 2020R Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2020R Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020R Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2020R Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020R Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The Series 2020R Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to \$117,638,335.29 (representing the aggregate principal amount of the Series 2020R Certificates of \$98,030,000.00 plus original issue premium of \$19,932,333.65 and less an aggregate underwriting discount of \$323,998.36). The Underwriters have agreed to accept delivery of and pay for all the Series 2020R Certificates if any are delivered, provided that the obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement related to the Series 2020R Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2020R Certificates to certain

dealers (including dealers depositing such Series 2020R Certificates into investment funds) and others at prices lower than the public offering prices stated on the inside front cover hereof. The public offering prices set forth on the inside front cover hereof may be changed after the initial offering by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the State for which they received or will receive customary fees and expenses. In the ordinary course of various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the State.

Citigroup Global Markets Inc., an underwriter of the Series 2020R Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

RATINGS

Moody's Investors Service has assigned the Series 2020R Certificates a rating of "Aa2", and Standard & Poor's Ratings Services has assigned the Series 2020R Certificates a rating of "AA-". No other ratings have been applied for. A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2020R Certificates and the 2020R Leased Property, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2020R Certificates. Neither the State, the Municipal Advisor (hereinafter defined), nor any Underwriter undertakes any responsibility to oppose any such revision, suspension or withdrawal.

MUNICIPAL ADVISOR

The State has retained Hilltop Securities Inc., Denver, Colorado, as municipal advisor (the "Municipal Advisor") in connection with the Series 2020R Certificates and with respect to the authorization, execution and delivery of the Series 2020R Certificates. *The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.* The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2020R Certificates.

CONTINUING DISCLOSURE

Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, prohibits underwriters from purchasing or selling certain municipal securities unless the issuer of those securities, or an obligated person for whom financial or operating data is presented in the final official statement, has undertaken to provide continuing disclosure information for the benefit of the owners of those securities. In accordance with Rule 15c2-12, the State, acting by and through the State Treasurer, will enter into a Continuing Disclosure Undertaking on the Closing Date, the form of which is appended to this Official Statement, pursuant to which the State Treasurer will agree for the benefit of the Owners and Beneficial Owners of the Series 2020R Certificates to file with the MSRB via its EMMA website (a) certain annual financial information and the State’s audited annual financial statements not later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2020, and (b) notices of the occurrence of certain events affecting the State and the Certificates within ten business days of their occurrence. See as “APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Undertaking.

The obligations of the State Treasurer pursuant to the Continuing Disclosure Undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2020R Certificates, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, a breach of the State Treasurer’s obligations pursuant to the Continuing Disclosure Undertaking does not constitute an Indenture Event of Default or a Lease Event of Default, and none of the rights and remedies provided in the Indenture and the Lease for such defaults will be available to the Owners and Beneficial Owners of the Certificates in the event of a breach of the Continuing Disclosure Undertaking.

Compliance with Other Continuing Disclosure Undertakings

The State Treasurer has determined that during the previous five years, the State Treasurer and certain other State departments or agencies have not complied in all material respects with continuing disclosure undertakings entered into by such entities pursuant to Rule 15c2-12 in connection with municipal securities issued by or for the benefit of such entities by failing to file, or to file on a timely basis, on the EMMA website and its predecessor repositories, certain annual financial information, audited financial statements and/or notices of material events as required by those continuing disclosure undertakings

Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012 to provide the State Treasurer with statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State’s credit (collectively, the “Included Entities”) in connection with financial obligations issued by or for the benefit of the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

In early 2013, the State Treasurer retained Digital Assurance Certification, LLC (“DAC Bond”), as its disclosure dissemination agent for the purpose of assisting it with auditing past compliance, making remedial filings and ensuring ongoing compliance with its continuing disclosure filing requirements with the MSRB of all information required in the continuing disclosure undertakings entered into by the Included Entities, and plans to implement other procedures intended to ensure future material compliance with such continuing disclosure undertakings.

In addition, consistent with its statutory authorization and as a result of the circumstances described above, the State Treasurer's office carried out a comprehensive review of compliance by the State with the continuing disclosure undertakings entered into by the Included Entities for the purpose of determining instances of material noncompliance with such continuing disclosure undertakings. Instances of material noncompliance discovered by the State Treasurer's office have been addressed by making appropriate corrective filings or taking other remedial actions, either directly or by DAC Bond. The State also participated in the SEC's Municipal Continuing Disclosure Cooperation Initiative discussed in "MCDC Settlement Order with Securities and Exchange Commission" hereafter.

Due to various issues that were experienced by the State in connection with the implementation of a new integrated financial system as described in "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting," the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 and the State's Fiscal Year 2014-15 CAFR were not completed and released until late January 2016 and late April 2016, respectively. As a result, the State was unable to post its Fiscal Year 2014-15 audited financial statements on EMMA by December 31, 2015, as required by numerous continuing disclosure undertakings entered into by the Included Entities. Notice of such noncompliance was posted on EMMA on January 25, 2016, and the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 and the State's Fiscal Year 2014-15 CAFR were subsequently posted on EMMA on February 1, 2016, and May 2, 2016, respectively. The State was also unable to post its Fiscal Year 2015-16 audited financial statements on EMMA by December 31, 2016, as required by such continuing disclosure undertakings. Notice of such noncompliance was posted on EMMA on January 16, 2017, and the State's unaudited Basic Financial Statements for Fiscal Year 2015-16 and the State's Fiscal Year 2015-16 CAFR were posted on EMMA on January 16, 2017, and March 8, 2017, respectively. The State was also unable to post its Fiscal Year 2016-17 audited financial statements on EMMA by January 26, 2018, as required by such continuing disclosure undertakings. A notice of late filing was posted on EMMA on January 25, 2018, and the State's unaudited Basic Financial Statements for Fiscal Year 2016-17 and the State's Fiscal Year 2016-17 CAFR were posted on EMMA on January 9, 2018, and February 8, 2018, respectively.

In addition to the State's financial statements for Fiscal Years 2014-15 and 2015-16 discussed above, certain operating data for the Department of Human Services for Fiscal Years 2014-15 and 2015-16 was not timely posted on EMMA (within 200 days of the end of the Fiscal Year) in connection with the Colorado State Department of Human Services (Division of State and Veterans Nursing Homes) Enterprise System Revenue Anticipation Warrants, Series 2002A. Notices of failure to file such information for Fiscal Years 2014-15 and 2015-16 were posted on EMMA on January 21, 2016, and January 19, 2017, respectively. The State's unaudited Basic Financial Statements and CAFRs for Fiscal Years 2014-15 and 2015-16 were eventually posted on EMMA as discussed above, and the operating data for the Department of Human Services for both Fiscal Years 2014-15 and 2015-16 was posted on EMMA on March 28, 2017.

The OSPB December 2015 and March 2016 revenue forecasts were not timely posted on EMMA in connection with the State's Higher Education Federal Mineral Lease Certificates of Participation, Series 2014A. Both a notice of failure to timely file such revenue forecasts, together with the revenue forecasts, were posted on EMMA on May 16, 2016.

MCDC Settlement Order with Securities and Exchange Commission

In March of 2014, the Securities and Exchange Commission (the "SEC") announced its Municipal Continuing Disclosure Cooperation Initiative (the "MCDC") pursuant to which underwriters and municipal issuers could self-report instances where official statements of municipal issuers failed to report instances in which the issuer failed to comply in all material respects with its continuing disclosure undertakings.

Pursuant to the MCDC, on or about November 26, 2014, the State Treasurer reported certain prior failures to the SEC.

In May of 2016, the State Treasurer, on behalf of CDOT, executed an Offer of Settlement (the “Offer”) with the SEC under the MCDC, which Offer was accepted by the SEC on August 24, 2016, and became an order of the SEC (the “Order”). As described in the Order, CDOT participated in one negotiated offering in 2011 in which the final official statement stated in relevant part that during the past five years, CDOT had complied in all material respects with its continuing disclosure undertakings. Notwithstanding such statement, however, CDOT’s audited financial statements for 2006, 2007, 2008, 2009 and 2010 were not filed until 2014 when it was discovered that such financial statements had not been filed previously with the Nationally Recognized Municipal Securities Information Repositories or the MSRB through the EMMA system, as applicable.

Pursuant to the Order, the State Treasurer has agreed to (i) within 180 days of the entry of the Order, establish written policies and procedures and undertake periodic training regarding continuing disclosure obligations, including designation of an individual or officer responsible for ensuring compliance with such policies and procedures, (ii) within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, and, if not currently in compliance, update past delinquent filings, (iii) disclose in clear and conspicuous fashion the terms of the Offer in any official statement for an offering through the State Treasurer within five years of the institution of the proceedings, (iv) cooperate with any subsequent investigation by the SEC regarding false statements and/or material omissions and (v) not later than one year from the date of the institution of the proceedings, certify, in writing, compliance with the foregoing undertakings.

In a letter to the SEC dated August 22, 2017, the State Treasurer stated that written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance have been implemented. The State Treasurer also stated that the State was in compliance with all continuing disclosure obligations, including updating past delinquent filings if the State Treasurer was not in compliance with its continuing disclosure obligations. The State Treasurer has and intends to continue to fully disclose in a clear and conspicuous fashion the terms of the settlement accompanying the Order in any final official statement for offering by the State Treasurer within five years of the institution of proceedings.

The State Treasurer has updated its continuing disclosure procedures in order to comply with the Order and to ensure filings are done in accordance with its continuing disclosure agreements.

Additional Information

Additional information concerning the matters discussed in this section may be obtained from the Colorado Attorney General’s Office, 1300 Broadway, 6th Floor, Denver, Colorado 80203, Attention: Lori Ann F. Knutson, Esq., First Assistant Attorney General, telephone number: (720) 508-6153.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2020R Certificates, copies of the Act and certain other documents referred to herein may be obtained from the source provided in “INTRODUCTION – Miscellaneous.” So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the State Treasurer. This Official Statement is hereby approved by the Department of the Treasury as of the date on the cover page hereof.

**STATE OF COLORADO, acting by and through
the Department of the Treasury**

By: /s/ David Young
Treasurer, State of Colorado

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APPENDIX A

**STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019 AND STATE OF COLORADO UNAUDITED
BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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APPENDIX B

**FORMS OF THE MASTER INDENTURE, THE 2020R SUPPLEMENTAL INDENTURE,
THE 2020R LEASE, THE 2020R SITE LEASE AND THE 2020R SUBLEASE**

(Page numbering is that of the respective documents)

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$98,030,000

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Certificate”) is executed and delivered by the State of Colorado (the “State”), acting by and through the Department of the Treasury, in connection with the execution and delivery of the above-referenced Certificates of Participation (the “Certificates”) evidencing assignments of proportionate interests in the right to receive certain payments payable under (a) the annually renewable State of Colorado Building Excellent Schools Today Series 2020R Lease Purchase Agreement, dated as of December __, 2020, entered into by and between Zions Bancorporation, National Association, as trustee (the “Trustee”) under the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009 (as amended and supplemented from time to time, the “Indenture”), as lessor, and the State, acting by and through the State Treasurer, as lessee, and (b) any other leases entered into by and between the Trustee, as lessor, and the State, as lessee, pursuant to the Indenture. The Certificates are being delivered pursuant to the Indenture and under authority granted by the laws of the State.

The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Certificates and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

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

“Annual Financial Information” means the financial information or operating data with respect to the State, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, such financial information and operating data under “APPENDIX E – THE STATE GENERAL FUND,” “APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND,” “APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES” and “APPENDIX J – STATE PENSION SYSTEM.”

“Audited Financial Statements” means the annual financial statements for the State, prepared in accordance with generally accepted accounting principles as applicable to governmental entities as in effect from time to time, audited by the State Auditor.

“Events” means any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board. As of the date hereof, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement delivered in connection with the original issue and sale of the Certificates.

“Owner of the Certificates” means the registered owner of the Certificates, and so long as the Certificates are subject to the book entry system, any Beneficial Owner as such term is defined in the Indenture.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2021, and annually while the Certificates remain outstanding, the State shall provide to the MSRB the Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided by the State not later than 270 days after the end of each Fiscal Year of the State. The Audited Financial Statements will also be provided not later than 270 days after the end of each Fiscal Year; provided, however, that in the event the Audited Financial Statements are not available within the time specified, such Audited Financial Statements will be provided thereafter as soon as they are available.

(c) The State may provide Annual Financial Information and Audited Financial Statements by specific cross-reference to other documents which have been submitted to the MSRB or filed with the U.S. Securities and Exchange Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The State shall clearly identify each such other document so incorporated by cross-reference.

SECTION 4. Reporting of Events.

(a) The State shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the Event, notice of any of the Events listed below with respect to the Certificates:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancement relating to the Certificates reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Certificates, or other material events or events affecting the tax status of the Certificates.

7. Modifications to the rights of the security holders, if material.
8. Certificate calls (other than mandatory sinking fund redemption), if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person (as defined in Rule 15c2-12).¹
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation² of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the State or obligated person, any of which affect the Owners of the Certificates, if material.
16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of the Financial Obligation of the State or obligated person, any of which reflect financial difficulties.

(b) At any time when the Certificates are Outstanding and the State obtains knowledge of the occurrence of an Event, the State shall determine if any Event under subsection (a)(2)(7),(8, with respect to calls but not tender offers), (10), (13) or (14) would constitute material information for Owners of the Certificates.

¹ For the purposes of this event identified in Section 4(a)(12) hereof, the event is considered to occur when any of the following occur: (i) 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 officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² Financial Obligation means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(c) At any time the Certificates are outstanding, the State shall provide, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the State to timely provide the Annual Financial Information as specified in Section 3 hereof.

SECTION 5. 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 6. Term. This Disclosure Certificate shall be in effect from and after the execution and delivery of the Certificates and shall extend to the earliest of (a) the date all principal and interest on the Certificates shall have been deemed paid pursuant to the terms of the Indenture; (b) the date that the State shall no longer constitute an “obligated person” with respect to the Certificates within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates, which determination may be made in any manner deemed appropriate by the State, including by an opinion of an attorney or firm of attorneys experienced in federal securities law selected by the State. The State shall file a notice of any such termination with the MSRB.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is required or permitted by Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the State to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State 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 annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the State shall not be required to do so. If the State chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 9. Default and Enforcement. If the State fails to comply with any provision of this Disclosure Certificate, any Owner of the Certificates may take action to seek specific performance by court order to compel the State to comply with its undertaking in this Disclosure Certificate; provided that any Certificate Owner seeking to require the State to so comply shall first provide at least 30 days’ prior written notice to the State Treasurer of the State’s failure (giving reasonable details of such failure), following which notice the State shall have 30 days to comply and, provided further, that only the Owners of no less than a majority in aggregate principal amount of the Certificates may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the State in accordance with this Disclosure Certificate, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State. A DEFAULT UNDER THIS DISCLOSURE CERTIFICATE SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE

INDENTURE OR THE CERTIFICATES, AND THE SOLE REMEDY UNDER THIS DISCLOSURE CERTIFICATE IN THE EVENT OF ANY FAILURE OF THE STATE TO COMPLY WITH THIS DISCLOSURE CERTIFICATE SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 10. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the State, the Participating Underwriters and Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the State has caused this Continuing Disclosure Undertaking to be executed effective as of December 9, 2020.

**STATE OF COLORADO, acting by and through
the Department of the Treasury**

By: _____
Treasurer of the State of Colorado

APPENDIX D

FORM OF BOND COUNSEL OPINION

December 9, 2020

State of Colorado,
acting by and through the State Treasurer
Zions Bancorporation, National Association,
as Trustee
RBC Capital Markets, LLC
KeyBanc Capital Markets
Citigroup Global Markets Inc.

\$98,030,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Tax-Exempt Series 2020R

Ladies and Gentlemen:

We have been engaged by the State of Colorado, acting by and through the State Treasurer (the “State”), to act as bond counsel in connection with the execution and delivery of the Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2020R (the “Series 2020R Certificates”). The Series 2020R Certificates are being executed and delivered pursuant to the Building Excellent Schools Today Act, part 1, article 43.7, title 22, Colorado Revised Statutes, as amended; and the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009, the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Indenture dated as of March 16, 2010, the State of Colorado Building Excellent Schools Today Series 2010D-F Supplemental Trust Indenture dated as of December 16, 2010, the State of Colorado Building Excellent Schools Today Series 2011G Supplemental Trust Indenture dated as of December 8, 2011, the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 31, 2012, the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated as of December 6, 2012, the State of Colorado Building Excellent Schools Today Series 2013I Supplemental Trust Indenture dated as of December 9, 2013, the State of Colorado Building Excellent Schools Today 2015 Supplemental Trust Indenture dated as of February 12, 2015, the State of Colorado Building Excellent Schools Today Series 2017J Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2017K Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2018L Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018M Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018N Supplemental Trust Indenture dated as of December 6, 2018, the State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture dated as of December 5, 2019, the State of Colorado Building Excellent Schools Today Series 2019P Supplemental Trust Indenture dated as of December 27, 2019, the State of Colorado Building Excellent Schools Today Series 2019Q Supplemental Trust Indenture dated as of December 27, 2019 and the State of Colorado Building Excellent Schools Today Series 2020R Supplemental Trust Indenture dated as of December __, 2020 (collectively, the “Indenture”) by Zions Bancorporation, National Association, as trustee thereunder (the “Trustee”). The Series 2020R Certificates evidence undivided interests in the right to certain payments by the State under the State of Colorado Building Excellent Schools Today Series

2020R Lease Purchase Agreement dated as of December __, 2020 (the “2020R Lease”), the State of Colorado Building Excellent Schools Today Series 2019Q Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 (the “2019Q Lease”), the State of Colorado Building Excellent Schools Today Series 2019P Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 (the “2019P Lease”), the State of Colorado Building Excellent Schools Today Series 2019O Lease Purchase Agreement dated as of December 5, 2019 (the “2019O Lease”), the State of Colorado Building Excellent Schools Today Series 2018N Lease Purchase Agreement dated as of December 6, 2018 (the “2018N Lease”), the State of Colorado Building Excellent Schools Today Series 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the “2018L Lease”), the State of Colorado Building Excellent Schools Today Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the “2018M Lease”), the State of Colorado Building Excellent Schools Today Series 2017J Lease Purchase Agreement dated as of December 7, 2017 (the “2017J Lease”), the State of Colorado Building Excellent Schools Today Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017 (the “2017K Lease”), the State of Colorado Building Excellent Schools Today 2015 Lease Purchase Agreement dated as of February 12, 2015 (the “2015 Lease”) and the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of September 12, 2009 (the “2009A Lease”; and, together with the 2020R Lease, 2019Q Lease, 2019P Lease, 2019O Lease, the 2018N Lease, the 2018M Lease, the 2018L Lease, the 2017K Lease, the 2017J Lease and the 2015 Lease, the “Leases”) by and between the Trustee, as lessor, and the State, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

We have examined the documents listed in the preceding paragraph, the 2020R Site Leases pursuant to which the 2020R Leased Property has been leased to the Trustee by the 2020R Site Lessors, the 2020R Subleases pursuant to which the 2020R Leased Property has been subleased to the 2020R Sublessees by the State and the Tax Compliance Certificates executed and delivered by the State and the 2020R Sublessees in connection with the execution and delivery of the Series 2020R Certificates; the Constitution and the laws of the State; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth herein; and the proceedings, certificates, documents, opinions and other papers delivered in connection with the execution and delivery of the Series 2020R Certificates. As to questions of fact material to our opinion, we have relied upon the representations and certifications set forth in the items examined, without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery by the Trustee and the enforceability against the Trustee of the Leases, the Indenture and the Series 2020R Certificates, the due authorization, execution and delivery by each Site Lessor and the enforceability against each Site Lessor of its Site Lease, the due authorization, execution and delivery by each Sublessee and the enforceability against each Sublessee of its Sublease, and the due authorization, execution and delivery by each Sublessee its respective Tax Compliance Certificate; have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion delivered by the Attorney General of the State in connection with the execution and delivery of the Series 2020R Certificates with respect to the authorization, execution and delivery of the Leases, the 2020R Subleases and the State’s Tax Compliance Certificate by the State, the enforceability of the 2020R Subleases and the State’s Tax Compliance Certificate against the State (but not the enforceability of the 2020R Lease) and other matters; and have assumed that the State, the Trustee, the Site Lessors, the Sublessees and other parties will comply with, and perform their obligations in accordance with, the Leases, the Indenture, the Site Leases, the Subleases and the Tax Compliance Certificates of the State and the Sublessees.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The State has the power to enter into and perform its obligations under the 2020R Lease.

2. The 2020R Lease has been duly authorized, executed and delivered by the State and is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.

3. The Series 2020R Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2020R Certificates and the Indenture, from Base Rent payable by the State under the Leases as provided in the Leases.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume compliance by the State and the Sublessees with certain covenants relating to requirements of the Code that must be met subsequent to the delivery of the Series 2020R Certificates. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Series 2020R Certificates. We express no opinion regarding (a) the effect of any termination of the State's obligations under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020R Certificates; or (b) any other federal tax consequences related to the ownership or disposition of the Series 2020R Certificates.

5. Under existing State of Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. We express no opinion regarding (i) the effect of any termination of the State's obligations under the Leases on interest received or income of the Owners of the Series 2020R Certificates subsequent to such termination; or (ii) any other tax consequences related to the ownership or disposition of Series 2020R Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the Owners of the Series 2020R Certificates and the enforceability of the Series 2020R Certificates and of the 2020R Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise of judicial discretion, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth herein and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the Site Leases, the Leases, the Indenture or the Series 2020R Certificates against the Trustee; the enforceability of the Site Leases against the Site Lessors; the enforceability of the Subleases against the State or the Sublessees, the creditworthiness or financial condition of the State, the Trustee or any other person; the accuracy or completeness of the statements made in connection with the offer and sale of the Series 2020R Certificates; or the ability of the State to use moneys from any particular source for the purpose of making payments under the Leases.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Series 2020R Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

This opinion is based solely on the Constitution and laws of the State, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinions set forth herein, the other items described in the second paragraph hereof and the assumptions set forth herein. The opinions set forth herein may be affected by changes in the items described in the second paragraph hereof and actions taken or omitted or events occurring after the date hereof. This opinion speaks only as of its date and our engagement with respect to the Series 2020R Certificates has concluded with the delivery of this opinion. We have no obligation to update this opinion or to inform any person about any changes in the items described in the second paragraph hereof, any actions taken or omitted or events occurring after the date hereof or any other matters that may come to our attention after the date hereof.

This opinion is being delivered to addressees other than the State by us in our capacity as bond counsel to the State. The delivery of this opinion to any addressee other than the State does not create, and we expressly disclaim, any attorney-client relationship between us and such addressee.

Respectfully submitted,

APPENDIX E

THE STATE GENERAL FUND

General

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2018-19 CAFR and Fiscal Year 2019-20 BFS as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2020-21 and 2021-22. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST," as well as "USE OF INFORMATION IN THIS OFFICIAL STATEMENT – CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT" at the beginning of this Official Statement. Unless otherwise noted, historical financial, economic and demographic data contained herein does not reflect the impact of COVID-19.

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State of Colorado
General Fund Revenue Sources

(Accrual basis; dollar amounts expressed in millions)

Revenue Source	Actual								Preliminary		OSPB September 2020 Revenue Forecast			
	Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax ¹	\$2,652.6	1.3%	\$2,826.1	6.5%	\$3,094.2	9.5%	\$3,246.6	4.9%	\$3,196.0	4.7%	\$3,404.2	6.5%	\$3,562.9	4.7%
Use Tax	241.2	(7.3)	259.5	7.6	309.9	19.4	345.5	11.5	210.5	(39.1) ²	191.7	(8.9)	186.5	(2.7)
Retail Marijuana Sales – Special Sales Tax ¹	–	–	–	–	₃	₃	₃	₃	245.5	27.4	265.1	8.0	286.3	8.0
Cigarette Tax	37.2	(1.8)	36.6	(1.7)	34.6	(5.5)	32.6	(5.8)	32.5	(0.1)	31.8	(2.4)	30.9	(2.8)
Tobacco Products	21.1	18.5	21.2	0.6	16.4	(22.7)	22.3	35.8	24.4	9.5	30.3	24.4	26.2	(13.5)
Liquor Tax	43.6	5.0	45.0	3.0	46.5	3.3	48.3	3.9	50.1	3.7	51.7	3.2	52.8	2.2
Total Excise Taxes	\$2,995.7	0.6%	\$3,188.4	6.4%	\$3,501.6	9.8%	\$3,695.3	5.5%	\$3,759.0	1.7%	\$3,974.8	5.7%	\$4,145.7	4.3%
Income Taxes:														
Net Individual Income Tax	\$6,526.5	2.8%	\$6,760.9	3.6%	\$7,577.2	12.1%	\$8,247.0	8.8%	\$8,645.5	4.8%	\$7,942.4	(8.1)%	\$8,208.8	3.4%
Net Corporate Income Tax	652.3	(5.8)	509.3	(21.9)	781.9	53.5	919.8	17.6	728.3	(20.8)	655.1	(10.0)	755.9	15.4
Total Income Taxes	\$7,178.8	1.9%	\$7,270.2	1.3%	\$8,359.1	15.0%	\$9,166.8	9.7%	\$9,373.8	2.3%	\$8,597.5	(8.3)%	\$8,964.6	4.3%
Less State Education Fund Diversion ⁴	(522.6)	0.5	(540.0)	(3.3)	(617.0)	(14.3)	(692.8)	(12.3)	(646.7)	(6.7)	(699.4)	8.2	672.3	(3.9)
Total Income Taxes to the General Fund	\$6,656.2	2.0%	\$6,730.2	1.1%	\$7,742.1	15.0%	\$8,474.0	9.5%	\$8,727.1	3.0%	\$7,898.1	(9.5)%	\$8,292.3	5.0%
Other Revenues:														
Insurance	\$280.3	9.2%	\$290.5	3.6%	\$303.6	4.5%	\$314.7	3.6%	\$337.4	7.2%	\$330.7	(2.0)%	\$347.6	5.1%
Interest Income	12.4	40.3	14.7	18.6	19.5	32.4	26.5	35.8	31.1	17.2	29.4	(5.5)	27.5	(6.4)
Pari-Mutuel	0.6	0.5	0.6	(6.6)	0.5	(10.7)	0.5	(1.7)	0.4	(23.7)	0.4	(2.0)	0.4	(2.0)
Court Receipts	3.5	34.5	4.1	17.5	4.4	7.6	4.2	(5.3)	3.9	(6.7)	3.9	(0.5)	3.9	--
Other Income ⁵	22.6	(33.7)	47.3	109.7	152.2	221.7	48.9	(67.9)	9.7	(80.2)	25.2	160.1	22.9	(9.0)
Total Other	\$319.4	5.5%	\$357.2	11.8%	\$480.2	34.4%	\$394.7	(17.8)%	\$382.5	(3.1)%	\$389.5	1.8%	\$402.3	3.3%
Gross General Fund	\$9,971.4	1.7%	\$10,275.8	3.1%	\$11,723.9	14.1%	\$12,564.0	7.2%	\$12,868.5	2.4%	\$12,262.4	(4.7)%	\$12,840.3	4.7%

¹ State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per S.B. 17-267, this tax is increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Through Fiscal Years 2016-17, the entire State share of this revenue is first credited to the General Fund and then transferred to the Marijuana Tax Cash Fund. Per S.B. 17-267, for Fiscal Year 2019-20, 28.15% of the State share of this revenue, less \$30 million, is to be retained in the General Fund, 71.85% is to be transferred to the Marijuana Tax Cash Fund and \$30 million is to be credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See “STATE FINANCIAL INFORMATION—Taxpayers’ Bill of Rights—Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.”

² Uses Taxes are paid by State residents and businesses on purchases that did not collect the State Sales Tax. Significant decrease in Fiscal Year 2019-20 Use Tax revenues attributable to increase of retailers remitting sales taxes directly to the State.

³ Reported under Sales Tax

⁴ All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund.

⁵ Other income in Fiscal Year 2017-18 includes receipt of a one-time settlement payment under the Tobacco Master Settlement Agreement.

Source: Office of State Planning and Budgeting.

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for the past five Fiscal Years, as well as the current OSPB estimates for Fiscal Years 2020-21 and 2021-22 from the OSPB September 2020 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB September 2020 Revenue Forecast. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations.” See also “Revenue Estimation; OSPB Revenue and Economic Forecasts” in this Appendix and “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST,” as well as “CERTAIN RISK FACTORS – Potential Impact of COVID-19 (Coronavirus)” and “USE OF INFORMATION IN THIS OFFICIAL STATEMENT – CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT” in the forepart of this Official Statement.

State of Colorado General Fund Overview Fiscal Years 2015-16 through 2021-22

(Dollar amounts expressed in millions; totals may not add due to rounding)

	Actual (Unaudited) ¹				Preliminary Fiscal Year 2019-20	OSPB September 2020 Revenue Forecast	
	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19		Fiscal Year 2020-21	Fiscal Year 2021-22
Revenue:							
Beginning Reserve	\$ 689.6	\$ 512.7	\$ 614.5	\$ 1,366.0	\$ 1,262.5	\$ 1,664.1	\$ 2,933.9
Gross General Fund Revenue	9,971.4	10,275.8	11,723.9	12,564.0	12,868.5	12,262.4	12,840.3
Transfers to the General Fund	<u>24.1</u>	<u>44.8</u>	<u>98.6</u>	<u>17.2</u>	<u>248.7</u>	<u>323.5</u>	<u>12.2</u>
Total General Fund Revenue Available for Expenditure	10,685.1	10,833.4	12,436.9	13,947.2	14,379.8	14,250.1	15,786.4
Expenditures:							
Appropriation Subject to Limit ²	9,335.6	9,784.5	10,430.9	11,258.7	11,805.2	10,658.5	14,743.4
Dollar Change From Prior Year	466.6	448.9	646.4	827.8	546.4	(1,146.7)	4,085.0
Percent Change From Prior Year	5.3%	4.8%	6.6%	7.9%	4.9%	(9.7)%	38.3%
Spending Outside Limit	895.1	640.1	784.5	1,596.3	910.5	657.7	621.3
TABOR Refund under Subsection (7)(d) ³	—	—	39.8	428.5	—	—	—
TABOR Refund under Subsection (3)(c) ⁴	(58.0)	—	—	—	—	—	—
Homestead Exemption (Net of TABOR Refund) ⁵	—	—	132.3	106.4	—	164.2	174.9
Other Rebates and Expenditures ⁵	281.3	285.0	158.5	159.7	145.7	142.5	149.7
Transfer for Capital Construction ⁶	271.1	84.5	112.1	180.5	213.6	23.0	20.0
Transfers for Transportation ⁶	199.2	79.0	79.0	495.0	300.0	—	—
Transfers to State Education Fund	25.3	25.3	25.3	25.0	40.3	113.0	23.0
Transfers to Other Funds ⁷	176.2	164.8	208.6	201.1	210.9	214.9	253.6
Other Expenditures Exempt from General Fund Appropriations Limit ⁸	—	1.5	29.0	—	—	—	—
Total General Fund Obligations	10,230.7	10,424.6	11,215.5	12,855.0	12,715.6	11,316.1	15,364.7
Percent Change from Prior Year	5.7%	1.9%	7.6%	14.6%	(1.1)%	(11.0)%	35.8%
Reversions and Accounting Adjustments ⁹	(58.3)	(205.7)	(123.3)	(170.3)	—	—	—
Reserves:							
Year-End General Fund Balance	512.7	614.5	1,344.8	1,262.5	1,664.1	2,933.9	421.7
Year-End General Fund as a % of Appropriations	5.5%	6.3%	12.9%	11.2%	14.1%	27.5%	2.9%
General Fund Statutory Reserve Amount ¹⁰	463.9	584.3	674.9	814.2	362.4	304.8	421.7
Unappropriated Reserve Percentage ¹⁰	5.6%	6.0%	6.5%	—	—	—	—
Amount Above (Below) Statutory Reserve	48.8	30.2	669.9	448.3	1,301.7	2,629.1	—

Footnotes on following page:

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- 1 This table is unaudited, although some of the figures reported in these columns are identified by the OSPB from the State's CAFRs which are audited for the applicable Fiscal Years.
 - 2 Total State appropriations during this period have been limited to such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus an amount equal to 5.0% of Colorado personal income.
 - 3 Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected. TABOR refunds are not projected for Fiscal Years 2019-20 and 2020-21. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—Fiscal Year Revenue and Spending Limits; Referendum C" in the forepart of this Official Statement, and "APPENDIX F—OSPB SEPTEMBER 2020 REVENUE FORECAST—TABOR Outlook."
 - 4 In Fiscal Year 2014-15, \$58 million was set aside by H.B. 15-1367 in a special account to cover a potential TABOR refund relating to Proposition AA. H.B. 15-1367 also submitted to the State's voters at the November 3, 2015, general election the question of authorizing the State to retain and expend such amount. The question, designated Proposition BB, was approved by the voters and permitted the State to use the money for the uses specified in H.B. 15-1367. Consequently, a reversal of the \$58 million set aside is shown in Fiscal Year 2015-16. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights" in the forepart of this Official Statement, as well as Note 3 to this table and Note 2 to the table in "General Fund Revenue Sources" above.
 - 5 Other Rebates and Expenditures generally includes the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; the Old Age Pension program, which provides assistance to low income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals; and, prior to Fiscal Year 2017-18, the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans. Commencing with Fiscal Year 2017-18, the Homestead Property Tax Exemption has been shown as a separate category as the result of S.B. 17-267, which added as the first TABOR refund mechanism amounts reimbursed to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the Homestead Property Tax Exemption as discussed in "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—Fiscal Year Revenue and Spending Limits; Referendum C" in the forepart of this Official Statement.
 - 6 Amounts in this line generally include the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; and the Old Age Pension program, which provides assistance to low income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals; and, prior to Fiscal Year 2017-18, the Homestead Property Tax Exemption.
 - 7 Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on S.B. 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per H.B. 16-1416 and S.B. 17-262. The amount of the capital construction transfers in Fiscal Years 2015-16, 2016-17 and 2017-18 also included transfers of General Fund money in addition to the required 228 transfers. In addition, S.B. 18-001 commits General Fund revenue for transportation projects in Fiscal Years 2018-19 and 2019-20. However, such transfers may be modified by the State Legislature.
 - 8 State law requires transfers of General Fund money to various State cash funds. This line item includes transfers of amounts credited to the General Fund from the retail marijuana sales tax to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above. However, for Fiscal Year 2015-16 only, \$40.0 million of the transfer to other funds amount is a transfer to public school capital construction related to the passage of Proposition BB. The Fiscal Year 2015-16 and Fiscal Year 2016-17 amounts also include a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to S.B. 16-218. However, due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and thereafter, H.B. 18-1338 requires General Fund transfers to various severance tax cash funds to protect program funding, and also requires an equivalent amount of future severance tax revenue to be diverted to the General Fund to repay these transfers
 - 9 Spending by the Medicaid program above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount in this line.
 - 10 The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. For Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds as discussed above. In Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. These appropriations were \$37.8 million in Fiscal Year 2015-16, \$46.0 million in Fiscal Year 2016-17 and \$48.1 million in Fiscal Year 2017-18. S.B. 18-276 repealed the exemption of the lease purchase agreement payments from the calculation of the reserve requirement. See "STATE FINANCIAL INFORMATION—Budget Process and Other Considerations—Revenues and Unappropriated Amounts" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS—The State, State Departments and Agencies" in the forepart of this Official Statement,

Source: Office of State Planning and Budgeting.

Revenue Estimation; OSPB Revenue and Economic Forecasts

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. Due to the rapidly evolving impact of COVID-19 on the State's economy, the OSPB prepared an interim report (the OSPB May 2020 Revenue Forecast) to supplement the information provided in the March 2020 Forecast. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The most recent OSPB revenue forecast was issued on September 18, 2020 and is included in this Official Statement as "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST." The OSPB September 2020 Revenue Forecast projects revenues for Fiscal Years 2020-21 through 2022-23. The amounts forecast for Fiscal Years 2020-21 and 2021-22 are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB September 2020 Revenue Forecast was provided by Moody's Economy.com. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations and identities. Moody's Economy.com's forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

The econometric model used to forecast General Fund revenue relies on the economic data estimated using the model of the State economy discussed above. The models used for forecasting General Fund revenues incorporate changes in policy, both State and federal, as well as changes in the economic climate and historical patterns. The General Fund models are comprised of regression equations for many of the revenue categories. There are three main categories of tax revenues: excise tax receipts, income tax receipts and other tax receipts. The General Fund models forecast the majority of the categories of General Fund receipts separately. For example, the model forecasts each type of income tax receipt (withholding, estimated payments, cash with returns and refunds) individually and then aggregates the numbers to arrive at a net individual income tax receipts forecast. However, for corporate income tax receipts and sales tax collections, the model forecasts only the aggregate amount for these revenues. For many of the smaller tax revenue categories, simple trend analyses are generally utilized to derive a forecast.

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by GASB, with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon the current forecast, there is anticipated to be an Unappropriated Reserve. The State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take

into account the timing of when such amounts are received or paid. Also, prior forecasts of General Fund revenue may have overestimated the amount the State would receive for the Fiscal Year.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures.

The next OSPB revenue forecast will be released in December 2020. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB September 2020 Revenue Forecast if economic conditions change markedly. If a revenue shortfall were projected for future forecasted years, which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund would be necessary to ensure a balanced budget. See "CERTAIN RISK FACTORS – State Budgets and Revenue Forecasts."

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The State Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitrated against must be closely matched in both dollar amount and term.

Fiscal Years 2018-19 and 2019-20 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State Pool as of the end of each month in Fiscal Years 2018-19 and 2019-20 for which information is available.

**State of Colorado
State Pool Portfolio Mix
Fiscal Year 2018-19**

(Amounts expressed in millions)¹

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019
Agency CMOs	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Commercial Paper	832.4	887.9	968.7	1,331.0	1,329.1	1,310.8	2,028.1	2,241.8	2,065.0	2,321.4	1,872.2	1,598.0
U.S. Treasury Notes	1,294.8	1,159.0	1,279.0	1,224.4	1,156.0	1,055.4	981.7	862.0	1,042.3	934.9	841.3	821.2
Federal Agencies	1,356.6	1,249.7	1,219.8	677.6	553.3	570.5	722.1	727.1	501.7	873.3	1,417.1	1,091.5
Asset-Backed												
Securities	851.8	935.8	947.6	955.5	946.5	978.0	1,024.3	995.0	973.4	991.1	982.4	920.9
Money Market	350.0	255.0	540.0	450.0	470.0	350.0	480.0	440.0	380.0	625.0	345.0	515.0
Corporates	3,481.7	3,396.2	3,577.1	3,670.1	3,522.5	3,599.8	3,587.8	3,344.7	3,828.5	4,352.8	4,593.6	4,034.6
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	<u>\$8,167.7</u>	<u>\$7,884.1</u>	<u>\$8,532.7</u>	<u>\$8,309.0</u>	<u>\$7,977.8</u>	<u>\$7,864.9</u>	<u>\$8,824.3</u>	<u>\$8,610.9</u>	<u>\$8,791.2</u>	<u>\$10,098.5</u>	<u>\$10,051.9</u>	<u>\$8,981.5</u>

¹ This table includes all moneys in the State Pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office.

**State of Colorado
State Pool Portfolio Mix
Fiscal Year 2019-20**

(Amounts expressed in millions)¹

	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020
Agency CMOs	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 41.6	\$ 41.6	\$ 41.6	\$ 41.6	\$ 41.6	\$ 41.6	\$ 41.5	\$ 103.6
Commercial Paper	2,190.9	1,854.6	1,477.4	1,814.2	1,993.5	2,074.0	2,610.7	2,149.7	1,109.1	1,219.9	1,155.4	385.0
U.S. Treasury Notes	757.1	702.8	809.2	895.1	931.6	939.8	897.8	1,173.5	1,105.9	1,128.5	1,506.3	1,212.7
Federal Agencies	804.6	913.2	806.9	600.2	520.7	379.7	694.7	714.5	880.5	929.6	844.7	371.3
Asset-Backed												
Securities	901.0	863.9	930.1	915.8	875.6	804.8	683.8	683.9	674.8	666.8	666.3	634.5
Money Market	430.0	235.0	460.0	515.0	560.0	604.0	410.0	445.0	925.0	3,017.0	2,327.0	2,942.0
Corporates	4,458.6	4,704.7	4,717.2	4,369.6	3,955.6	3,938.5	4,214.9	3,991.7	4,709.3	3,918.7	3,686.2	3,693.1
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00
Totals	<u>\$9,542.4</u>	<u>\$9,274.4</u>	<u>\$9,201.0</u>	<u>\$9,110.1</u>	<u>\$8,878.6</u>	<u>\$8,782.4</u>	<u>\$9,553.5</u>	<u>\$9,199.9</u>	<u>\$9,446.1</u>	<u>\$10,992.1</u>	<u>\$10,227.4</u>	<u>\$9,342.2</u>

¹ This table includes all moneys in the State Pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office.

APPENDIX F

OSPB SEPTEMBER 2020 REVENUE FORECAST

As discussed in “APPENDIX E – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts,” the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2020-21 through 2022-23. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB Revenue Forecast was issued on September 18, 2020, and is included in its entirety in this Appendix. See “CERTAIN RISK FACTORS -- Potential Impact of COVID-19 (Coronavirus).” The pagination of this Appendix reflects the original printed document,

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also “PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements” at the beginning of this Official Statement.

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APPENDIX G

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND

Introduction

The Act creates the Public School Capital Construction Assistance Board and the Public School Capital Construction Assistance Fund (the “Assistance Fund”). In accordance with the Act, the Assistance Fund is funded from revenues received by the State from (i) a portion of rental income and royalties derived from State public school lands, (ii) a portion of State lottery proceeds, (iii) amounts paid by Participating K-12 Institutions for which capital projects are financed through the Program, (iv) excise tax revenue from marijuana sales and (v) State appropriations described in the following paragraph.

Under the Act, the State Treasurer may enter into lease purchase agreements (the “Leases”) for which the State may decide annually to appropriate rent from the Assistance Fund. The General Assembly is also authorized to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases. See “APPENDIX E – THE STATE GENERAL FUND.”

The decision of the State to appropriate funds to pay its obligations under the Leases or make up any shortfall in the Assistance Fund may be impacted by the amount and stability of revenues allocated to the Assistance Fund under the Act. Amounts deposited in the Assistance Fund are also available for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects. As of June 30, 2020, approximately \$408.8 million was on deposit in the Assistance Fund. In 2013, the Act was amended to require that the Assistance Board ensure that effective June 30, 2013, and each June 30 thereafter, the balance of the Assistance Fund, not including the amounts credited to the charter school facilities assistance account within the Assistance Fund, is at least equal to the total amount of payments to be made by the State during the next Fiscal Year under the terms of any lease purchase agreement entered into pursuant to the Act less the amount of any Matching Moneys (as described below under “Matching Moneys”) and federal moneys (such as the Federal Direct Payments) to be received for the purpose of making the payments. The revenue sources for the Assistance Fund are further described below.

Rental Income and Royalties

The Territory of Colorado was established in 1861 pursuant to an enabling act (the “Enabling Act”). In the Enabling Act, the federal government declared that certain land previously owned by the federal government was to be granted in trust to the State for the support of the State’s public schools (the “Public School Lands”). On the date it was admitted to the United States, the State held roughly 3.7 million acres of Public School Lands. As of June 30, 2020, the Colorado State Land Board of Commissioners (the “State Land Board”) reported that the State held approximately 2.8 million surface acres and approximately 4.0 million mineral acres in trust as Public School Lands.

The Act currently provides that for each Fiscal Year there is to be deposited in the Assistance Fund the greater of (i) 35% of the gross amount of “Public School Lands Income” received during the Fiscal Year or (ii) \$40 million. However, if the State Treasurer determines during any Fiscal Year that the use of interest or income earned on the deposit and investment of moneys in the Public School Fund to make lease payments under a Lease will prevent the interest component of the lease payments from qualifying for exemption from federal income taxation and provides written notice to the JBC of such determination, for the portion of the Fiscal Year beginning on the date the written notice is provided to the JBC and for each subsequent Fiscal Year unless and until the State Treasurer makes a new determination during any Fiscal

Year that the use of interest or income earned on the deposit and investment of moneys in the Public School Fund to make lease payments under a Lease will not prevent the interest component of the lease payments from qualifying for exemption from federal income taxation and provides written notice to the JBC of such determination, for the portion of the Fiscal Year beginning on the date the written notice is provided to the JBC, the amount to be deposited in the Assistance Fund is to be the greater of (i) 50% of the gross amount of Public School Lands Income other than interest or income earned on the deposit and investment of moneys in the Public School Fund received during the Fiscal Year or (ii) \$40 million. Public School Lands Income is defined under the Act to include: (i) the sale of timber on Public School Lands, and rentals or lease payments for the use and occupation of Public School Lands, and rentals or lease payments for sand, gravel, clay, stone, coal, oil, natural gas, geothermal resources, gold, silver or other minerals on Public School Lands (“Rental Income”); and (ii) royalties and other payments for the extraction of any natural resource on Public School Lands (“Royalties”). Proceeds from the sale of Public School Lands are not part of Public School Lands Income, but such proceeds may be used by the State to purchase additional income-producing Public School Lands.

Rental Income and Royalties
(Unaudited)

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>	Fiscal Year <u>2019-20</u>
Rental Income ^{1,2}	\$ 30,333,850	\$ 25,561,599	\$ 29,339,033	\$25,984,605	\$16,482,901
Royalties ¹	<u>105,830,542</u>	<u>92,795,261</u>	<u>100,450,450</u>	<u>122,490,646</u>	<u>121,704,081</u>
Total ³	<u>\$136,164,392</u>	<u>\$118,356,860</u>	<u>\$129,789,483</u>	<u>\$148,475,251</u>	<u>\$138,186,982</u>

¹ Includes interest earned on these revenues before they are distributed.

² Also includes timber sales.

³ See also the table under “Assistance Fund Details” in this Appendix. The variance for the entries in such table for “Rent and Royalties from State Land Board” and the amounts shown above is attributable to the fact that the State Land Board records the numbers above on an accrual basis while the Colorado Department of Education records the entries in the Assistance Fund on a cash basis.

Source: State Land Board.

Revenues from Rental Income and Royalties are primarily derived from non-renewable resources. In addition to the prices of such resources, the sustainability and consistency of such revenues annually is dependent upon the management of such resources by the State Land Board, including adequate diversification of properties and the timely reinvestment of Public School Lands Income in additional income-producing property.

The State Land Board experienced large increases in annual revenue in Fiscal Years 2012-13 through 2014-15 due almost entirely to the shale oil (Niobrara) boom. During this period the State Land Board benefited from historically high oil and natural gas lease auction bonuses, over 20% increase in oil and natural gas production on State trust land and high Colorado oil and natural gas prices. Negative pressures have impacted the revenue generated from Public School Lands in recent years. Oil and natural gas production has declined due to reduced new well starts and production volume that drops off significantly as wells age (production from horizontal wells declines by around 85% after the first year). Producers have not been as optimistic about developing new capacity as they were a few years ago, causing bonus payments to also decline. Though the State Land Board controls neither the price nor the demand for the commodity, the agency anticipates this trend to continue.

In the next year, the State Land Board expects oil and natural gas lease bonus revenue will further decline from \$1.5 million to \$0.2 million, oil royalty revenues will decline from \$86.1 million to \$47.3 million and natural gas royalty revenues will decline from \$20.4 million to \$12.3 million. The volatility of extractive markets underscores the agency’s strategic efforts to diversify its revenue streams. In fact, the agency’s decline in revenues from extractive resources was partially offset by the continued steady increase

in recurring revenue streams, such as commercial real estate, renewable energy leasing and agriculture grazing leases. Additionally, the interest generated from the Public School Permanent Fund has also experienced a steady increase. The corpus of the Public School Permanent Fund, a cash endowment fund that is managed by the State Treasurer’s office, reached \$1.26 billion, or more than double the 2007 corpus. The corpus of the Public School Permanent Fund is inviolable, while the interest generated by the Fund is used to support K-12 education annually. The agency forecasts continued growth in both recurring revenue streams and the Public School Permanent Fund over the next few years.

Revenues of the State Land Board’s School Trust, which benefit K-12 public schools both through allocations in the State’s annual budget for public education and deposits to the Assistance Fund are projected to be slightly weaker for Fiscal Year 2020-21 than they were for Fiscal Year 2019-20. The State Land Board anticipates additional decline in Fiscal Year 2021-22 despite increases in non-oil and gas (*i.e.*, recurring) School Trust revenue.

State Lottery Proceeds

Article XXVII of the State Constitution (the “Lottery Amendment”) created the Great Outdoors Colorado Program which allocates the “Net Proceeds” of State-supervised lottery games to various purposes. Net Proceeds are defined as all proceeds from all programs including Lotto and every other State-supervised lottery game operated under the authority of the Lottery Amendment less the cost of prizes and expenses of the State Lottery Division and other operational expenses of the State lottery. The Lottery Amendment currently requires that in every quarter of the State’s Fiscal Year, an amount equal to 50% of the Net Proceeds exceeding \$53.1 million (as adjusted each year since Fiscal Year 2007-08 for changes from the 1992 Consumer Price Index-Denver) is to be deposited to the Assistance Fund (the “BEST Lottery Share”).

The BEST Lottery Share deposits to the Assistance Fund in each of the last five Fiscal Years are set forth in the following table. The cost of randomly-awarded prizes and the operational expenses of the State lottery vary significantly from year to year, so the amount of Net Proceeds available for BEST Lottery Share deposits has been and may remain volatile. There is no certainty that the BEST Lottery Share will exceed or meet current levels. See also “Assistance Fund Details” hereafter in this Appendix.

	BEST Lottery Share¹					
	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>
BEST Lottery Share	\$1,997,456	\$8,070,499	\$2,273,562	\$4,117,403	\$14,736,143 ²	\$847,978 ³

¹ Amounts reflected above were generated in the prior Fiscal Years, received in the Fiscal Year as shown and deposited in the Assistance Fund.

² The State Lottery Division attributes the jump in sales in Fiscal Year 2018-19 to the launched a new \$50 scratch ticket, some high jackpots in the fall of 2018 and growth in the State’s population, which typically results in more players. See the cautionary statement in the lead-in paragraph to the table.

³ Significant decrease in lottery revenues attributable in part to lack of enormous jackpots which occurred in the prior two fiscal years and the impact of stay-at-home orders.

Source: Colorado Department of Education.

Marijuana Excise Tax Revenues

On November 6, 2012, Colorado voters approved an initiated State constitutional measure known as Amendment 64 which provides for the legalization of marijuana use for persons 21 years of age or older and the taxation and regulation of marijuana in a manner similar to alcohol. Amendment 64 directs the General Assembly to enact an excise tax upon certain marijuana transactions prior to January 1, 2017, at a rate to be determined by the General Assembly, but not to exceed 15%. Amendment 64 requires the first

\$40 million in revenues received annually from such excise tax to be credited to the Assistance Fund. Proposition AA, a legislatively referred State statute approved by the State’s electorate on November 5, 2013, imposes an excise tax of 15% on the first sale or transfer of retail marijuana by a medical marijuana cultivation facility. The excise tax became effective on January 1, 2014, and can be subsequently established at a rate lower than 15% by the General Assembly and the Governor. See also “Assistance Fund Details” hereafter in this Appendix. HB 18-1070 increased the amount of revenues received annually from such excise tax credited to the Assistance Fund for Fiscal Year 2018-19 and thereafter to the greater of 90% or the first \$40 million of such revenues, and HB 19-1055 further increased the amount of revenues received annually from such excise tax credited to the Assistance Fund for Fiscal Years 2019-20 and thereafter to 100% of such revenues. The Act also provides that for each Fiscal Year through Fiscal Year 2018-19, the State Treasurer is to credit 12.5% of such excise tax revenues credited annually to the Assistance Fund to the Charter School Facilities Assistance Account within the Assistance Fund, and that that for each Fiscal Year thereafter, the State Treasurer is to credit to such Charter School Facilities Assistance Account a percentage of the excise tax revenues credited annually to the Assistance Fund equal to the percentage of pupil enrollment, as defined in Section 22-54-103(10), C.R.S., statewide represented by pupils who were enrolled in charter schools for the prior school year.

Marijuana Excise Tax Revenues

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>	Fiscal Year <u>2019-20</u>
Marijuana Excise Tax	\$40,000,000	\$40,000,000	\$40,000,000	\$52,648,440	\$89,786,557

Source: Colorado Department of Education.

Additional Marijuana Revenues in Fiscal Year 2015-16

An additional one-time transfer of \$40 million was made to the Assistance Fund in Fiscal Year 2015-16 related to Proposition BB. The passage of Proposition BB by the voters in November 2015 allowed the State to retain tax revenues on retail marijuana sales that would otherwise be subject to refund under TABOR. See “STATE FINANCIAL INFORMATION – Taxpayer’s Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA*” in the body of this Official Statement. Proposition BB specifically authorized \$40 million of the retained tax revenues to be allocated to the Assistance Fund. See also “Assistance Fund Details” hereafter in this Appendix.

Matching Moneys

The Act defines “Matching Moneys” as moneys required to be paid to the State or used directly to pay a portion of the costs of a public school capital construction project by a Participating K-12 Institution as a condition of an award of financial assistance to the Participating K-12 Institution under the Program. The Assistance Board determines which percentage, if any, of the total financing for the Participating K-12 Institution’s Project will constitute the required Matching Moneys for such Participating K-12 Institution. The percentage varies depending on the Participating K-12 Institution. The obligations of a Participating K-12 Institution to pay Matching Moneys to the State may be evidenced by (a) cash delivered at the time the related Certificates are delivered, (b) an obligation to pay base rent under the related Sublease subject to annual appropriation by the Participating K-12 Institution, (c) bonds issued by the Participating K-12 Institution and delivered to the State (“Matching Moneys Bonds”), (d) an obligation to pay cash installments under the related Sublease or Participation Agreement, subject to annual appropriation by the Participating K-12 Institution (“Matching Moneys Installment Payments”) or (e) other types of obligations permitted by the Act and approved by the Assistance Board. At or prior to the execution and delivery of the Series 2020R Certificates, \$1,841,465.92 Matching Moneys related to the Series 2020R Certificates

will be credited to the Assistance Fund in the form of cash. Additional Matching Moneys obligations relating to the Series 2020R Certificates are payable to the Assistance Fund in the future as Matching Moneys Bonds in the aggregate principal amounts of \$41,183,305.36 plus an estimated \$10,885,131.74 in interest. See “PLAN OF FINANCING – Series 2020R Projects and Series 2020R Participating K-12 Institutions.” Under the Subleases, if the Costs of a Sublessee’s Project are less than the amount of the moneys that may be withdrawn from the Sublessee’s Project Account and the Assistance Fund (a “cost savings”), a portion of such cost savings, as determined by the State Treasurer, may, upon the consent of the Assistance Board, be shared with the Sublessee through the return of a portion of any cash payment of Matching Moneys or forgiveness of a portion of the base rent that would otherwise be payable under the applicable Sublease or of the principal, premium, if any, and interest that would otherwise be due on the Sublessee’s Matching Moneys Bonds or Matching Moneys Installment Payments that would otherwise be payable under the Sublease, as applicable.

After the execution and delivery of the Series 2020R Certificates, an aggregate principal amount of approximately \$395,354,168.59 in future Matching Moneys Bonds relating to all Certificates will be outstanding. The related Participating K-12 Institutions with outstanding Matching Moneys Bonds have obtained voter approval for such Matching Moneys Bonds, and therefore the payment of the related Matching Moneys is not subject to annual appropriation by the Participating K-12 Institutions. The Matching Moneys Bonds constitute general obligations of the related Participating K-12 Institution, and all of the taxable property within the boundaries of such Participating K-12 Institution is subject to the levy of an ad valorem tax to pay the principal of, premium, if any, and interest on the related Matching Moneys Bonds without limitation as to rate and in an amount sufficient to pay the Matching Moneys Bonds when due. Based upon the opinion of bond counsel for the relevant Participating K-12 Institutions, the Matching Moneys Bonds may bear a supplemental coupon as part of fully funding the related Matching Money requirement if permissible under the ballot approved by voters.

Unless a Participating K-12 Institution that has Matching Moneys Bonds constituting general obligation bonds opts not to participate, Section 22-41-110, C.R.S. (the “Bond Payment Act”), is applicable to such Matching Moneys Bonds. Each of the Participating K-12 Institutions that has Matching Moneys Bonds constituting general obligation bonds has notified the State of its participation under the Bond Payment Act. Under the Bond Payment Act, if the paying agent with respect to a particular Matching Moneys Bond has not received a payment on the Matching Moneys Bond on the business day immediately prior to the date on which such payment is due, the paying agent is required to notify the State Treasurer and the Participating K-12 Institution that issued the Matching Moneys Bond. The State Treasurer is then required to contact the Participating K-12 Institution to determine whether the Participating K-12 Institution will make the payment by the date on which it is due. If the Participating K-12 Institution indicates to the State Treasurer that it will not make the payment on the Matching Moneys Bond by the date on which it is due, the State Treasurer is required to forward to the paying agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Matching Moneys Bond.

If the State Treasurer makes a payment on a Matching Moneys Bond under the Bond Payment Act, the State Treasurer is required to withhold such amount from the next succeeding payment to that school district of the State’s share of the school district’s required funding under Colorado’s Public School Finance Act of 1994 and from property tax and specific ownership revenues collected by the county treasurer on behalf of the school district (except property taxes levied for the payment of bonds) on each occasion on which the State Treasurer makes a payment on a bond on behalf of a school district. While the withholding of such funding and property and specific ownership tax payments by the State is limited to 12 monthly payments, the Bond Payment Act does not correspondingly limit the State’s contingent obligation to pay the Matching Moneys Bonds.

If the State Treasurer is required to make a payment on a Matching Moneys Bond, the State Department of Education is required to initiate an audit of the school district to determine the reason for the nonpayment of the Matching Moneys Bond and to assist the school district, if necessary, in developing and implementing measures to assure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke, rescind, modify or amend the Bond Payment Act so as to limit or impair the rights and remedies granted under the Bond Payment Act. However, the Bond Payment Act provides that it is not to be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The Bond Payment Act further provides that it is not to be deemed or construed to create a debt of the State with respect to any Matching Moneys Bond within the meaning of any State constitutional provision or to create any liability except as specifically provided in the Bond Payment Act.

The Act currently provides that the maximum total of annual lease payments payable by the State under the Leases during any Fiscal Year under the terms of all outstanding Leases is \$105 million for Fiscal Years 2019-20 and \$125 million for Fiscal Years 2020-21 and thereafter. The State Treasurer may enter into Leases for which the aggregate annual lease payments of principal or interest for any Fiscal Year exceed one-half of the maximum total amount of annual lease payments only if the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual lease payments of principal and interest payable by the State during any Fiscal Year that exceed one-half of such maximum total amount. Aggregate Rent in connection with the Leases to be effect following the execution and delivery of the Series 2020R Certificates is not expected to reach 50% of the maximum amount stated above.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2020R Certificates. Once Matching Moneys payable in installments are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay the Series 2020R Certificates or for other purposes, including defraying the cost of Projects.

In addition to funding Rent, amounts in the Assistance Fund are used for a variety of purposes including emergency grants, grants, operating expenses and other uses permitted by the Act.

Assistance Fund Details

The following table shows unaudited financial information relating to the Assistance Fund for the prior five Fiscal Years.

Assistance Fund Details¹

	<u>As of</u> <u>June 30, 2016</u>	<u>As of</u> <u>June 30, 2017</u>	<u>As of</u> <u>June 30, 2018</u>	<u>As of</u> <u>June 30, 2019</u>	<u>As of</u> <u>June 30, 2020</u>
Assets ²	\$367,185,353	\$387,805,807	\$403,088,998	\$449,299,706	\$449,226,403
Liabilities ³	12,499,932	2,209,304	10,329,056	32,192,948	40,425,750
Fund Balance	354,685,421	385,596,503	392,759,942	417,106,758	408,800,653
Restrictions and Encumbrances ⁴	(96,722,176)	(68,505,539)	151,593,529	150,618,432	190,756,683
Available Fund Balance ⁵	257,963,245	317,090,964	236,358,471	266,488,326	218,043,970
	<u>Fiscal Year</u> <u>2015-2016</u>	<u>Fiscal Year</u> <u>2016-2017</u>	<u>Fiscal Year</u> <u>2017-2018</u>	<u>Fiscal Year</u> <u>2018-2019</u>	<u>Fiscal Year</u> <u>2019-2020</u>
Revenue:					
Transfers In for Grants and Construction Payments ⁶	\$70,299,333	\$ --	\$8,807,361	\$93,877,955	\$212,917,293
Rents and Royalties from the State Land Board	65,802,073	58,501,081	69,227,578	82,406,770	78,488,226
Lottery	8,070,499	2,273,562	4,117,403	14,736,143	847,978
Marijuana Excise Tax	40,000,000	40,000,000	40,000,000	52,648,440	89,786,557
Marijuana Sales Tax (Proposition BB)	40,000,000	--	--	--	--
Matching Moneys	16,394,960	16,395,130	17,356,738	22,315,549	28,456,354
Interest	2,646,015	4,099,368	6,343,427	8,874,910	8,684,611
Total Revenue	243,212,880	121,269,148	145,852,507	274,859,767	419,181,019
Expenditures:					
Grants	23,034,064	42,992,299	57,727,190	68,742,664	94,645,720
Construction Payments ⁶	53,441,158	--	13,700,329	108,295,263	219,307,608
Base Rent Payments	54,418,487	45,873,514	65,652,050	71,714,845	111,739,976
Administration and Other	1,684,461	1,492,245	1,609,499	1,760,179	1,793,820
Total Expenditures	132,578,170	90,358,058	138,689,068	250,512,951	427,487,124
Change in Fund Balance	\$110,634,710	\$30,911,082	\$7,163,439	\$24,346,816	(\$8,306,105)

¹ This presentation is unaudited because the Assistance Fund is not statutorily authorized to publish audited financial statements. It has been prepared from the Assistance Fund's accounting records which are subject to audit as part of the State's Comprehensive Annual Financial Report audit.

² Primarily reflects cash and year-end accrued receivables. No Certificate proceeds are reported in this balance.

³ Primarily reflects Matching Moneys on deposit from Participating K-12 Institutions and year-end accrued construction payments payable. Does not include Base Rent payments on the Certificates.

⁴ Primarily reflects payment obligations for approved project costs that are not financed with proceeds of the Certificates.

⁵ This available fund balance includes designations of cash on hand. The designation of cash on hand consists of statutory requirements for BEST emergency funds, debt obligation payments, direct deposits held, and anticipated cash distributions for the following Fiscal Year.

⁶ Includes Trustee payments directly to construction contractors from Certificate proceeds. The Certificate-related portion of these line items is equal and offsetting and has no effect on the Available Fund Balance of the Assistance Fund. The amounts are required to be recorded in the State's official book of record by the Assistance Fund in order to support the recording of capital assets subleased by the State Treasurer to Participating K-12 Institutions. Those capital assets collateralized the State's liability recorded pursuant to entering into the Leases with the Trustee.

Source: Colorado Department of Education.

State Appropriation or Transfer from Legally Available Sources

If the amount of moneys in the Assistance Fund that is available to pay lease payments under the Leases will be insufficient to cover the full amount of the lease payments required by the Leases, the Act provides that the General Assembly may appropriate or transfer from any legally available source to the Assistance Fund sufficient moneys to make the lease payments. *However, the General Assembly is not obligated to appropriate or transfer moneys for such purpose and the decision whether or not to appropriate any such amount for such purpose will be in the General Assembly's sole discretion.* See "APPENDIX E – THE STATE GENERAL FUND."

Future Changes in Laws

Various State laws, including the Act, apply to the priority and allocation of Public School Lands Income, availability of funds for appropriation by the State and other operations of the State. 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 State or amounts deposited in the Assistance Fund.

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APPENDIX H

LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES¹

The following table describes the Leased Property subject to the Leases between the Trustee and the respective Participating K-12 Institutions relating to the Certificates to be outstanding upon the execution and delivery of the Series 2020R Certificates.

<u>Participating K-12 Institutions</u>	<u>Description of Leased Property</u>	<u>Land</u>
Series 2009A Certificates		
Alamosa School District No. RE-11J	Two elementary schools (144,688 sq. ft. w/ 72 classrooms) ²	26.6-acre parcel of undeveloped land valued at \$226,000
Sangre de Cristo School District RE-22J	One K-12 school (81,000 sq. ft. w/ 24 classrooms) ²	40-acre parcel of agricultural land valued at \$32,667
Sargent RE-33J	One junior/senior high school (62,463 sq. ft. w/ 18 classrooms) ^{2,3}	1.2-acre parcel valued at \$6,656
<hr/>		
Series 2010B-C Certificates <i>(The Series 2010B Certificates were refunded and defeased by the Series 2018L Certificates, and the Series 2010C Certificates have been paid in full)</i>		
Alta Vista Charter School, Inc.	Addition to K-8 school ² (18,000 sq. ft. plus renovations)	7.4-acre parcel valued at \$37,634
Colorado School for the Deaf and Blind	Historical building renovation ² (6,000 sq. ft. addition w/7 classrooms)	0.6-acre parcel valued at \$55,756
Delta County Joint School District 50	Existing elementary school ²	10.5-acre parcel valued at \$60,000
Douglas County School District, RE1	Existing administrative building ²	2.1-acre parcel valued at \$283,484
El Paso County School District No. 8	Existing activity center building ²	4.1-acre parcel valued at \$78,000
Miami Yoder School District JT-60	Phase II of new PK-12 school (64,974 sq. ft.) ²	2-acre parcel valued at \$1,300
Park County School District RE-2	New PK-12 campus (125,000 sq. ft. w/ 40 classrooms) ²	9.8-acre parcel valued at \$657,416
San Juan County School District No. 1	Renovate historical K-12 school (21,500 sq. ft. bldg. and 10,000 sq. ft. gym) ²	1.1-acre parcel valued at \$1,108,600
Swink School District No. 33	Elementary school classroom addition (5,800 sq. ft. w/ 6 classrooms) ²	0.3-acre parcel valued at \$230
<hr/>		
Series 2010D-F Certificates <i>(The Series 2010E Certificates were refunded and defeased by the Series 2018M Certificates, and the Series 2010F Certificates have been paid in full)</i>		
Akron School District No. R-1	PK-12 school (108,700 sq. ft. w/ 32 classrooms) ²	5.14-acre parcel of land valued at \$125,300
Center Joint Consolidated School District No. 26	K-12 school (105,000 sq. ft. w/ 60 classrooms) ²	14.3-acre parcel of land valued at \$39,341
Holly School District RE-3	PK-12 school (73,631 sq. ft. w/ 42 classrooms) ²	23.0-acre parcel of land valued at \$51,354
Lake George Charter School	PK-6 school (21,000 sq. ft. w/ 12 classrooms) ²	10.0-acre parcel of land valued at \$100,000
Mapleton School District	Partial campus improvements (404,250 sq. ft. w/ 121 classrooms affected) ²	34.8-acre parcel of land valued at \$695,000
Monte Vista Consolidated School District No. 8	High school and elementary school (128,531 sq. ft. w/ 56 classrooms) ²	8.8-acre parcel of land valued at \$504,733
North Routt Community Charter School	K-8 school (12,241 sq. ft. w/ 6 classrooms) ^{2,3}	8.0-acre parcel of land valued at \$60,000 ³

<u>Participating K-12 Institutions</u>	<u>Description of Leased Property</u>	<u>Land</u>
Salida School District R-32-J	High school (98,190 sq. ft. w/22 classrooms) ²	14.5-acre parcel of land valued at \$453,370
Vista Charter School	Grades 6-8 school (16,835 sq. ft. w/ 9 classrooms) ²	2.3-acre parcel of land valued at \$595,000
Series 2011G Certificates <i>(The Series 2011G Certificates were refunded and defeased by the Series 2017K Certificates)</i>		
Big Sandy School District	New PK-12 school (83,412 sq. ft. w/ 34 classrooms) ²	33.9-acre parcel of land valued at \$55,000
Eagle County Charter Academy	K-8 school (45,000 sq. ft. w/ 26 classrooms) ²	6.001-acre parcel of land valued at \$304,550
Ellicott School District	Middle school (74,466 sq. ft. w/ 27 classrooms) ²	8.61-acre parcel of land valued at \$10,501
Englewood School District	High school (97,800 sq. ft. w/ 30 classrooms) ²	12.68-acre parcel of land valued at \$1,601,788
Horizons School	K-8 charter school addition (37,725 sq. ft. w/ 10 classrooms) ^{2,3}	1.045-acre parcel of land valued at \$133,266
Idalia School District	PK-12 gym ^{2,3}	1.91-acre parcel of land valued at \$291
Ignacio School District	Cafeteria, stage and kitchen addition ²	0.484-acre parcel of land valued at \$21,054
Prairie School District	PK-12 school (57,764 sq. ft. w/ 20 classrooms) ^{2,3}	24.394-acre parcel of land valued at \$2,486
Sanford School District	Bus barn and building ²	2.685-acre parcel of land valued at \$2,658
Series 2012H Certificates <i>(The Series 2012H Certificates were partially refunded and defeased by the Series 2019P Certificates)</i>		
Elbert School District No. 200	PK-12 school 73,869 sq. ft. w/ 25 classrooms ²	10.1-acre parcel of land valued at \$46,739
Genoa-Hugo School District No. C-113	South wing of PK-12 school 37,902 sq. ft. ²	8.66-acre parcel of land valued at \$6,381
Greeley School District No. 6	Middle school 103,267 sq. ft. w/ 36 classrooms ²	20.0-acre parcel of land valued at \$3,386
Hi-Plains School District No. R-23	PK-12 school 51, 268 sq. ft. w/ 20 classrooms ²	40-acre parcel of land valued at \$34,000
Lake County School District No. R-1	High school addition 38,000 sq. ft. w/ 15 classrooms ^{2,4}	2.09-acre parcel of land valued at \$21,326
Montezuma-Cortez School District No. RE1	High school 162,500 sq. ft. w/ 25 classrooms ²	35.47-acre parcel of land valued at \$600,000
Otis School District No. R-3	PK-12 school 67,764 sq. ft. w/ 21 classrooms ²	13.45-acre parcel of land valued at \$62,852
Platte Valley School District No. RE3	Gym and weight room 19,273 sq. ft. ²	0.98-acre parcel of land valued at \$2,421
Sheridan School District No. 2	Early childhood center ^{2,3} 129,927 sq. ft. w/ 49 classrooms	14.045-acre parcel of land valued at \$1,774,220
Series 2013I Certificates <i>(The Series 2013I Certificates were partially refunded and defeased by the Series 2019Q Certificates)</i>		
Creede School District	K-12 school replacement 37,277 sq. ft. w/ 15 classrooms ²	15.01-acre parcel of land valued at \$300,000
Haxtun School District RE-2J	K-12 renovation and addition 86,753 sq. ft. w/ 23 classrooms ²	7.91-acre parcel of land valued at \$1,091
Kim Reorganized School District No. 88	Renovation and addition to PK-12 school 31,987 sq. ft. w/ 11 classrooms ²	2.14-acre parcel of land valued at \$47,308
Limon School District No. RE 4J	New PK-12 school and gym renovation 118,000 sq. ft. w/ 40 classrooms ²	7.06-acre parcel of land valued at \$7,345

<u>Participating K-12 Institutions</u>	<u>Description of Leased Property</u>	<u>Land</u>
Moffat School District No. 2 in the County of Saguache and State of Colorado	PK-12 school replacement 49,644 sq. ft. w/ 21 classrooms ²	4.47-acre parcel of land valued at \$2,473
South Conejos School District No. RE-10	PK-12 school replacement 63,583 sq. ft. w/ 19 classrooms ²	22.89-acre parcel of land valued at \$8,275

2015 Supplemental Indenture⁵

Morgan County School District RE-3	New middle school ²	11.89 acres valued at \$58,682
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Series 2017J Certificates

Brush School District RE-2J	Middle school replacement and high school renovation and maintenance building 171,211 sq. ft. w/ 56 classrooms	41.14-acre parcel of land valued at \$440,270
Del Norte School District C-7	New K-12 school 110,000 sq. ft. w/ 45 classrooms	43.13-acre parcel of land valued at \$14,495
Mancos School District RE-6	K-12 school renovations and Gym 152,000 sq. ft. w/ 6 classrooms	6.21-acre parcel of land valued at \$37,570
Mountain Valley School District RE-1	New PK-12 school 59,206 sq. ft. w/ 25 classrooms	10.51-acre parcel of land valued at \$38,825

Series 2017K Certificates *(See Series 2011G Certificates above)*

Series 2018L Certificates *(See Series 2010B-C Certificates above)*

Series 2018M Certificates *(See Series 2010D-F Certificates above)*

Series 2018N Certificates

Adams County School District 14	New PK-5 elementary school replacement 76,280 sq. ft. w/ 38 classrooms	
Buena Vista School District R-31	New middle school and high school and gym and building renovations 134,128 sq. ft. w/ 47 classrooms	
Canon City School District RE-1	New elementary school 46,994 sq. ft. w/ 15 classrooms	
Hayden School District RE-1	New middle school and high school plus renovation of elementary school 136,962 sq. ft. w/ 38 classrooms	
Kit Carson School District R-1	New PK-12 school 48,000 sq. ft. w/ 18 classrooms	
Mapleton School District 1	New 4-8 school 45,980 sq. ft. w/ 20 classrooms	
Swallows Charter Academy	Addition to K-12 school 45,755 sq. ft. w/ 27 classrooms	
Wray School District RD-2	New middle school as addition to existing elementary school and high school 150,800 sq. ft. w/ 57 classrooms	

Series 2019O Certificates

Adams-Arapahoe 28J	Middle School 131,000 sq. ft. w/ 51 classrooms	
Lake County R-1	Elementary School 58,459 sq. ft. w/ 21 classrooms	

<u>Participating K-12 Institutions</u>	<u>Description of Leased Property</u>	<u>Land</u>
Manzanola 3J	PK-12 School 34,255 sq. ft. w/ 14 classrooms	
Mapleton 1	Elementary School 60,000 sq. ft. w/ 26 classrooms	
North Conejos RE-1J	High School 73,311 sq. ft. w/ 25 classrooms	
Yuma 1	High School and outbuildings 64,230 sq. ft. w/ 22 classrooms	

Series 2019P Certificates (See *Series 2012H Certificates above*)

Series 2019Q Certificates (See *Series 2013I Certificates above*)

Series 2020R Certificates (See *“PLAN OF FINANCING—The Series 2020R Projects and Series 2020R Participating K-12 Institutions” and “SECURITY AND SOURCES OF PAYMENT – The Leased Property – The 2020R Leased Property”*)

¹ The Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in “Substitution of Leased Property” under “SECURITY AND SOURCE OF PAYMENT.” In some cases, the Leased Property is comprised of existing facilities which were not wholly or partially financed with the proceeds of the Certificates.

² These Projects have been cleared for occupancy and are currently in operation. Remaining Projects in this table have not been cleared for occupancy and are being funded from amounts remaining in the related Project Accounts and, in some cases, Matching Moneys that may be withdrawn from the Assistance Fund to pay Project costs.

³ Restricted by deed to educational purposes. Accordingly, the ability of the Trustee to lease such Leased Property to third parties upon the occurrence of an Event of Nonappropriation or an Event of Default and subsequent vacating of such property will be limited to lessee’s desiring to use the property for educational purposes. See “CERTAIN RISK FACTORS – Effect of a Nonrenewal of a Lease.”

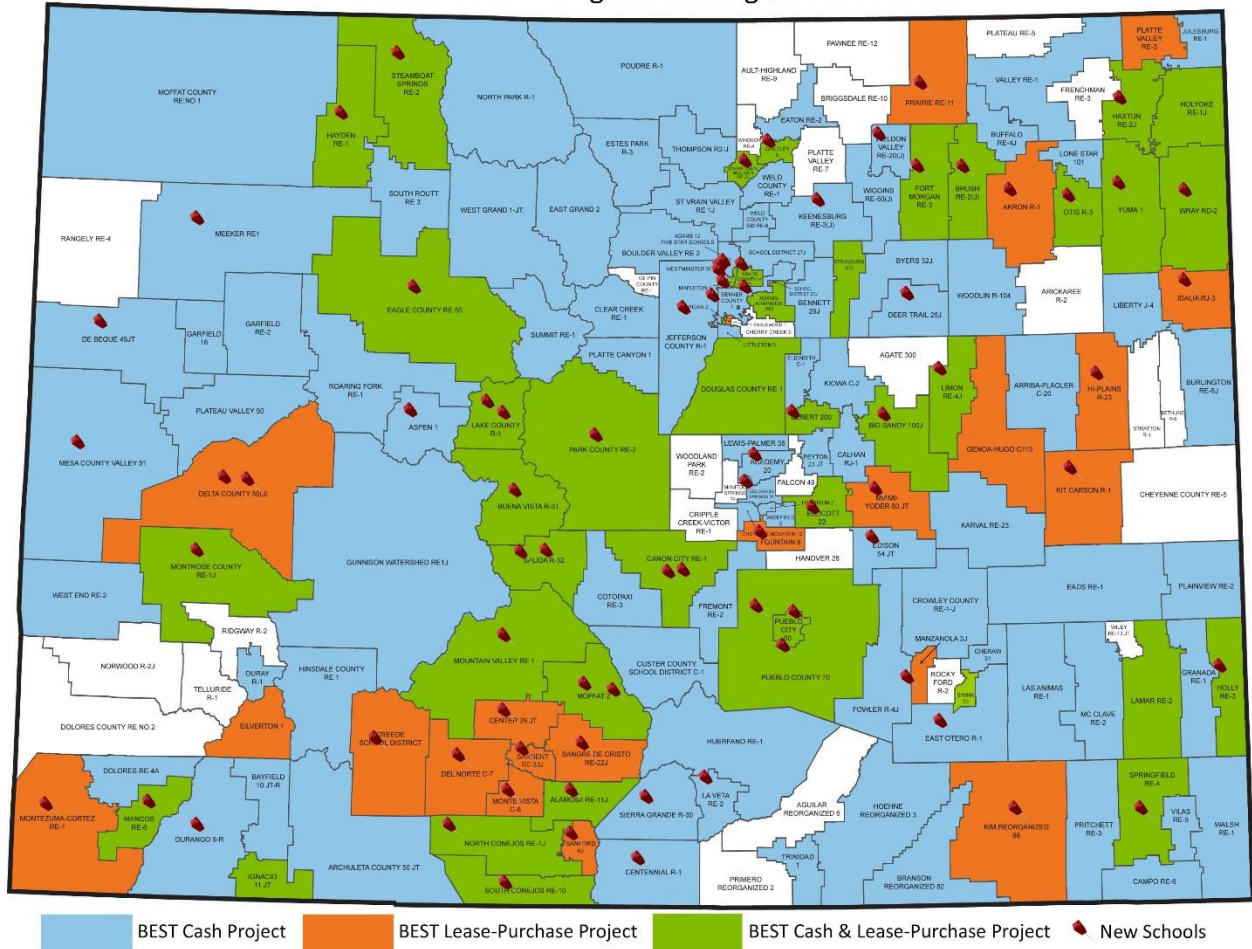
⁴ Upon the failure of the Rocky Mountain Deaf School to satisfy certain contractual obligations, the State Board reallocated funds originally designated to such school to the Lake County School District to fund another qualified project.

⁵ The 2015 Supplemental Indenture funded one Project using unexpended State Expense Funds from several Series of Certificates.

Source: Colorado Department of Education.

The following map shows the geographic distribution of the BEST projects¹ in the State.

Distribution of BEST grant funding across Colorado



¹ Map includes all projects awarded since the Fiscal Year 2008-09 grant cycle, including the Series 2020R Projects.

APPENDIX I

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc., to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. The statistics have been obtained from the referenced sources and represent the most current information available as of May 2020 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State. **As a direct result of the COVID-19 pandemic, the information in this Appendix I, such as employment figures, has changed materially since the date of such information.** See “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Potential Impacts of COVID-19 (Coronavirus).” See also “APPENDIX E – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts” and “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST.”

Development Research Partners, Inc., has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriters assumes responsibility for the accuracy, completeness or fairness of such information. The information in this Appendix has been included in this Official Statement in reliance upon the authority of Development Research Partners, Inc., as experts in the preparation of economic and demographic analyses. Potential investors should read this Appendix in its entirety for information with respect to the economic and demographic status of the State.

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State’s metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State’s capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State’s population and 62% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State’s economic performance depends heavily on economic performance at the national level. See also “APPENDIX E – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts” and “APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST.”

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Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.5	311.6	0.7
2012	5.2	1.4	313.8	0.7
2013	5.3	1.5	316.0	0.7
2014	5.4	1.5	318.3	0.7
2015	5.5	1.9	320.6	0.7
2016	5.5	1.6	322.9	0.7
2017	5.6	1.3	325.0	0.6
2018	5.7	1.4	326.7	0.5
2019	5.8	1.3	328.2	0.5

Note: Figures for 2010 through 2018 are estimates. The U.S. 2019 count is an estimate, and the 2019 count for Colorado is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

	Colorado, 2019		United States, 2019	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.26	21.9%	73.04	22.3%
18 to 24	0.56	9.7	30.22	9.2
25 to 44	1.66	28.8	87.60	26.7
45 to 64	1.44	24.9	83.32	25.4
65+	<u>0.84</u>	<u>14.6</u>	<u>54.06</u>	<u>16.5</u>
Total	5.77	100.0	328.24	100.0
Median Age ¹	37.2		38.2	

¹ U.S. median age is for 2018.

Note: Totals may not add due to rounding. The U.S. 2019 count is an estimate, and the Colorado 2019 count is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for Colorado, the Rocky Mountain Region, and the United States.

Per Capita Personal Income in Current Dollars¹

	Colorado		Rocky Mountain Region ²		United States	
	Income	% Change	Income	% Change	Income	% Change
2015	\$52,147	2.8%	\$47,029	3.8%	\$48,994	4.1%
2016	52,278	0.3	47,472	0.9	49,890	1.8
2017	55,374	5.9	49,744	4.8	51,910	4.0
2018	58,500	5.6	52,458	5.5	54,526	5.0
2019	61,348	4.9	54,769	4.4	56,663	3.9

¹ Per capita personal income is total personal income divided by the July 1 population estimate.

² The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.

Source: U.S. Bureau of Economic Analysis.

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates (Not Seasonally Adjusted)

	Colorado Civilian Labor Force		Colorado Total Employment		Annual Average Unemployment Rate	
	(thousands)	% Change	(thousands) ¹	% Change	Colorado	United States
2015	2,825.1	–%	2,714.8	–%	3.9	5.3
2016	2,891.7	2.4	2,797.0	3.0	3.3	4.9
2017	2,986.5	3.3	2,902.7	3.8	2.8	4.4
2018	3,080.7	3.2	2,983.5	2.8	3.2	3.9
2019	3,148.8	2.2	3,062.1	2.6	2.8	3.7
Year-to-date averages through April:						
2019	3,110.9	–%	3,011.7	–%	3.2%	3.9%
2020	3,131.6	0.7	2,952.5	-2.0	5.7	6.6

¹ Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2015	2016	2017	2018	2019	Most Recent Quarter		% Change
						2019Q3	2019Q4	
Private Sector:								
Agriculture, Forestry, Fishing, and Hunting	15,624	16,469	17,598	18,131	19,743	21,487	19,928	-7.3%
Mining	30,565	23,573	25,578	28,200	28,635	28,879	27,442	-5.0
Utilities	8,202	8,239	8,079	8,030	8,168	8,236	8,197	-0.5
Construction	148,638	155,139	163,452	173,063	178,867	184,398	181,044	-1.8
Manufacturing	140,831	142,381	144,064	147,270	150,109	151,009	150,486	-0.3
Wholesale Trade	103,253	104,882	106,726	108,257	110,218	110,913	111,582	0.6
Retail Trade	263,104	269,032	270,783	272,644	272,176	271,230	277,157	2.2
Transportation and Warehousing	67,287	68,327	72,554	77,469	83,417	83,358	88,601	6.3
Information	70,599	71,730	71,643	74,992	76,296	76,174	77,245	1.4
Finance and Insurance	106,344	108,970	111,293	112,624	112,761	112,775	113,068	0.3
Real Estate and Rental and Leasing	46,944	48,707	50,566	52,152	54,474	55,072	55,567	0.9
Professional and Technical Services	204,586	210,093	215,783	224,620	235,424	237,358	240,765	1.4
Management of Companies and Enterprises	36,488	36,833	39,018	40,839	42,317	42,756	42,897	0.3
Administrative and Waste Services	157,385	158,535	158,041	158,512	161,846	168,827	163,982	-2.9
Educational Services	33,847	34,992	35,375	36,694	37,674	37,062	38,489	3.9
Health Care and Social Assistance	275,183	287,168	291,299	298,559	303,803	304,452	306,898	0.8
Arts, Entertainment, and Recreation	50,707	52,625	55,407	56,848	58,975	60,941	57,072	-6.3
Accommodation and Food Services	261,704	270,673	277,613	282,491	285,929	295,571	283,722	-4.0
Other Services	75,157	78,231	82,201	82,029	84,557	86,145	85,292	-1.0
Unclassified	1,478	759	180	1,886	2,636	679	1,202	77.0
Government	<u>396,853</u>	<u>405,690</u>	<u>412,002</u>	<u>418,297</u>	<u>427,979</u>	<u>424,026</u>	<u>432,960</u>	<u>2.1</u>
Total*	2,494,777	2,553,045	2,609,255	2,673,605	2,736,002	2,761,346	2,763,595	0.1

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2020. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees ¹
Wal-Mart	General Merchandise	27,500
UCHealth	Healthcare	23,500
The Kroger Co. (King Soopers/City Market)	Supermarkets	20,900
Centura Health	Healthcare	14,500
HealthONE Corporation	Healthcare	12,400
Lockheed Martin Corporation	Aerospace & Defense Related Systems	10,500
SCL Health System	Healthcare	10,000
Comcast	Telecommunications	9,000
Amazon	Warehousing & Distribution Services	8,100
Home Depot	Building Materials Retailer	8,000
Children's Hospital Colorado	Healthcare	7,800
CenturyLink	Telecommunications	7,800
Target Corporation	General Merchandise	7,600
Safeway Inc.	Supermarkets	7,300
United Airlines	Airline	7,000
Kaiser Permanente	Health Maintenance Organization	6,700
JBS Swift & Company	Beef Processing/Corporate Office	6,000
Vail Resorts	Leisure & Hospitality	5,600
United Parcel Service	Delivery Services	5,400
Banner Health	Healthcare	5,200
Wells Fargo	Banking/Financial Services	5,100
FedEx Corp.	Transportation, E-commerce	4,500
Southwest Airlines	Airline	4,500
Ball Corporation	Aerospace, Containers	4,400
Oracle	Software & Network Computer Systems	4,400

¹ Includes both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2020.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2020.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees ¹
State of Colorado	57,300
Federal Government (except USPS)	42,800
University of Colorado System	24,300
Denver Public Schools	15,400
City & County of Denver	12,300
Jefferson County Public Schools	11,300
U.S. Postal Service	9,000
Douglas County School District RE-1	8,700
Cherry Creek School District No 5	7,800
Colorado State University	7,700
Denver Health	7,600
Aurora Public Schools	5,400
Adams 12 Five Star Schools	5,000
Boulder Valley School District RE-2	4,300
Poudre School District R-1	4,200
St. Vrain Valley School District RE-1J	4,100
City of Aurora	4,000
Colorado Springs School District 11	3,900
Academy Schools District No 20	3,600
Jefferson County	3,400
U.S. Department of Veteran Affairs	3,200
Mesa County Valley School District 51	3,000
El Paso County	2,800
Regional Transportation District (RTD)	2,800
School District 49	2,700

¹ Includes both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2020.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections Fiscal Years 2015 to 2019

	Sales Tax		Consumer Use Tax		Retailer Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change	Amount (thousands)	% Change
2015	\$2,561,913	8.0%	\$123,175	5.9%	\$132,685	6.0%
2016	2,596,355	1.3	111,227	(9.7)	132,591	(0.1)
2017	2,719,778	4.8	109,037	(2.0)	149,567	12.8
2018	2,906,717	6.9	121,158	11.1	184,034	23.0
2019	3,031,974	4.3	124,947	3.1	218,136	18.5

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available. Retail sales data is only available through February 2016 as the Colorado Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced. The Department is working to resolve the issue as soon as possible.

Colorado Retail Sales by Industry (millions) and Percentage Change From Prior Year													Year-to-Date Totals Through February		
Industry	2015	% Change	2016	% Change	2017	% Change	2018	% Change	2019	% Change	2019	2020	% Change		
Agriculture/Forestry/Fishing	\$ 500.6	13.6%	\$ 599.5	11.8%	\$ 417.9	-25.3%	\$ 587.2	40.5%	\$ 521.1	-11.3%	\$ 24.8	\$ 36.6	47.6%		
Mining	3,743.4	-32.8	2,485.9	-33.6	3,665.9	47.5	4,411.7	20.3	3,938.3	-10.7	549.0	519.4	-5.4		
Utilities	7,612.1	-4.0	7,301.0	-4.1	7,570.4	3.7	7,665.8	1.3	8,031.0	4.8	1,502.1	1,364.0	-9.2		
Construction	4,685.8	12.4	4,740.5	1.2	5,133.6	8.3	5,758.0	12.2	6,124.0	6.4	744.7	804.4	8.0		
Manufacturing	15,864.8	-19.8	14,679.1	-7.5	16,217.9	10.5	17,360.8	7.0	15,992.7	-7.9	2,134.7	2,313.0	8.4		
Wholesale Trade	14,427.2	-4.8	14,874.5	3.1	14,530.3	-2.3	15,407.4	6.0	18,109.6	17.5	2,153.3	2,708.3	25.8		
Retail Trade:															
Motor Vehicle and Auto Parts	18,995.4	8.9	19,692.9	3.7	20,614.6	4.7	21,190.4	2.8	21,986.4	3.8	3,000.0	3,383.5	12.8		
Furniture and Furnishings	2,868.8	8.1	3,019.6	5.3	3,126.0	3.5	3,265.9	4.5	3,371.4	3.2	469.3	494.2	5.3		
Electronics and Appliances	2,387.6	5.7	2,534.3	6.1	2,617.2	3.3	2,830.3	8.1	2,956.9	4.5	412.9	436.6	5.7		
Bolding Materials/Nurseries	6,373.2	7.5	6,800.1	6.7	7,283.2	7.1	7,465.8	2.5	7,413.9	-0.7	941.3	1,017.0	8.0		
Food/Beverage Stores	16,619.2	4.1	16,798.7	1.1	17,655.4	5.1	18,794.5	6.5	18,927.9	0.7	2,122.2	2,962.4	39.6		
Health and Personal Care	4,384.1	17.5	5,064.2	15.5	5,355.2	5.7	5,672.5	5.9	6,015.3	6.0	813.1	894.9	10.1		
Gas Stations	4,815.3	-15.6	4,307.1	-10.6	4,528.5	5.1	4,863.8	7.4	4,556.7	-6.3	619.2	689.2	11.3		
Clothing and Accessories	3,810.6	2.0	3,843.5	0.9	3,848.5	0.1	3,999.7	3.9	4,413.8	10.4	513.6	582.0	13.3		
Sporting/Hobby/Books/Music	3,009.1	3.0	3,021.7	0.4	2,879.5	-4.7	2,960.5	2.8	3,075.7	3.9	436.3	488.5	12.0		
General Merchandise/Warehouse	13,073.8	1.7	13,152.7	0.6	13,758.0	4.6	14,387.6	4.6	14,788.7	2.8	1,999.9	2,197.2	9.9		
Misc. Store Retailers	5,256.5	10.4	5,767.0	9.7	6,529.4	13.2	6,645.2	1.8	7,214.1	8.6	864.0	933.1	8.0		
Non-Store Retailers	<u>1,742.1</u>	<u>2.7</u>	<u>2,286.3</u>	<u>31.2</u>	<u>2,921.3</u>	<u>27.8</u>	<u>3,279.3</u>	<u>12.3</u>	<u>5,054.7</u>	<u>54.1</u>	<u>639.6</u>	<u>1,347.5</u>	<u>110.7</u>		
Total Retail Trade	83,335.5	4.6	86,288.1	3.5	91,117.0	5.6	95,355.7	4.7	99,775.5	4.6	12,831.2	15,426.1	20.2		
Transportation/Warehouse	931.3	-4.8	864.8	-7.1	944.6	9.2	1,292.4	36.8	1,096.3	-15.2	135.7	170.9	26.0		
Information	5,413.0	-0.7	5,238.6	3.2	5,382.5	2.7	4,971.1	-7.6	5,819.5	17.1	821.4	600.4	-26.9		
Finance/Insurance	2,668.7	57.9	2,691.8	0.9	2,107.9	-21.7	2,469.4	17.2	2,761.9	11.8	397.4	488.2	22.9		
Real Estate/Rental/Lease	4,389.0	5.2	4,573.3	4.2	4,875.5	6.6	5,423.2	11.2	5,907.9	8.9	906.5	952.4	5.1		
Professional/Scientific/Technical	6,929.3	-0.5	6,644.4	-4.1	6,794.1	2.3	7,753.2	14.1	7,859.6	1.4	793.6	939.3	18.4		
Admin/Support/Waste/Remediation	2,245.9	8.5	2,263.2	0.8	2,357.8	4.2	2,384.4	1.1	2,813.2	18.0	294.6	385.4	30.8		
Education	490.5	1.9	493.9	0.7	486.3	-1.5	500.3	2.9	434.8	-13.1	54.4	43.9	-19.2		
Health Care/Social Assistance	6,896.1	-4.8	6,890.5	-0.1	7,136.0	3.6	7,044.5	-1.3	16,093.3	128.5	2,514.6	2,737.7	8.9		
Arts/Entertainment/Recreation	1,337.8	14.4	1,457.8	9.0	1,564.5	7.3	1,650.0	5.5	1,781.7	8.0	249.5	284.0	13.8		
Accommodation	4,043.4	7.9	4,338.5	7.3	4,773.3	10.0	5,147.4	7.8	5,771.3	12.1	850.7	1,017.8	19.7		
Food/Drinking Services	11,615.6	7.0	12,280.3	5.7	13,020.4	6.0	13,798.6	6.0	14,511.8	5.2	2,197.2	2,311.6	5.2		
Other Services	5,441.9	10.5	5,730.4	5.3	6,182.5	7.9	6,751.4	9.2	6,924.2	2.6	939.6	963.4	2.5		
Government	<u>273.4</u>	<u>7.3</u>	<u>307.2</u>	<u>12.4</u>	<u>363.7</u>	<u>18.4</u>	<u>388.6</u>	<u>6.8</u>	<u>351.2</u>	<u>-9.6</u>	<u>40.7</u>	<u>41.4</u>	<u>1.7</u>		
Total All Industries	<u>182,845.3</u>	<u>0.1</u>	<u>184,703.4</u>	<u>1.0</u>	<u>194,642.0</u>	<u>5.4</u>	<u>206,121.0</u>	<u>5.9</u>	<u>224,618.9</u>	<u>9.0</u>	<u>30,135.6</u>	<u>34,108.2</u>	<u>13.2</u>		

Note: Reporting for 2019 and future years reflect new sourcing rules that may cause variations in the data reported from previous years.

Source: Colorado Department of Revenue.

Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics Conventions¹

	National Parks Visits ²		Conventions		Delegates		Spending		Skier Visits ³	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2015	7.08	–%	73	–%	236.8	–%	\$546.6	–%	12.55	–%
2016	7.46	5.4	66	-9.96	242.7	2.5	543.4	-0.6	13.39	6.7
2017	7.62	2.1	84	27.3	235.6	-2.9	518.6	-4.6	13.12	-2.0
2018	7.57	-0.7	67	-20.2	269.4	14.4	560.6	8.1	12.81	-2.4
2019	7.76	2.6	80	19.4	254.1	-5.7	555.3	-0.9	13.80	7.7

¹ Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

² Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.

³ Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2015	20,025	334	287	11,225	31,871	4.3%
2016	21,577	556	242	16,599	38,974	22.3
2017	24,338	344	415	15,576	40,673	4.4
2018	26,134	374	414	15,705	42,627	4.8
2019	28,059	366	448	13,100	41,973	-1.5
Year-to-Date Totals Through April:						
2019	7,754	136	243	4,339	12,472	
2020	8,955	60	169	3,919	13,103	
% change	15.5%	-55.9%	-30.5%	-9.7	5.1%	

Source: U.S. Census Bureau.

Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	<u>Foreclosure Filings¹</u>	<u>% Change</u>	<u>Foreclosure Sales at Auction</u>	<u>% Change</u>
2015	8,241	-26.7%	4,209	-35.6%
2016	7,666	-7.0	3,128	-25.7
2017	6,680	-12.9	2,100	-32.9
2018	5,884	-11.9	1,461	-30.4
2019	5,610	-4.7	1,316	-9.9

¹ Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

Source: Colorado Division of Housing.

APPENDIX J

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2019 (the "PERA 2019 CAFR"). The PERA 2019 CAFR was prepared by PERA staff employees and the firm of Segal Consulting, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward looking information as described in the Notices on the inside cover page of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. Further, the PERA 2019 CAFR notes that the duration and full effects of the COVID-19 pandemic are currently unknown, as the global picture continues to evolve, and that although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA'S investment portfolio, as well as the short medium term impact on PERA'S membership and demographics, remains uncertain. The State does not take any responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2019 CAFR is not incorporated in this Official Statement by reference or otherwise, and the State does not make any representations regarding the accuracy of the information in the PERA 2019 CAFR.

The information in the State's Fiscal Year 2018-19 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2018, while the information in this Official Statement regarding PERA is derived from the PERA 2019 CAFR.

General Description

Overview. The State, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts, other than for Denver County School District No. 1 (commonly known as Denver Public Schools), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities), the Judicial Division Trust Fund (for judges in the State) and the Denver Public Schools Division (for employees of Denver Public Schools). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. The State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA. See Notes 1 and 8 to the financial statements in the PERA 2019 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6-8 to the financial statements in

the State's Fiscal Year 2018-19 CAFR appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "STATE FINANCIAL INFORMATION – Pension and Other Post-Employment Benefits" in the forepart of this Official Statement and in this Appendix relates only to the State Division Plan.

The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16 member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1 800-759-7372 or by visiting <http://www.copera.org>. The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6-8 to the financial statements in the State's Fiscal Year 2018-19 CAFR appended to this Official Statement, the PERA 2019 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2019 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with its Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, “Accounting and Financial Reporting for Pensions,” applies to governmental employers and was implemented by the State beginning with the State’s Fiscal Year 2014-15 CAFR. See “—Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75” below.

GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. Implementation of GASB 67 requires the preparation of two actuarial valuations, one for funding purposes and one for accounting and financial disclosure purposes. The purpose of the funding valuation is to guide the PERA Board’s actions necessary to ensure the long-term sustainability of PERA’s trust funds. The funding valuation aids this action by allowing PERA to assess the sufficiency of the current statutory contribution rates and analyze the sufficiency of future contributions to meet current and future benefit obligations. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with this new reporting standard. To accomplish this, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed unfunded actuarial accrued liability¹ (“UAAL”). Net pension liability is to be measured as the total pension liability² of the plan less the amount of the plan’s fiduciary net position³.

Another major change in the new standard is the rate used to discount projected benefit payments. The new standard states the long-term expected rate of return on the investments of the plan should be applied only to available plan assets that are expected to be invested using a strategy to achieve that return. If there comes a point in the projections when plan fiduciary net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses (crossover point), then from that point forward the plan will be required to discount the projected benefit payments after the crossover point using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan’s net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, total pension liability and related actuarial present value of

¹ Unfunded actuarial accrued liability is the difference between the actuarial accrued liability, or “AAL” (being the excess of the present value of a pension fund’s total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits), over the valuation assets of the fund.

² Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.

³ Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan’s reporting period.

projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, are prepared by PERA's actuaries based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed market value of assets for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2019 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2019 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of Plan assets, the net pension liability of the Plan and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State.

Effective July 1, 2019, the baseline SRC that is required to be made by the State for most State employees was increased from 10.15% to 10.40% of includable compensation (from 12.85% to 13.10% for State Troopers and Colorado Bureau of Investigation ("CBI") agents). As required by statute, participants in the State Division Plan are also required to contribute a portion of their wages to the Plan. Per S.B. 18-200 discussed in the next paragraph, the participant contribution rate is to increase incrementally a total of 2% over a period of three years commencing July 1, 2019, which resulted in an increase in the member contribution rate effective July 1, 2019, from 8.0% to 8.75% of includable compensation (from 10.0% to 10.75% of includable compensation for State Troopers and CBI agents). See the PERA 2019 CAFR for additional information, as well as historical SRC and participant contribution rates.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement ("AED") and the Supplemental Amortization Equalization Disbursement ("SAED") in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary

increases to employees. The AED and the SAED applicable to the State Division Plan were effective as of January 1, 2006, and January 1, 2008, respectively, and were each initially payable at the rate of 0.5% of total covered payroll with annual increases in the contribution rate through 2017. As of July 1, 2019, the AED and SAED rates applicable to the State Division Plan were each 5.0%, and the total SRC applicable to the State Division Plan (net of 1.02% apportioned to the Health Care Trust Fund per the PERA Act) was 19.38% of employee wages (22.08% for State Troopers and CBI agents). In addition, S.B. 18-200, enacted by the General Assembly in 2018, provides for automatic adjustments to employee and employer contribution rates within certain statutory parameters so as to stay within the legislation's 30 year funding goal as discussed in " – Funding Status of the State Division Plan" below. Previously, such adjustments required action by the General Assembly. S.B. 18-200 also provides that effective January 1, 2021, and every year thereafter, employer contribution rates for the State Division Plan are to be adjusted to include a defined contribution supplement. See also Note 6 to the State's Fiscal Year 2018-19 CAFR appended to this Official Statement, as well as the Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2019 CAFR.

S.B. 18-200 further requires the State to make an annual direct distribution to PERA of \$225 million (actual dollars) from State funds beginning in Fiscal Year 2018-19 and continuing annually on July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the distribution to the State Division Trust Fund, the School Division Trust Fund, the Judicial Division Trust Fund and the Denver Public Schools Division Trust Fund based upon the covered payroll of each such Division. *However, per H.B. 20-1379, due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, this distribution has been suspended for Fiscal Year 2020-21 only, and thus PERA will not receive a direct distribution from the State until the payment scheduled for July 1, 2021.*

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the Plan, could be made by the General Assembly through future legislative action, which changes could impact the SRC, the funding status and/or the financial condition of the Plan as described herein. The State cannot predict if or when any such legislative changes might be enacted or the impact that any such changes, if enacted, might have on the State Division Plan or the State's funding obligations with respect to the Plan.

The SRC is paid from the State General Fund as well as from certain federal funds and State cash funds and is typically paid from the same funding source as the employee's salary and other benefits. Although the rate of the SRC is set by statute, payment of the SRC nevertheless is subject to annual appropriation through the State budgeting process as described in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" in the body of this Official Statement. The State has consistently contributed the full amount of the SRC to the State Division Plan.

Actuarially Determined Contribution. As a result of the shift in financial disclosure requirements under GASB 67 from a funding-based approach to an accounting-based approach, the historical disclosure and use of the annual required contribution¹, or "ARC," as a funding benchmark by PERA was no longer required. Rather, this philosophical shift necessitated the development and use of a plan specific actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State

¹ Prior to 2014, PERA used the ARC as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ARC is the actuarially determined amount that would be required if the State were to fund each year's normal cost (i.e., the present value of the benefits that the State Division Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the State Division Plan plus an annual amortization of the UAAL assuming that the UAAL will be fully funded over a maximum 30-year period. The difference between the ARC and the SRC constitutes either a contribution deficiency or excess contributions. For historical information regarding the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013.

Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with (i) Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted, and (ii) the PERA Board's funding policies. The ADC for each trust fund is developed annually and reported by management to be used as a benchmark for contributions two years in the future. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long term rate of return. See "Historical ADC and State Contributions" below.

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 (and last revised in November 2018) with regard to its trust funds. The purpose of the revised funding policy, as stated in the PERA 2019 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit pension trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "Statutorily Required Contributions" above.

Historical ADC and State Contributions. The following table sets forth for each of the past ten years (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC.

The ADC rates, as a percentage of covered payroll, used to determine the ADC amounts in Table 1 below are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The following actuarial methods and assumptions from the December 31, 2017, actuarial valuation were used to determine contribution rates reported in the table for the year ended December 31, 2019: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's amortization period is based on a level percent of payroll over a 30-year closed period layered 28 years; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards; (iv) price inflation is assumed to be 2.40%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 10.45%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.25%; and (viii) cost of living adjustments for pre-2007 hires are assumed to be 1.50% per year and cost of living adjustments for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2019 CAFR.

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Table 1
Employer Contributions
State Division
(Dollar Amounts in Thousands)

Calendar Year	ADC Rate ¹	Covered Employee Payroll	Annual Increase Reserve Contribution ²	ADC Contribution ³	Contributions in Relation to the ADC	Annual Contribution Deficiency	Actual Contribution as a Percentage of Covered Employee Payroll
2019	23.28%	\$2,995,453	\$17,663	\$715,004	\$689,370	\$ 25,634	23.01%
2018	26.30	2,898,827	15,919	778,311	661,653	116,658	22.82
2017	22.71	2,774,207	14,355	644,377	563,977	80,400	20.33
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2013	20.01	2,474,965	–	495,241	393,218	102,023	15.89
2012	16.52	2,384,934	–	393,991	328,055	65,936	13.76
2011	13.63	2,393,791	–	326,274	277,122	49,152	11.58
2010	18.93	2,392,080	–	452,821	282,640	170,181	11.82

¹ See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.

² The Annual Increase Reserve, or “AIR,” was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 100% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2019 CAFR.

³ The ADC contribution equals the sum of (a) the ADC rate times the covered employee payroll, plus (b) the AIR.

Source: PERA 2019 CAFR

For historical information regarding employer contributions based on the ARC, see PERA’s Comprehensive Annual Financial Report for calendar year 2013 and Note 6 to the State’s Fiscal Year 2018-19 CAFR appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in “ – Funding of the State Division Plan – Statutorily Required Contributions” above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by S.B. 10-001, all in an effort to improve the funding status of the State Division Plan. However, investment returns on Plan assets declined following the global economic downturn that began in 2008. As a result, the actuarial assumptions as to the investment rate of return on Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% in 2009, to 7.50% at the end of 2013 and to 7.25% as of December 31, 2017, and other economic assumptions, including the amortization period, were changed over this period as well, to reflect actual results and new estimates about the future. Notwithstanding these changes, PERA reported that at December 31, 2016, the State Division Plan a UAAL of approximately \$11.644 billion and a funded ratio (i.e., the actuarial value of Plan assets divided by the AAL) of only 54.6%, which UAAL would have amortized over a 65-year period based on contribution rates as of the date of calculation.

In order to address the funding status of PERA’s defined benefit plans, including the State Division Plan, in 2018 the General Assembly enacted S.B. 18-200 which made changes to the defined benefit plans

administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, within a 30-year period. Among other things, S.B. 18-200 phases-in a 2% increase in contribution rates for most employees, suspended the cost of living adjustment for retirees through 2019, changes the definition of salary and highest average salary, reduces maximum annual cost of living adjustments, adjusts employee and employer contribution rates, funds unfunded PERA liability from political subdivisions that terminate their affiliation with PERA and provides for a direct annual distribution to PERA from the State General Fund of \$225 million (actual dollars) beginning with Fiscal Year 2018-19, although, per H.B. 20-1379, due to the actual and forecast impact of the COVID-19 pandemic on the State's revenues in Fiscal Years 2019-20 and 2020-21, this distribution has been suspended for Fiscal Year 2020-21, as discussed in " – Funding of the State Division Plan – Statutorily Required Contributions" above. S.B. 18-200 also provides for automatic adjustments to employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding S.B. 18-200, see Note 6 to the State's Fiscal Year 2018-19 CAFR appended to this Official Statement and the PERA 2019 CAFR.

The PERA 2019 CAFR reports that, at December 31, 2019, the actuarial value of assets of the State Division Plan was approximately \$14.922 billion and the AAL of the Plan was approximately \$25.718 billion, resulting in a UAAL of approximately \$10.796 billion, a funded ratio of 58.0% and an amortization period, both before and after consideration of H.B. 20-1379, of 27 years¹. The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, the PERA 2019 CAFR reports that at December 31, 2019, the UAAL of the Plan was approximately \$9.898 billion and the funded ratio was 61.5%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2018-19 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2019 CAFR.

Table 2 below sets forth for each of the past ten years the UAAL, the funded ratio and related information for the State Division Plan based on the actuarial value of Plan assets, and Table 3 below sets forth such information based on the market value of Plan assets.

The actuarial valuation for funding purposes in the PERA 2019 CAFR was performed as of December 31, 2019, and the actuarial valuation for accounting and financial reporting purposes in the PERA 2019 CAFR was performed as of December 31, 2018, and the total pension liability was rolled forward to the measurement date of December 31, 2019, utilizing generally accepted actuarial techniques.

When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) salary increases (including assumed wage

¹ This amortization period does not include the full effect of legislation enacted in 2006, 2010 and 2018, which includes plan changes designed to lower the normal cost over time as new members are added to the Plan, allow a greater proportion of the State's contribution to the Plan to be used to amortize the unfunded liability and increase future contributions to the Plan in order to accelerate the amortization of the UAAL. However, utilizing the assumptions specified in the PERA 2019 CAFR, PERA's independent actuary projects that the goal of funding 100% of the AAL under the PERA revised benefit structure created by S.B. 18-200 is achievable within a projection period of 24 years, and that the State Division Plan is projected to be 100% funded in 22 years. For further information, see the Actuarial Section of the PERA 2019 CAFR.

inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 0% through 2019 and 1.25% per year compounded annually thereafter, and cost of living adjustments for post 2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2019 CAFR.

Table 2
 Historical Funding Progress of State Division Plan
 Actuarial Value of Plan Assets
 (Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets*	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
2019	\$14,922,050	\$25,717,648	\$10,795,598	58.0%	\$2,995,453	360.4%
2018	14,303,726	25,509,852	11,206,126	56.1	2,898,827	386.6
2017	14,256,410	24,782,085	10,525,675	57.5	2,774,207	379.4
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2011	12,010,045	20,826,543	8,816,498	57.7	2,393,791	368.3
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2

* The actuarial value of Plan assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards.
 Source: PERA 2019 CAFR

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Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets *	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2019	\$15,819,843	\$25,717,648	\$ 9,897,805	61.5%	\$2,995,453	330.4%
2018	13,837,863	25,509,852	11,671,989	54.2	2,898,827	402.6
2017	15,105,378	24,782,085	9,676,707	61.0	2,774,207	348.8
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2011	12,001,770	20,826,543	8,824,773	57.6	2,393,791	368.7
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0

* The market value of Plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2019 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2010 through 2019.

Since contribution rates to the State Division Plan are fixed by statute, unless changes are made to such rates or changes are made to Plan provisions to reduce benefit payments, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on Plan assets or changes in the actuarial assumptions used to determine the value of Plan assets and the AAL. Changes to contribution rates or other Plan provisions, or the use of alternative Plan funding strategies, would require legislative action by the General Assembly, of which there can be no assurance.

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Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2019, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2019 CAFR. The following table sets forth for each of the past ten years the changes in fiduciary net position of the State Division Plan.

Table 4
Changes in Fiduciary Net Position
State Division
(Cash Basis; Dollar Amounts in Thousands)

	For the Year Ended December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Additions:										
Employer contributions	\$ 612,282	\$ 583,164	\$ 563,977	\$ 521,804	\$ 484,005	\$ 444,372	\$ 401,658	\$ 335,073	\$ 283,222	\$ 287,624
Nonemployer contributions	77,088	78,489	—	—	—	—	—	—	—	—
Member contributions	257,803	236,313	228,978	223,005	217,980	211,610	202,799	227,058	258,678	223,240
Purchased service	29,494	25,227	27,442	24,528	26,946	22,446	22,241	16,358	11,277	12,496
Net investment income (loss)	2,764,719	(497,562)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142
Other	22	7,888	15,860	8,708	5,023	3,289	4,869	150	331	1
Total Additions	3,741,408	433,519	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503
Deductions:										
Benefit payments	1,637,168	1,608,534	1,554,290	1,483,828	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435
Refunds	61,832	65,253	58,696	60,137	63,567	61,152	68,735	69,221	70,090	68,844
Disability insurance premiums	1,965	2,093	2,035	2,106	2,088	2,309	2,229	1,570	1,685	1,661
Administrative expenses	11,294	11,903	11,745	11,271	10,779	10,067	9,780	8,568	8,685	8,942
Other	2,707	3,017	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)
Total Deductions	1,714,966	1,690,800	1,630,418	1,560,382	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156
Change in fiduciary net position	2,026,442	(1,257,281)	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347
Fiduciary net position held at beginning of year	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758
Fiduciary net position held at end of year	15,992,863	\$13,966,421	\$15,223,702	\$13,626,180	\$13,460,536	\$14,013,947	\$13,980,460	\$12,797,352	\$12,022,661	\$12,487,105

Source: PERA 2019 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

The following table sets forth for the years 2013-2019 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2019 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2019 (information for 2013 is not available). See also “ – Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68” hereafter.

Table 5
Net Pension Liability
State Division^{1,2}
(Dollar Amounts in Thousands)

	For the Year Ended December 31,						
	2019	2018	2017	2016	2015	2014	2013
Total pension liability ^{3,4}	\$25,696,667	\$25,345,094	\$35,241,684	\$31,994,311	\$23,991,569	\$23,420,461	\$22,888,431
Plan fiduciary net position	15,992,863	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	<u>\$ 9,703,804</u>	<u>\$11,378,673</u>	<u>\$20,017,982</u>	<u>\$18,368,131</u>	<u>\$10,531,033</u>	<u>\$ 9,406,514</u>	<u>\$ 8,907,971</u>
Net pension liability as a percentage of total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	\$ 2,995,453	\$2,898,827	\$2,774,207	\$2,710,651	\$ 2,641,867	\$ 2,564,670	\$ 2,474,965
Net pension liability as a percentage of covered employee payroll	323.95%	392.53%	721.57%	677.63%	398.62%	366.77%	359.92%

¹ Information for years prior to 2013 is not available.

² Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan’s year-end. Therefore, unlike the tables in “—Funding Status of the State Division Plan” above, the changes made by S.B. 18-200 are not reflected in this table for years 2013-2017.

³ The total pension liability as of December 31, 2019, was determined by actuarial valuations as of December 31, 2018, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2019. The actuarial valuations as of December 31, 2018, used the key actuarial methods, assumptions or other inputs discussed in “Funding Status of the State Division Plan” above, except that the fair value (or market value) of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.

⁴ The decrease in the total pension liability at December 31, 2018, is primarily due to changing from a blended discount rate to a discount rate equal to the long-term assumed rate of return in accordance with GASB 67.

Source: PERA 2019 CAFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA’s funds by the PERA Board, subject to the following limitations:

- The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.
- Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.
- The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 to the financial statements and the Investment Section of the PERA 2019 CAFR for additional discussion of PERA’s investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB Statement No. 68, “Accounting and Financial Reporting for Pensions” (“GASB 68”) is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented beginning with the State’s Fiscal Year 2014-15 CAFR. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. See Table 2 in this Appendix for the UAAL of the State Division Plan for the past ten years as set forth in the PERA 2019 CAFR.

The State reported a net pension liability in the State’s Fiscal Year 2018-19 CAFR of approximately \$13.531 billion at June 30, 2019, compared to a reported net pension liability in the State’s Fiscal Year 2017-18 CAFR of approximately \$19.382 billion at June 30, 2018. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 6 to the State’s Fiscal Year 2018-19 CAFR appended to this Official Statement for a description of the methodology utilized to determine these amounts.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA’s inclusion of employers in the State Division and the Judicial Division which are not included in the State’s financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State’s financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State’s financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State’s proportionate share in accordance with requirements of GASB 68. Additional information concerning the State’s reporting entity can be found in Note 1 to the State’s Fiscal Year 2018-19 CAFR appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 of the State’s Fiscal Year 2018-19 CAFR.

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The State's proportionate share of the net pension liability at the end of calendar years 2013-2018 in accordance with requirements of GASB 68 is set forth in the following table.

Table 6
State's (Primary Government's) Proportionate
Share of the Net Pension Liability¹
(Dollar Amounts in Thousands)

	<u>State Division</u>					
	Calendar Year					
	2018	2017	2016	2015	2014	2013
State's proportion of the net pension liability	95.95%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of net pension liability	\$10,918,046	\$19,091,149	\$17,539,728	\$10,079,252	\$9,016,144	\$8,539,181
State's covered payroll	\$3,262,962	\$2,796,014	\$2,751,094	\$2,687,152	\$2,586,800	\$2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	334.61%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

	<u>Judicial Division</u>					
	2018	2017	2016	2015	2014	2013
State's proportion of the net pension liability	94.91%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of net pension liability	\$134,072	\$218,136	\$239,423	\$172,824	\$129,499	\$102,756
State's covered payroll	\$55,706	\$46,764	\$46,320	\$44,159	\$40,114	\$37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	240.68%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

¹ The amounts presented for each Fiscal Year were determined as of the calendar year-end that occurred within the Fiscal Year and were calculated as described in Note 6 to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2018-19 CAFR appended to this Official Statement.

Source: State Fiscal Year 2018-19 CAFR

A ten year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2018-19 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis and Notes 1 and 6-8 to the Financial Statements in the State's Fiscal Year 2018-19 CAFR.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly was first implemented in the State's Fiscal Year 2018-19 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), i.e., the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements.

Effect of Pension Liability on the Series 2020 Certificates

No assurances can be given that the assumptions underlying any current or future plans of the State to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement, including in this Appendix. The General Assembly and Governor are ultimately responsible for passing any legislation which would make material changes to PERA retirement plans. No assurance can be given that any legislative changes aimed at decreasing the State's pension liability will be enacted. The State's current pension liability or any increase in the State's pension liability may have a material adverse effect on the State's ability to fully pay its obligations, including the Series 2020 Certificates.

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APPENDIX K

DTC BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the State takes no responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the Trustee, the State or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2020R Certificates under the Indenture, (iii) the payment by DTC or any DTC Participant of any amounts received under the Indenture with respect to the Series 2020R Certificates, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2020R Certificates or (v) any other related matter.

DTC will act as securities depository for the Series 2020R Certificates. The Series 2020R Certificates will be in the form of 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 Series 2020R Certificate for each maturity of the respective Series of Certificates, in the aggregate principal amount of such maturity, will be executed and delivered and deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 an S&P 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 <http://www.dtcc.com> and <http://www.dtc.org>. The State undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned websites.

Purchases of Series 2020R Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020R Certificates on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants.

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 Series 2020R Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020R Certificates except in the event that use of the book-entry system for the Series 2020R Certificates is discontinued.

To facilitate subsequent transfers, all Series 2020R Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020R Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020R Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020R Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020R Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020R Certificates, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2020R Certificates may wish to ascertain that the nominee holding the Series 2020R Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2020R Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020R Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2020R Certificates will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the State Treasurer on the 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 Participants and not of DTC, the paying agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2020R Certificates to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the State or the paying agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020R Certificates at any time by giving reasonable notice to the State. Under such circumstances, in the

event that a successor securities depository is not obtained, Series 2020R Certificate certificates are required to be printed and delivered to the appropriate registered owners of the Series 2020R Certificates.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2020R Certificates. In that event, Series 2020R Certificate certificates will be printed and delivered to DTC.