

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER [], 2016

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody’s: “[]”
S&P: “[]”
See “RATINGS” herein

In the opinion of Kutak Rock LLP, Special Counsel to CDOT and the State Treasurer, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by CDOT with certain covenants, the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Special Counsel is also of the opinion that under existing State of Colorado statutes, to the extent the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates, is excluded from gross income for federal income tax purposes, such portion of the Base Rental is excluded from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See “TAX MATTERS” herein.

[State Seal]

\$(PAR)*

[CDOT Logo]

STATE OF COLORADO
COLORADO DEPARTMENT OF TRANSPORTATION
HEADQUARTERS FACILITIES LEASE PURCHASE AGREEMENT
CERTIFICATES OF PARTICIPATION, SERIES 2016

Dated: Date of Delivery

Maturity Date: June 15, as shown on the inside front cover

The State of Colorado Colorado Department of Transportation Headquarters Facilities Lease Purchase Agreement Certificates of Participation, Series 2016 (the “Series 2016 Certificates”) will be executed and delivered pursuant to, and secured by, an Indenture of Trust, to be dated as of the Closing Date (the “Indenture”), to be entered into by Zions Bank, a division of ZB, National Association, as trustee (the “Trustee”), and will evidence proportionate interests in the right of the Trustee to receive Base Rentals and certain other amounts payable by the State of Colorado (the “State”), acting by and through the Colorado Department of Transportation (“CDOT”) pursuant to an annually renewable lease purchase agreement to be entered into by the Trustee, as lessor, and CDOT, as lessee, in respect of the Leased Property. The Leased Property will generally consist of CDOT’s new Main/District 1 Regional headquarters building to be located in Denver, Colorado (the “Denver Headquarters Building”). *Capitalized terms not otherwise defined on this cover page have the meanings set forth in this Official Statement.*

The net proceeds derived from the offering and sale of the Series 2016 Certificates will be used to (i) reimburse CDOT for the purchase of the land upon which the Denver Headquarters Building will be located, (ii) finance the acquisition, construction, improvement and equipping of the Denver Headquarters Building, (iii) fund capitalized interest on the Series 2016 Certificates, and (iv) pay the costs of executing and delivering the Series 2016 Certificates.

Interest on the Series 2016 Certificate, at the rates per annum set forth on the inside front cover of this Official Statement, will be payable semiannually each June 15 and December 15, commencing on June 15, 2017. The Series 2016 Certificates will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2016 Certificates. Beneficial Ownership Interests in the Series 2016 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 2016 Certificates by the rules and operating procedures applicable to the DTC book-entry system as described herein.

Maturity Schedule on the Inside Front Cover

The Series 2016 Certificates are subject to redemption prior to maturity as described herein.

The Series 2016 Certificates are payable solely from the Base Rentals and certain other amounts payable by CDOT pursuant to the Lease, and from certain other amounts comprising the Trust Estate under the Indenture. Payment of Base Rentals and other amounts by CDOT are expected to be paid from amounts annually allocated therefor by the State of Colorado Transportation Commission (the “Transportation Commission”), in its sole discretion, from the State Highway Fund, pursuant to Section 43-1-212, Colorado Revised Statutes. Upon the occurrence of an Event of Nonallocation or Lease Event of Default, the

* Preliminary; subject to change.

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

Lease will terminate and the Trustee will be entitled to exercise certain remedies with respect to its leasehold interest in the Leased Property, subject to the terms of the Lease, the Site Lease and the Indenture, as described herein.

NO PROVISION OF THE SERIES 2016 CERTIFICATES, THE INDENTURE OR THE LEASE SHALL BE CONSTRUED OR INTERPRETED (I) TO DIRECTLY OR INDIRECTLY OBLIGATE CDOT OR THE STATE TO MAKE ANY PAYMENT IN ANY FISCAL YEAR IN EXCESS OF AMOUNTS ALLOCATED THEREFOR FOR SUCH FISCAL YEAR BY THE TRANSPORTATION COMMISSION; (II) AS CREATING A DEBT OR MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF CDOT OR THE STATE WITHIN THE MEANING OF ARTICLE XI, SECTION 3 OR ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION; (III) AS A DELEGATION OF GOVERNMENTAL POWERS BY CDOT OR THE STATE; (IV) AS A LOAN OR PLEDGE OF THE CREDIT OR FAITH OF CDOT OR AS CREATING ANY RESPONSIBILITY BY CDOT OR THE STATE FOR ANY DEBT OR LIABILITY OF ANY PERSON, COMPANY OR CORPORATION WITHIN THE MEANING OF ARTICLE XI, SECTION 1 OF THE COLORADO CONSTITUTION; OR (V) AS A DONATION OR GRANT BY CDOT OR THE STATE TO, OR IN AID OF, ANY PERSON, COMPANY OR CORPORATION WITHIN THE MEANING OF ARTICLE XI, SECTION 2 OF THE COLORADO CONSTITUTION.

An investment in the Series 2016 Certificates involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” in order to obtain information essential to the making of an informed investment decision.

The Series 2016 Certificates are offered when, as and if executed and delivered by the Trustee and accepted by the Underwriters, subject to the approving opinion of Kutak Rock LLP, as Special Counsel to CDOT and the State Treasurer, and certain other conditions. Kutak Rock LLP also has served as disclosure counsel to CDOT and the State Treasurer in connection with this Official Statement. Certain legal matters will be passed upon for CDOT and the State Treasurer by the Attorney General of the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Butler Snow LLP. The Series 2016 Certificates are expected to be delivered through the facilities of DTC on or about December __, 2016.

Wells Fargo Securities

George K. Baum & Company

Loop Capital Markets

Date of Official Statement:

MATURITY SCHEDULE*

[\$[PAR]]*
STATE OF COLORADO
COLORADO DEPARTMENT OF TRANSPORTATION
HEADQUARTERS FACILITIES LEASE PURCHASE AGREEMENT
CERTIFICATES OF PARTICIPATION, SERIES 2016

Maturity Date (June 15)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers¹
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\$ _____ % Term Certificates due June 15, 20__ - Yield: ___%;
Price: ___%; CUSIP No.¹ _____

THE PRICES AT WHICH THE SERIES 2016 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 ABOVE. 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 2016 CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2016 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

* * *

* Preliminary; subject to change.

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NOTICES

This Official Statement does not constitute an offer to sell the Series 2016 Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by CDOT, the State, the State Treasurer or the Underwriters to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by CDOT, the State, the State Treasurer, the Underwriters or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof.

The information in this Official Statement has been obtained from officers, employees and records of CDOT and the State and other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of CDOT, the State, the State Treasurer or the Underwriters.

[The Underwriters have provided the following sentence for inclusion in this Official Statement. In accordance with, and as part of, their responsibilities under federal securities laws, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness.]

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2016 Certificates is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2016 Certificates and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2016 Certificates have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities either confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2016 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.

CAUTIONARY STATEMENTS REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement, including, but not limited to, the information set forth in “COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION,” “STATE FINANCIAL INFORMATION—Pension and Post-Employment Benefits,” “APPENDIX D—OSPB SEPTEMBER 2016 REVENUE FORECAST” and “APPENDIX F—STATE PENSION SYSTEM” contains statements relating to future results that are “forward looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other

factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Neither CDOT nor the State plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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[Images/Diagrams of Denver Leased Property to come]

OFFICIAL STATEMENT

Relating to

[\$[PAR]]*

**STATE OF COLORADO
COLORADO DEPARTMENT OF TRANSPORTATION
HEADQUARTERS FACILITIES LEASE PURCHASE AGREEMENT
CERTIFICATES OF PARTICIPATION, SERIES 2016**

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover, prefatory information and the appendices, furnishes information in connection with the offering and sale of the [PAR] * State of Colorado, Colorado Department of Transportation Headquarters Facilities Lease Purchase Agreement Certificates of Participation, Series 2016 (the "Series 2016 Certificates") to be executed and delivered pursuant to an Indenture of Trust, to be dated as of the Closing Date (as defined here) (the "Indenture") by Zions Bank, a division of ZB, National Association, as trustee (the "Trustee"). The Series 2016 Certificates evidence proportionate interests in the right to receive certain amounts payable by the State of Colorado (the "State"), acting by and through the Colorado Department of Transportation ("CDOT") under an annually renewable lease purchase agreement, to be dated as of the Closing Date (the "Lease"), to be entered into by and between the Trustee, solely as trustee under the Indenture, as lessor, and CDOT, as lessee, and certain other amounts that may be received by the Trustee under the Lease and the Indenture (collectively, the "Revenues"). Certain provisions of the Indenture and the Lease are summarized in this Official Statement, and the forms of the Indenture and the Lease are appended to this Official Statement as Appendix A. See also "SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE." Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings ascribed thereto in the forms of the Indenture and the Lease appended to this Official Statement as Appendix A.

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 and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2016 Certificates to potential investors is made only by means of the entire Official Statement.

Plan of Finance

The net proceeds derived from the offering and sale of the Series 2016 Certificates will be used to (i) reimburse CDOT for the prior purchase of certain land in Denver, Colorado, upon which the Denver Headquarters Building (as defined below) will be constructed, (ii) finance the acquisition, construction, improvement and equipping of CDOT's new Main and District 1 Regional headquarters building to be located in Denver, Colorado (the "Denver Headquarters Building"), (iii) fund capitalized interest on the Series 2016 Certificates through June 15, 2018, and (iv) pay the costs of executing and delivering the Series 2016 Certificates (the "Costs of Execution and Delivery"). See "PLAN OF FINANCE."

* Preliminary; subject to change.

CDOT

CDOT is an executive department of the State, with all the powers, duties, and privileges permitted by Title 43, Colorado Revised Statutes, as amended. CDOT is under the direction of the Executive Director (the “Executive Director”). CDOT works in conjunction with the State of Colorado Transportation Commission (the “Transportation Commission”), which under Colorado law is responsible for formulating general policy with respect to State public highways and other transportation systems, and which promulgates and adopts all CDOT budgets and all State transportation programs. See “THE COLORADO DEPARTMENT OF TRANSPORTATION—The Transportation Commission” and “COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION—Appropriations and Budgetary Process.” In cooperation with the Transportation Commission and other State entities and local, federal, and private entities, CDOT is responsible for the planning, development, and construction of public highways and other components of the transportation network for the State. CDOT has no taxing powers. See “THE COLORADO DEPARTMENT OF TRANSPORTATION.”

Lease; Leased Property

On the date of execution and delivery of the Series 2016 Certificates (the “Closing Date”), CDOT will use a portion of the proceeds of the Series 2016 Certificates to reimburse itself for the prior purchase of approximately 2.99 acres of real property located in the City and County of Denver (the “Denver Site,” and together with the Denver Headquarters Building, the “Denver Leased Property”) from the Metropolitan Football Stadium District (the “Stadium District”). CDOT will construct, improve and equip the Denver Headquarters Building on the Denver Site. Concurrently with the execution and delivery of the Series 2016 Certificates, CDOT will lease the Denver Site to the Trustee pursuant to a site lease, to be dated as of the Closing Date (the “Site Lease”). The Trustee will in turn lease the Denver Site and the Denver Headquarters Building (which CDOT will agree to construct and improve pursuant to the Lease) to CDOT pursuant to the Lease. The Denver Headquarters Building will generally consist of a five-story, 175,000 square-foot office building, that will have capacity for approximately 776 full-time employees, a four-story parking garage that will accommodate approximately 428 vehicles and a surface parking lot for approximately 76 vehicles. See “PLAN OF FINANCE—The Project” and “THE LEASED PROPERTY.”

The Lease will have a maximum term of [] years, consisting of the initial term commencing on the date of execution of the Lease and extending through June 30, 2017 (the “Initial Term”), plus [] successive one year terms (each a “Renewal Term”) coinciding with CDOT’s July 1/June 30 fiscal year (the “Fiscal Year”). The Initial Term plus all Renewal Terms as to which CDOT exercises its option to renew are referred to herein collectively as the “Lease Term.” Pursuant to the Lease, CDOT will agree to pay to the Trustee during the Lease Term base rentals (the “Base Rentals”) for the use and possession of the Denver Leased Property (and together with any Sites and Improvements added to the Lease, the “Leased Property”) in an annual amount equal to the principal of and interest due on the Series 2016 Certificates, together with certain administrative and other costs incident to the Lease and the Indenture (“Additional Rentals”). The Base Rentals and Additional Rentals are payable solely from amounts annually allocated therefor by the Transportation Commission, in its sole discretion, from the State Highway Fund, pursuant to Section 43-1-212, Colorado Revised Statutes. The Transportation Commission may determine each year not to allocate moneys for the payment of Base Rentals and Additional Rentals for the following Fiscal Year, and CDOT will be considered to have terminated its obligations under the Lease (an “Event of Nonallocation”). See “—Security and Sources of Payment for the Series 2016 Certificates” below and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Payments by CDOT Under the Lease.”

Certain provisions of the Site Lease and the Lease are summarized in this Official Statement, and the forms of such documents are appended to this Official Statement as Appendix A. See also “PLAN OF FINANCE,” “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE” and “THE LEASED PROPERTY.”

As of the Closing Date, the Leased Property will only consist of the Denver Leased Property. See “THE LEASED PROPERTY.”

The Series 2016 Certificates

Authorization. The Series 2016 Certificates will be executed and delivered by the Trustee pursuant to the Indenture and under authority granted by the Constitution of the State of Colorado (the “State Constitution”) and laws of the State. See generally “THE SERIES 2016 CERTIFICATES” and the form of the Indenture appended to this Official Statement as Appendix A.

General Provisions. The Series 2016 Certificates will be dated 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 and extraordinary mandatory redemption prior to maturity as described in “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity.”

The Series 2016 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 June 15 and December 15, commencing June 15, 2017 (each an “Interest Payment Date”).

Book-Entry Only Registration. The Series 2016 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 2016 Certificates. Ownership interests in the Series 2016 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 2016 Certificates and various other matters by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2016 CERTIFICATES—DTC Book-Entry System” and “APPENDIX I—DTC BOOK-ENTRY SYSTEM.” References herein to the registered owners of the Series 2016 Certificates 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 2016 Certificates will be made by the Trustee, as paying agent for the Series 2016 Certificates, to Cede & Co., as the Owner of the Series 2016 Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX I—DTC BOOK-ENTRY SYSTEM.”

Security and Sources of Payment for the Series 2016 Certificates

Limited Obligations. The Series 2016 Certificates evidence proportionate interests in the right to receive, and are payable solely from, Revenues consisting of the annually allocated Base Rentals and certain other amounts payable by CDOT under the Lease (but not Additional Rentals), as well as certain other amounts that may be received by the Trustee under the Lease and the Indenture as described herein,

including moneys held by the Trustee in certain Funds established by the Indenture. Revenues will include, in addition to the Base Rentals, the purchase option price (if paid) by CDOT under the Lease (the “Purchase Option Price”), the net proceeds received from insurance, condemnation awards, contracts or other sources as a consequence of certain events of property damage, breach of warranty, material defect or title defect regarding the Leased Property (the “Net Proceeds”), and moneys derived from the Trustee’s exercise of remedies provided in the Lease and the Indenture in the event of the occurrence of an Event of Nonallocation, an event of default under the Lease (a “Lease Event of Default”) or an event of default under the Indenture (an “Indenture Event of Default”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Limited Obligations; Revenues—Payments by CDOT Under the Lease,” “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease” and “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Extraordinary Mandatory Redemption.”

The Indenture provides that the Series 2016 Certificates do not constitute a mandatory charge or requirement of CDOT in any Fiscal Year beyond a Fiscal Year in which the Lease is in effect, and do not constitute or give rise to a general obligation or other indebtedness of CDOT or the State, or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of CDOT or the State, within the meaning of any constitutional or statutory debt provision or limitation. No provision of the Series 2016 Certificates, the Indenture, the Lease, the Site Lease or any other document or instrument may be construed or interpreted: (a) to directly or indirectly obligate CDOT or the State to make any payment in any Fiscal Year in excess of amounts allocated by the Transportation Commission for Base Rentals and Additional Rentals for such Fiscal Year; (b) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of CDOT or the State within the meaning of Section 3 of Article XI of the State Constitution, Section 20 of Article X of the State Constitution (see “STATE FINANCIAL INFORMATION—Taxpayer’s Bill of Rights”) or any other limitation or provision of the State Constitution, State statutes or other State law; (c) as a delegation of governmental powers by CDOT or the State; (d) as a loan or pledge of the credit or faith of CDOT or the State or as creating any responsibility by CDOT or the State for any debt or liability of any person, company or corporation within the meaning of Section 1 of Article XI of the State Constitution; or (e) as a donation or grant by CDOT or the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution. The execution and delivery of the Series 2016 Certificates will not directly or indirectly obligate CDOT to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those allocated by the Transportation Commission for CDOT’s then current Fiscal Year.

Payments by CDOT Under the Lease. The primary source of payment of the Series 2016 Certificates is expected to be the Base Rentals paid by CDOT under the Lease during the Lease Term. Payment of Base Rentals, Additional Rentals and all other payments by CDOT will constitute currently allocated expenditures of CDOT, and pursuant to applicable statutes and subject to the terms of the Lease, CDOT will be obligated to pay such amounts during the Lease Term only from and to the extent of moneys allocated therefor by the Transportation Commission, in its sole discretion, from the State Highway Fund, pursuant to Section 43-1-212, Colorado Revised Statutes. The obligations of CDOT to pay Base Rentals, Additional Rentals and other amounts under the Lease do not constitute an indebtedness of CDOT or the State within the meaning of any provision of the constitution or laws of the State concerning or limiting the creation of indebtedness of CDOT or the State, nor do such obligations constitute a multiple fiscal year direct or indirect debt or other financial obligation of CDOT or the State within the meaning of Section 3 of Article XI of the State Constitution or Section 20 of Article X of the State Constitution (see “STATE FINANCIAL INFORMATION—Taxpayer’s Bill of Rights”) or any other limitation or provision of the State Constitution or statutes. In the event the Transportation Commission does not allocate sufficient funds for the Base Rentals and any Additional Rentals estimated to become due in a Fiscal Year, CDOT will be considered to have terminated the Lease, and the sole

security available to the Trustee, as lessor under the Lease, will be the Leased Property and the rights of the Trustee to exercise the remedies of the Trustee in respect of the Leased Property as provided in the Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Payments by CDOT Under the Lease” and “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—Payments by CDOT—Limitations on Obligations of CDOT” and “—The Lease—Lease Term—Event of Nonallocation.”

CDOT has the option under the Lease at any time to purchase the Trustee’s leasehold interest in the Leased Property, and thereby terminate the Lease, by paying to the Trustee the Purchase Option Price, being an amount sufficient to redeem or defease all the outstanding Series 2016 Certificates and any Additional Certificates executed and delivered pursuant to the Indenture as described in “SECURITY OF SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Additional Certificates” and pay all Additional Rentals payable through the date on which the Leased Property is conveyed to CDOT or its designee. See “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—CDOT’s Purchase Option.”

If the Lease is terminated as the result of the occurrence of an Event of Nonallocation or a Lease Event of Default, the Lease will terminate, CDOT will be required to vacate the Leased Property within 90 days and the Trustee may thereupon exercise any of the remedies provided in the Lease, including the sale or assignment of the Trustee’s leasehold interest under the Site Lease or the re-letting of the Leased Property. See also “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—Lease Term” and “RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS.”

Legal and Tax Matters

Kutak Rock LLP is serving as special counsel to CDOT and the State Treasurer (“Special Counsel”) in connection with the execution and delivery of the Series 2016 Certificates and will deliver its approving opinion substantially in the form appended to this Official Statement as Appendix H. Kutak Rock LLP also has served as disclosure counsel to CDOT and the State Treasurer in connection with this Official Statement. Certain legal matters will be passed upon for CDOT and the State Treasurer by the Attorney General of the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Butler Snow LLP.

In the opinion of Special Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by CDOT with certain covenants, the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Additionally, in the opinion of Special Counsel, under existing State of Colorado statutes, to the extent the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates, is excluded from gross income for federal income tax purposes, such portion of the Base Rental is excluded from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See generally “LEGAL MATTERS,” “TAX MATTERS” and “APPENDIX H—FORM OF OPINION OF SPECIAL COUNSEL.”

Investment Considerations

An investment in the Series 2016 Certificates involves risk. Prospective investors must read this Official Statement in its entirety, giving particular attention to the matters discussed in “RISKS AND

OTHER INVESTMENT CONSIDERATIONS,” in order to obtain information essential to the making of an informed investment decision.

Continuing Disclosure

In connection with the execution and delivery of the Series 2016 Certificates, the State, acting by and through the State Treasurer, will enter into a Continuing Disclosure Undertaking, the form of which is appended to this Official Statement as Appendix G, pursuant to which the State will agree for the benefit of the Owners and Beneficial Owners of the Series 2016 Certificates to file with the Municipal Securities Rulemaking Board (the “MSRB”) via its Electronic Municipal Market Access (“EMMA”) system (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, 2016, and (ii) notices of the occurrence of enumerated events within ten business days of their occurrence. See “CONTINUING DISCLOSURE—Series 2016 Certificates” and “APPENDIX G—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

For a discussion of the recent compliance by CDOT and the State with its continuing disclosure undertakings, see “CONTINUING DISCLOSURE—Compliance With Continuing Disclosure Undertakings.”

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared by Development Research Partners, Inc. for use by the State Treasurer. See “APPENDIX E—CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.” Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. Neither CDOT nor the State assume any responsibility for the accuracy, completeness or fairness of such information. The information in such appendix has been included in the 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 such appendix in its entirety for information with respect to the economic and demographic status of the State.

Additional Information

Brief descriptions of the Series 2016 Certificates, the Indenture, the Lease, the Site Lease and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument in its entirety. The forms of the Indenture, the Lease and the Site Lease are appended to this Official Statement as Appendix A. During the offering period, copies of other documents referred to herein may be obtained from CDOT’s Financial Advisor at: Stifel, Nicolaus & Company, Incorporated, at 1125 17th Street, Suite 1600, Denver, Colorado 80202, telephone number: (303) 291-5288.

Forward Looking Statements

This Official Statement, including, but not limited to, the information set forth in “COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION,” “STATE FINANCIAL INFORMATION—Pension and Post-Employment Benefits,” “APPENDIX D—OSPB SEPTEMBER 2016 REVENUE FORECAST” and “APPENDIX F—STATE PENSION SYSTEM” contains statements relating to future results that are “forward looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar

expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Neither CDOT nor the State plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

Miscellaneous

The cover page, inside front cover, prefatory information and the appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of CDOT, the State, the State Treasurer or the Underwriters. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof. 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.

CDOT and the State maintain certain websites, the information on which is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016 Certificates.

The Trustee, by acceptance of its duties as Trustee under the Indenture, has not reviewed this Official Statement and has made no representations as to the information contained herein.

This Official Statement shall not be construed as a contract or agreement between CDOT, the State or the State Treasurer and the Owners or Beneficial Owners of the Series 2016 Certificates.

PLAN OF FINANCE

Plan of Finance

The net proceeds derived from the offering and sale of the Series 2016 Certificates will be used to (i) reimburse CDOT for the prior purchase of the Denver Site, (ii) finance the acquisition, construction, improvement and equipping of the Denver Headquarters Building, (iii) fund capitalized interest on the Series 2016 Certificates through June 15, 2018, and (iv) pay the Costs of Execution and Delivery.

The Project

The "Project" will consist of the purchase of the Denver Site (approximately 2.99 acres) and the design, construction and equipping of the Denver Headquarters Building. The Denver Headquarters Building will generally consist of a five-story, 175,000 square-foot office building, a four-story parking garage that will accommodate approximately 428 vehicles and a surface parking lot for approximately 76 vehicles. The office building will have approximately 35 private offices and an open office environment for the remainder of the employees, and various conference rooms and an auditorium. The office building will have capacity for approximately 776 full-time employees. CDOT has entered into a Design/Build

Guaranteed Maximum Price Contract with J.E. Dunn Construction Company. As of the date of this Official Statement, [100]% of the design and engineering work has been completed for the Denver Headquarters Building, and construction is expected to begin in December 2016 and be completed in April 2018.

The purchase of the Denver Site and the design, construction and equipping of the Denver Headquarters Building is budgeted at approximately \$70 million. The Denver Site was purchased on [____], 2016, from the Stadium District for \$6 million. The design, construction and equipping of the Denver Headquarters Building is budgeted at approximately \$64 million (including approximately \$4.4 million for furniture, fixtures and equipment and approximately \$3.4 million for contingency). All costs of the Project will be paid with the proceeds of the Series 2016 Certificates, but the furniture, fixtures and equipment will not be included in the Leased Property under the Lease.

See “THE LEASED PROPERTY—Denver Leased Property.”

Sale of CDOT’s Current Headquarters and Other Buildings

CDOT’s current Main Headquarters is located in Denver in a building that was constructed in the 1950’s that houses approximately 500 employees. Additionally, CDOT’s current District 1 Regional headquarters building is located in Denver in a building that was constructed in 1956 that houses approximately 130 employees. In order for CDOT to remain in these buildings substantial improvements would be required to be made to the buildings. After reviewing several options, CDOT decided that its best option was to purchase the Denver Site, construct the Denver Headquarters Building on that site and consolidated its Main headquarters and its District 1 Regional headquarters into one building. Some functions currently undertaken at the current Main Headquarters and the District 1 Regional headquarters are expected to be relocated to other CDOT facilities. After the Denver Headquarters Building is completed and CDOT has moved into the office building (currently expected to be in April 2018), CDOT plans to sell the current Main Headquarters Building and the current District 1 Regional headquarters building. At the time of sale of the current Main Headquarters Building and the current District 1 Regional headquarters building, CDOT may, but is not required to, use the proceeds of such sale, along with certain other moneys CDOT expects to receive from the sale of certain other properties, to redeem all or a portion of the Series 2016 Certificates maturity on June 15, 20__ and June 15, 20__. CDOT currently expects to receive approximately \$21 million of sale proceeds. See “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Optional Redemption.”

Estimated Sources and Uses of Funds

The following table sets forth the anticipated sources and uses of funds in connection with this financing.

Sources

Principal of Series 2016 Certificates	\$
Original Issue Premium/(Discount)	
Total Sources	\$ <u> </u>

Uses

Deposit to Project Account	\$
Capitalized Interest	
Costs of Execution and Delivery and Underwriters' Discount ¹	
Total Uses	\$ <u> </u>

¹ Such amount (other than Underwriters' discount) will be deposited to the Costs of Execution and Delivery Account of the Construction Fund and will be used to pay costs of issuance including legal fees, rating agency fees, printing costs and financial advisor's fees. For information with respect to the Underwriters' discount, see "UNDERWRITING."

THE SERIES 2016 CERTIFICATES

The following is a summary of certain provisions of the Series 2016 Certificates during such time as the Series 2016 Certificates are subject to the DTC book-entry system. Reference is hereby made to the Indenture, the form of which is appended to this Official Statement as Appendix A, for the detailed provisions pertaining to the Series 2016 Certificates, including provisions applicable in the event of the discontinuance of participation in the DTC book-entry system.

General Provisions

The Series 2016 Certificates will be executed and delivered by the Trustee in the aggregate principal amount of \$[PAR]^{*} pursuant to the Indenture and under authority granted by the State Constitution and laws of the State, including, without limitation, Section 43-1-212, Colorado Revised Statutes, as amended ("C.R.S.") (the "Enabling Legislation").

The Series 2016 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 and extraordinary mandatory redemption prior to maturity as described in "—Redemption Prior to Maturity" below.

Interest on the Series 2016 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 2016 Certificates and will be payable semiannually on each Interest Payment Date, being each June 15 and December 15, commencing June 15, 2017.

DTC Book-Entry System

The Series 2016 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 2016 Certificates. Beneficial Ownership Interests in the Series 2016 Certificates, in non-certificated book-entry only form, may be purchased in Authorized

^{*} Preliminary; subject to change.

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 Series 2016 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 I—DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2016 Certificates are payable by the Trustee, as paying agent for the Series 2016 Certificates, to Cede & Co., as the Owner of the Series 2016 Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX I—DTC BOOK-ENTRY SYSTEM.”

None of the Trustee, CDOT, the State or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant, (b) 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 2016 Certificates under the Indenture, (c) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Series 2016 Certificates, (d) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2016 Certificates or (e) any other related matter.

Redemption Prior to Maturity

Optional Redemption. The Series 2016 Certificates will be subject to optional redemption prior to maturity as follows:

(a) the Series 2016 Certificates maturing on June 15, 20__ and June 15, ___ will be subject to redemption prior to maturity on June 15, 20[19], and on any date thereafter, in whole or in part in Authorized Denominations, and if in part by lot within such maturity, at a redemption price equal to the principal amount of such Series 2016 Certificates redeemed plus accrued interest to the redemption date, without premium; and

(b) the Series 2016 maturing on or after June 15, 20__ (other than the Series 2016 Certificates maturing on June 15, 20__ and June 15, 20__) will be subject to redemption prior to maturity on June 15, 20__, and any date thereafter, in whole or in part in Authorized Denominations, and if in part, in such order of maturities as CDOT directs and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2016 Certificates to be redeemed plus accrued interest to the redemption date, without premium. See also “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—CDOT’s Purchase Option.”

Mandatory Sinking Fund Redemption. The Series 2016 Certificates maturing on June 15, 20[___] (the “Series 2016 Term Certificates”) are subject to mandatory sinking fund redemption on June 15 of the years and in the principal amounts set forth below at a redemption price equal to the principal amount thereof (with no premium), plus accrued interest to the redemption date. The Series 2016 Certificates maturing on a particular date will be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2016 Certificates maturing on such date, rounded to the nearest Authorized Denomination.

**Mandatory Sinking Fund
Redemption Date
(June 15)**

**Principal
Amount**

* Maturity Date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory sinking fund redemption date, CDOT may (i) deliver to the Trustee for cancellation any Series 2016 Certificates with the same maturity date as the Series 2016 Term Certificates and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Series 2016 Certificates with the same maturity date as the Series 2016 Term Certificates which prior to such date have been redeemed (otherwise than by mandatory sinking fund redemption) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2016 Certificate so delivered or previously redeemed will be credited at the principal amount thereof to the mandatory sinking fund redemption obligation on the mandatory sinking fund redemption dates by lot, and the principal amount of Series 2016 Term Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.

Extraordinary Mandatory Redemption. The Series 2016 Certificates are subject to mandatory redemption in whole upon the occurrence of any of the following events:

- (a) the Lease is terminated following an Event of Nonallocation;
- (b) the Lease is terminated following a Lease Event of Default; or
- (c) (i) any portion of the Leased Property is destroyed or damaged by fire or other casualty, (ii) title to, or the temporary or permanent use of, any portion of the Leased Property or the estate of CDOT or the Trustee in any portion of the Leased Property, is taken under the exercise of the power of eminent domain by any governmental body or by any person or entity acting under governmental authority, (iii) a breach of warranty or any material defect with respect to any portion of the Leased Property becomes apparent, or (iv) title to or the use of any portion of the Leased Property is lost by reason of a defect in the title thereto (referred to in the Indenture as a “Property Damage, Defect or Title Event”); and both (A) the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such event are insufficient to pay in full the cost of repairing or replacing the Leased Property, and (B) CDOT does not elect to (1) to use the Net Proceeds and other moneys paid by CDOT as Additional Rentals to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property with property of a value equal to or in excess of the value of such portion of the Leased Property; (2) apply the Net Proceeds to the payment by CDOT of the Purchase Option Price for the entire Leased Property or such portion of the Leased Property, or (3) substitute property for the affected portion of the Leased Property. See also “THE LEASED PROPERTY—Operation and Maintenance of the Leased Property; Insurance—Property Damage, Defect or Title Events.”

If called for extraordinary mandatory redemption, the outstanding Series 2016 Certificates are to be redeemed in whole on such date or dates as the Trustee may determine and for a redemption price

equal to the principal amount of the Series 2016 Certificates redeemed plus accrued interest to the redemption date (subject to the availability of funds).

If the Net Proceeds, including the Net Proceeds from the exercise of any remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all the outstanding Series 2016 Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the outstanding Series 2016 Certificates, and upon indemnification as provided in the Indenture, without any further demand or notice, the Trustee is required to, exercise all or any combination of remedies provided in the Lease, and the Series 2016 Certificates are to be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such remedies under the Lease and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Series 2016 Certificates. IF THE NET PROCEEDS RESULTING FROM THE EXERCISE OF SUCH REMEDIES UNDER THE LEASE AND OTHER MONEYS ARE INSUFFICIENT TO REDEEM THE OUTSTANDING SERIES 2016 CERTIFICATES AT 100% OF THE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, THEN THE NET PROCEEDS RESULTING FROM THE EXERCISE OF SUCH REMEDIES UNDER THE LEASE AND OTHER MONEYS ARE TO BE ALLOCATED PROPORTIONATELY AMONG THE OUTSTANDING SERIES 2016 CERTIFICATES ACCORDING TO THE PRINCIPAL AMOUNT THEREOF OUTSTANDING. IF THE SERIES 2016 CERTIFICATES ARE REDEEMED UPON THE OCCURRENCE OF AN EVENT DESCRIBED ABOVE FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2016 CERTIFICATES PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE SERIES 2016 CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF THE SERIES 2016 CERTIFICATES WILL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR CDOT.

Notice of Redemption. Whenever Series 2016 Certificates are to be redeemed under any provision of the Indenture, the Trustee is required to mail a copy of the redemption notice, containing the information required by the Indenture, by Electronic Means or by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the redemption date (except for Extraordinary Mandatory Redemption, which notice is to be immediate), to all Owners of the Series 2016 Certificates to be redeemed (initially only Cede & Co.) at their registered addresses. The Trustee is also required to make available to CDOT and any Owner at all reasonable times information as to Series 2016 Certificates which have been redeemed or called for redemption.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2016 Certificates called for redemption, and that if such funds are not available, such redemption will be canceled by written notice to the Owners of the Series 2016 Certificates called for redemption in the same manner as the original redemption notice was given.

During such time as the Series 2016 Certificates are subject to the DTC book-entry system, the Trustee will be required to send notices of redemption of the Series 2016 Certificates only to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2016 Certificates properly called for redemption or any other action premised on that notice.

Redemption Payments. On or prior to the date fixed for redemption, funds are required to be deposited with the Trustee to pay the redemption price of the Series 2016 Certificates called for redemption. Upon the giving of notice and the deposit of such funds available for redemption pursuant to the Indenture (which in certain cases as described above may be less than the full principal amount of the outstanding Series 2016 Certificates and accrued interest thereon to the redemption date), interest on the Series 2016 Certificates, or portions thereof, being redeemed will cease to accrue.

BASE RENTALS AND SERIES 2016 CERTIFICATES PAYMENT SCHEDULE

Set forth in the following table is a schedule of the Base Rentals relating to the Leased Property to become due and payable under the Lease if the Lease is renewed by CDOT for the full Lease Term, which also constitutes the payment schedule for the Series 2016 Certificates. See also “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Optional Redemption.”

Base Rentals and Series 2016 Certificate Payment Schedule

Fiscal Year Ended June 30	Principal²	Interest^{2,3}	Total
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Total ¹			

¹ Totals may not sum due to rounding.

² Principal of the Series 2016 Certificates is payable on June 15 and interest on the Series 2016 Certificates is payable on June 15 and December 15. The Principal Portion and Interest Portion of the Base Rentals are payable by CDOT during the Lease Term [three] business days prior to the related principal and interest payment dates on the Series 2016 Certificates.

³ Includes capitalized interest to be paid from proceeds of the Series 2016 Certificates through June 15, 2018.

Source: The Financial Advisor

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES

Limited Obligations; Revenues

The Series 2016 Certificates evidence proportionate interests in the right to receive Revenues and are secured by and payable solely from the Trust Estate.

The Trust Estate is defined in the Indenture as:

- (a) all rights, title and interest of the Trustee in, to and under the Site Lease and the Lease relating to the Leased Property, subject to Permitted Encumbrances (other than the

Trustee's rights to payment of its fees and expenses under the Site Lease and the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);

- (b) all Revenues and any other receipts receivable by or on behalf of the Trustee pursuant to the Lease, including, without limitation, all Base Rentals, the Purchase Option Price and Net Proceeds;
- (c) all Additional Rentals that are payable to the Trustee for the benefit of the Certificate Owners;
- (d) all right, title and interest of the Trustee in, to and under all Project Contracts, which, immediately upon execution and delivery will automatically be included in the Trust Estate; and;
- (e) all money and securities from time to time held by the Trustee under the Indenture in the Base Rentals Fund and the Construction Fund (but not the Rebate Fund, or any defeasance escrow fund or account established pursuant to the Indenture), any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security under the Indenture, by any person in favor of the Trustee, which will accept any and all such property and hold and apply the same subject to the terms hereof.

The Revenues are defined in the Indenture as:

- all amounts payable by or on behalf of CDOT or with respect to the Leased Property pursuant to the Lease, including, but not limited to, all Base Rentals, any prepayments of Base Rentals under the Lease, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; and
- any moneys and securities, including investment income, held by the Trustee in the Funds established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

See generally “—Payments by CDOT Under the Lease, “—Base Rentals Fund” and “—Construction Fund” under this caption, as well as “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—CDOT’s Option to Purchase the Trustee’s Interest in the Leased Property Under Certain Circumstances.”

The Indenture provides that the Series 2016 Certificates do not constitute a mandatory charge or requirement of CDOT in any Fiscal Year beyond a Fiscal Year in which the Lease is in effect, and do not constitute or give rise to a general obligation or other indebtedness of CDOT or the State or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of CDOT or the State, within the meaning of any constitutional or statutory debt provision or limitation. No provision of the Series 2016 Certificates, the Indenture, the Lease, the Site Lease or any other document or instrument is to be construed or interpreted: (i) to directly or indirectly obligate CDOT or the State to make any payment in any Fiscal Year in excess of amounts allocated by the Transportation Commission for Base Rentals and Additional Rentals for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of CDOT or the State within the meaning of Section 3 of Article XI of the State Constitution, Section 20 of Article X of the State Constitution (see “STATE FINANCIAL INFORMATION—Taxpayer’s Bill of Rights”) or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by CDOT or

the State; (iv) as a loan or pledge of the credit or faith of CDOT or the State or as creating any responsibility by CDOT or the State for any debt or liability of any person, company or corporation within the meaning of Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by CDOT or the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

The execution and delivery of the Series 2016 Certificates will not directly or indirectly obligate CDOT to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those allocated by the Transportation Commission for CDOT's then current Fiscal Year.

Payments by CDOT Under the Lease

The primary source of payment of the Series 2016 Certificates is expected to be the Base Rentals paid by CDOT. Pursuant to the Lease, CDOT agrees to pay to the Trustee during the Lease Term, Base Rentals for the use and possession of the Leased Property in an annual amount equal to the principal of and interest due on the Series 2016 Certificates. CDOT's obligation under the Lease to pay Base Rentals is subject to CDOT's annual right to terminate the Lease upon the occurrence of an Event of Nonallocation.

CDOT also has the option, but not the obligation, to terminate the Lease at any time by paying the Purchase Option Price.

CDOT may pay the Base Rentals, Additional Rentals and other obligations under the Lease solely from amounts annually allocated therefor by the Transportation Commission, in its sole discretion, from the State Highway Fund, pursuant to Section 43-1-212, Colorado Revised Statutes. However, the Lease does not, and may not be construed to, pledge or create a lien on any class or source of moneys of CDOT to the payments of CDOT's obligations under the Lease.

All payment obligations of CDOT under the Lease, including, but not limited to, payment of Base Rentals and Additional Rentals, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond CDOT's then current Fiscal Year. Payment of Base Rentals, Additional Rentals and all other payments by CDOT under the Lease will constitute currently allocated expenditures of CDOT. All obligations of CDOT under the Lease are subject to the action of the Transportation Commission in annually making moneys available for payments thereunder. The obligations of CDOT to pay Base Rentals and Additional Rentals and all other obligations of CDOT under the Lease are subject to allocation of moneys sufficient to pay the same by the Transportation Commission in its sole discretion, and will not be deemed or construed as creating an indebtedness of CDOT or the State within the meaning of any provision of the constitution or laws of the State concerning or limiting the creation of indebtedness of CDOT or the State, nor do such obligations constitute a multiple fiscal year direct or indirect debt or other financial obligation of CDOT or the State within the meaning of Section 3 of Article XI of the State Constitution or Section 20 of Article X of the State Constitution (see "STATE FINANCIAL INFORMATION—Taxpayer's Bill of Rights") or any other limitation or provision of the State Constitution or statutes. In the event CDOT does not renew the Lease, the sole security available to the Trustee, as lessor under the Lease, is the Leased Property and the rights of the Trustee to exercise the remedies in respect of the Leased Property provided in the Lease.

See "SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—Payments By CDOT—Event of Nonallocation—Limitations on Obligations of CDOT" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Application of Revenues and Other Moneys

The Indenture provides that all Base Rentals payable under the Lease and other Revenues are to be paid directly to the Trustee, and except for Net Proceeds to be applied pursuant to the provisions of the Lease, the Trustee is to deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund (described hereafter) in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Series 2016 Certificates on the next Interest Payment Date.

Base Rentals Fund

The Indenture establishes in the custody of the Trustee the “State of Colorado Colorado Department of Transportation Headquarters Facilities Lease Purchase Agreement Base Rentals Fund” (the “Base Rentals Fund”), which is to be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except for Net Proceeds that are required by the Lease to be applied to the costs of the repair, restoration, modification, improvement or replacement of Leased Property. Moneys in the Base Rentals Fund are to be used solely for the payment of the principal of and interest on the Series 2016 Certificates and any Additional Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except to the extent that such moneys are required to be deposited to the Rebate Fund as provided in the Lease, and the Trustee is to withdraw sufficient funds from the Base Rentals Fund to pay such amounts as the same become due and payable. Any moneys held in the Base Rentals Fund are to be invested by the Trustee in accordance with the provisions of the Indenture.

Construction Fund

The Indenture establishes in the custody of the Trustee the “State of Colorado Colorado Department of Transportation Headquarters Facilities Lease Purchase Construction Fund” (the “Construction Fund”), and, within such fund, a Costs of Execution and Delivery Account and a Project Account.

Project Account. Upon the delivery of the Series 2016 Certificates, proceeds of the Series 2016 Certificates will be deposited to the Project Account. Additionally, any excess moneys on deposit in the Costs of Execution and Delivery Account will be transferred to the Project Account. So long as no Lease Event of Default or Event of Nonallocation has occurred, moneys held in the Project Account are to be disbursed to pay the costs of the Project upon receipt of a requisition signed by a CDOT Representative and such other documents and certificates as the Trustee may reasonably request to evidence the proper expenditure of moneys from the Project Account. If CDOT exercises its option to purchase the entire Leased Property pursuant to the provisions of the Lease, CDOT will be permitted to apply any amounts still held in the Project Account toward the payment of the Purchase Option Price therefor.

Upon receipt of the written certificate from CDOT evidencing the occurrence of the completion of the Project, any moneys remaining in the Project Account will be transferred to the Base Rentals Fund and applied as a credit against Base Rental payments in accordance with the Lease.

If a Lease Event of Default or an Event of Nonallocation has occurred, the Trustee will either disburse moneys held in the Project Account as provided in the preceding paragraph or apply such moneys as provided in Article VII of the Indenture.

Costs of Execution and Delivery Account. Upon the delivery of the Series 2016 Certificates, proceeds of the Series 2016 Certificates will be deposited to the Costs of Execution and Delivery Account. So long as no Lease Event of Default or Event of Nonallocation has occurred, payments from

the Costs of Execution and Delivery Account will be made by the Trustee upon receipt of a statement or a bill for the provision of Costs of Execution and Delivery of the Series 2016 Certificates. So long as no Lease Event of Default or Event of Nonallocation has occurred, the Trustee will transfer to the Project Account all moneys that remain in the Costs of Execution and Delivery Account as of the date that is 180 days after the Closing Date.

Additional Certificates

So long as no Indenture Event of Default¹, Lease Event of Default or Event of Nonallocation has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the Indenture. The principal of any Additional Certificates is required to mature on June 15, and the interest payment dates therefor are to be the same as the Interest Payment Dates for the Series 2016 Certificates. Otherwise, the times and amounts of payment and prior redemption provisions, of Additional Certificates are to be as provided in the supplemental indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered, without the consent of or notice to the Owners of Outstanding Certificates, solely to provide moneys to fund either or both of the following:

- (a) the costs of acquiring, constructing, improving and/or installing any New Facility, or of acquiring a site for any New Facility (and costs reasonably related thereto);
- (b) the costs of making, at any time and from time to time, such substitutions, additions, modifications and improvements to the Leased Property as CDOT may deem necessary or desirable, and in accordance with the provisions of the Lease; or
- (c) refunding or refinancing of all or any portion of Outstanding Certificates (including the Series 2016 Certificates).

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee: (a) originally executed counterparts of a supplemental indenture and related amendments to the Site Lease and the Lease, which amendments shall, in the case of Additional Certificates issued for one of the purposes set forth in clause (a) of the previous paragraph, provide for the addition of the New Facility and include the amendments required by Section 9.05 of the Lease; (b) a commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the Additional Certificates and all other Outstanding Certificates, or such lesser amount as will be the maximum insurable value of the real property included in the Leased Property; (c) a written opinion of Special Counsel to the effect that: (i) the execution and delivery of the Additional Certificates has been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; (ii) the excludability of interest from gross income for federal income tax purposes on Outstanding Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and (iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Indenture Event of Default or a Lease Event of Default nor cause any violation of the covenants or representations set forth in the Indenture or in the Lease; (d) with respect to Additional Certificates being executed and delivered for the purpose set forth in clause (a) of the previous paragraph, a certificate by CDOT certifying that the Fair Market Value of the New Facility is at least 90% of the aggregate principal amount of such Additional Certificates; (e) with

¹ An Indenture Event of Default includes (a) the failure to pay the principal of, premium, if any, or interest on any Series 2016 Certificate or Additional Certificate when due, (b) an Event of Nonallocation. For more information about Indenture Events of Default and associated remedies, see Article VII of the form of the Indenture appended to this Official Statement.

respect to Additional Certificates being executed and delivered for the purpose set forth in clause (b) of the previous paragraph, the documents required by Section 8.05 or 8.06 of the Lease, as applicable; and (f) written directions from the underwriter, placement agent, purchaser or purchasers in respect of the Additional Certificates, together with written acknowledgment of CDOT to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

Each Additional Certificate executed and delivered pursuant to the Indenture will evidence a proportionate interest in the rights to receive the Revenues under the Indenture and will be ratably secured with all other Outstanding Certificates (including the Series 2016 Certificates) and in respect of all Revenues, and will be ranked *pari passu* with such Outstanding Certificates and with any subsequent series of Additional Certificates.

See “THE LEASED PROPERTY—Additional Leased Property” for a discussion of CDOT’s expectation to execute and deliver Additional Certificates to finance or refinance certain facilities located, or to be located, in Aurora, Pueblo, Greeley and Platteville.

SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE

The following is a summary of selected provisions of the Site Lease and the Lease. Certain other provisions of these documents are summarized elsewhere in this Official Statement. The following summary is qualified in its entirety by reference to the Site Lease and the Lease, the forms of which are appended to this Official Statement as Appendix A.

The Site Lease

The Site Lease, will be dated as of and entered into on the Closing Date by and between CDOT, as site lessor, and Zions Bank, a division of ZB, National Association, solely in its capacity as the Trustee under the Indenture, as site lessee. Pursuant to the Site Lease, CDOT will lease the Leased Property and any improvements located thereon as of the date of the Site Lease to the Trustee for a term of [__] years.

Term. The term of the Site Lease will commence on the date the Site Lease is executed and delivered and will expire upon the earliest of (a) June 30, 20[__], (b) payment or defeasance of all outstanding Certificates executed and delivered pursuant to the Indenture and conveyance of the Trustee’s leasehold interest in the Leased Property to CDOT pursuant to the Lease, or (c) conveyance of the Leased Property to CDOT pursuant to the Lease. See “—The Lease—CDOT’s Purchase Option” below. Upon termination of the Site Lease, all unaccrued obligations of the Trustee thereunder will terminate, but all obligations of the Trustee that have accrued thereunder prior to such termination will continue until discharged in full.

Rent. The Trustee is not obligated to pay any rent under the Site Lease. The consideration to CDOT for the right of the Trustee to use the Leased Property during the term of the Site Lease is the application by the Trustee of the proceeds of the Series 2016 Certificates to pay for the acquisition, construction and installation of the Leased Property and the Costs of Execution and Delivery.

Subleasing and Other Grants of Use. The Trustee is expressly authorized to lease or sublease the Leased Property to CDOT pursuant to the Lease. The Trustee is also expressly authorized to lease or sublease the Leased Property, to sell or assign its leasehold interest in the Leased Property or to create other interests in the Leased Property for the benefit of any other party in connection with the exercise of

the Trustee's remedies under the Lease and the Indenture following a Lease Event of Default, an Event of Nonallocation or an Indenture Event of Default.

Substitution of Other Property for the Leased Property. If CDOT substitutes other real property under the Lease for all or any portion of the Leased Property, the property so substituted under the Lease may also be substituted for the Leased Property under the Site Lease in any manner and on any terms determined by CDOT in its sole discretion.

Financial Obligations of Trustee Limited to Trust Estate. All financial obligations of the Trustee under the Site Lease, except those resulting from its negligence or willful misconduct, are limited to the Trust Estate.

Events of Default and Remedies. A "Site Lease Event of Default" will be deemed to have occurred upon failure by the Trustee to observe and perform any covenant, condition or agreement on its part to be observed or performed under the terms of the Site Lease for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Trustee by CDOT, unless CDOT consents in writing to an extension of such time prior to its expiration; provided, however, that: (a) if the failure stated in the notice cannot be corrected within the applicable period, CDOT may not withhold its consent to an extension of such time if corrective action is instituted within the applicable period and diligently pursued until the default is corrected; and (b) if, by reason of Force Majeure, the Trustee is unable in whole or in part to carry out any agreement in the Site Lease, the Trustee will not be deemed in default during the continuance of such inability; provided, however, that the Trustee is obligated, as promptly as legally and reasonably possible, to remedy the cause or causes preventing the Trustee from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances with respect to the Trustee will be solely within the discretion of the Trustee.

Whenever any Site Lease Event of Default has occurred and is continuing, CDOT may take one or any combination of the following remedial steps: (a) enforce any provision of the Site Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under the Site Lease by specific performance, writ of mandamus or other injunctive relief; and (b) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, subject, however, to the limitations on the obligations of the Trustee described in "Financial Obligations of Trustee Limited to Trust Estate" above.

No Merger. No merger of the Site Lease and the Lease will be deemed to occur as a result of the exercise of any remedy by CDOT under the Site Lease. So long as any of the Certificates are outstanding and unpaid in accordance with the terms thereof, (a) the Base Rentals payable to the Trustee under the Lease are to continue to be paid to the Trustee, except as provided in the Lease, and (b) the Site Lease will not be terminated except as described in "Term" above.

Amendments to the Site Lease. The Site Lease may be amended only in accordance with the provisions of the Indenture.

The Lease

The Lease will be dated as of and entered into on the Closing Date by and between Zions Bank, a division of ZB, National Association, solely in its capacity as the Trustee under the Indenture, as lessor, and CDOT, as lessee. Pursuant to the Lease, the Trustee will lease to CDOT the Trustee's leasehold estate in the Leased Property under the Site Lease.

Lease Term. The Lease Term will be comprised of (a) the Initial Term, which will commence on the date that the Lease is executed and delivered and end on June 30, 2017, plus (b) [___] successive one-year Renewal Terms that coincide with CDOT's Fiscal Year, subject to the provisions described below.

The Lease Term will expire upon the earliest of: (a) the day on which the final Base Rental payment is scheduled to be paid in accordance with the Lease; (b) June 30 of the Initial Term or of any Renewal Term during which an Event of Nonallocation has occurred; (c) the purchase of the Trustee's interest in all the Leased Property by CDOT pursuant to the Lease; or (d) termination of the Lease following a Lease Event of Default in accordance with the Lease. Notwithstanding clause (b) above, an Event of Nonallocation will not be deemed to occur if, on or before [August 15] of the ending Fiscal Year, (i) the Transportation Commission has allocated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonallocation, and (ii) CDOT has paid all Base Rentals and Additional Rentals due during the period from June 30 through the date of such allocation or authorization.

Upon termination of the Lease Term, all unaccrued obligations of CDOT under the Lease will terminate, but all obligations of CDOT that have accrued thereunder prior to such termination will continue until discharged in full; and if the termination occurs because of the occurrence of an Event of Nonallocation or a Lease Event of Default, CDOT's right to possession of the Leased Property thereunder will terminate and (i) CDOT, within 90 days, is to vacate the Leased Property; and (ii) if and to the extent the Transportation Commission has allocated funds for payment of Base Rentals and Additional Rentals payable during, or with respect to CDOT'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), CDOT is required to pay Base Rentals to the Trustee and Additional Rentals to the person entitled thereto. If the termination occurs because of the occurrence of an Event of Nonallocation or a Lease Event of Default, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property as further described in the forms of the Site Lease, the Lease and the Indenture appended to this Official Statement as Appendix A.

Payments by CDOT. Pursuant to the Lease, CDOT agrees to pay to the Trustee during the Lease Term Base Rentals for the use and possession of the Leased Property in an annual amount equal to the principal of and interest due on the Series 2016 Certificates, together with Additional Rentals constituting certain administrative and other costs incident to the Lease and the Indenture. Additional Rentals are to be paid directly to the persons to whom they are owed. The Base Rentals will be comprised of a Principal Portion and an Interest Portion.

The obligations of CDOT to pay Base Rentals and Additional Rentals during the Lease Term, to the extent allocated by the Transportation Commission and subject to the exceptions provided in the Lease, are absolute and unconditional and may not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between CDOT and the Trustee, or between CDOT or the Trustee and any other party relating to the Leased Property, CDOT will be obligated during the Lease Term to pay all Base Rentals and Additional Rentals when due and may not withhold any Base Rentals or Additional Rentals payable during the Lease Term pending final resolution of such dispute or assert any right of setoff or counter claim against its obligation to pay Base Rentals or Additional Rentals; provided, however, that the payment of any Base Rentals and Additional Rentals will not constitute a waiver by CDOT of any rights, claims or defenses which CDOT may assert. No action or inaction on the part of the Trustee is to affect CDOT's obligation to pay Base Rentals and Additional Rentals during the Lease Term.

Event of Nonallocation. The Executive Director of CDOT or such other officer of CDOT who is responsible for formulating budget proposals for CDOT with respect to payment of Base Rentals and

Additional Rentals is directed to (i) estimate the Additional Rentals payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Transportation Commission during the Lease Term; and (ii) include in each annual budget proposal submitted to the Transportation Commission during the Lease Term the entire amount of Base Rentals scheduled to be paid and the Additional Rentals estimated to be payable during the next ensuing Fiscal Year, it being the intention of CDOT that any decision to continue or to terminate the Lease will be made solely by the Transportation Commission, in its sole discretion, and not by any other department, agency or official of CDOT.

An Event of Nonallocation will be deemed to have occurred, subject to CDOT's right to cure as provided below, on June 30 of any Fiscal Year if the Transportation Commission has, on such date, failed, for any reason, to allocate sufficient amounts authorized and directed to be used to pay all Base Rentals scheduled to be paid and all Additional Rentals estimated to be payable in the next ensuing Fiscal Year. Notwithstanding the previous sentence, an Event of Nonallocation will not be deemed to occur if, on or before [August 15] of the next ensuing Fiscal Year, (i) the Transportation Commission has allocated or otherwise authorized the expenditure of amounts sufficient to avoid a Lease Event of Default, and (ii) CDOT has paid all Base Rentals and Additional Rentals due during the period from June 30 through the date of such allocation or authorization.

If CDOT determines to exercise its annual right to terminate the Lease or fails to budget sufficient moneys to pay the Base Rentals and estimated Additional Rentals for the ensuing Fiscal Year, CDOT is to give written notice to such effect to the Trustee by the earlier of May 15 of such Fiscal Year or 30 days from the adoption of its budget; provided, however, that the failure to give such notice will not (i) constitute a Lease Event of Default or an Indenture Event of Default, (ii) prevent CDOT from terminating the Lease or (iii) result in any liability on the part of CDOT.

Limitations on Obligations of CDOT and the State. Payment of Base Rentals and Additional Rentals and all other payments by CDOT are subject to the limitations described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Payments by CDOT Under the Lease."

No provision of the Series 2016 Certificates, the Indenture, the Lease the Site Lease or any other document or instrument is to be construed or interpreted (i) to directly or indirectly obligate CDOT or the State to make any payment in any Fiscal Year in excess of amounts allocated by the Transportation Commission for Base Rentals and Additional Rentals for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of CDOT or the State within the meaning of Section 3 of Article XI of the State Constitution, Section 20 of Article X of the State Constitution (see "STATE FINANCIAL INFORMATION—Taxpayer's Bill of Rights") or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by CDOT or the State; (iv) as a loan or pledge of the credit or faith of CDOT or State or as creating any responsibility by CDOT or the State for any debt or liability of any person, company or corporation within the meaning of Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by CDOT or the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

No provision of the Lease is to be construed to pledge or to create a lien on any class or source of moneys of CDOT, nor does any provision of the Lease restrict the future issuance of any obligations of CDOT, payable from any class or source of moneys of CDOT; provided, however, that the restrictions set forth in the Indenture will apply to the issuance of Additional Certificates.

CDOT's Purchase Option. The Lease grants to CDOT the option to purchase the Trustee's leasehold interest as to all, but not less than all, of the Leased Property, and thereby terminate the Lease,

by paying to the Trustee the Purchase Option Price, being an amount which is sufficient to: (a) redeem or defease all the outstanding Certificates; and (b) pay all Additional Rentals payable through the date on which the Leased Property is conveyed to CDOT or its designee pursuant to the Indenture. The Purchase Option Price will be reduced by any available moneys in the funds and accounts created under the Indenture.

In order to exercise its option to purchase all or a portion of the Leased Property pursuant to the Lease, CDOT is required to: (a) give written notice to the Trustee (i) stating that CDOT intends to purchase all or a portion of the Leased Property, as applicable, pursuant to the Lease, (ii) identifying the source of funds that CDOT will use to pay the Purchase Option Price and (iii) 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 (b) pay the Purchase Option Price to the Trustee in immediately available funds on the closing date.

CDOT has no obligation to exercise such purchase option. See also Article IX to the form of the Lease appended to this Official Statement as Appendix A.

Operation, Maintenance and Insurance of Leased Property. CDOT is obligated pursuant to the Indenture to pay taxes, if any, and utilities, to maintain casualty and property damage and public liability insurance in respect to the Leased Property, to maintain, preserve and keep the Leased Property in good repair, working order and condition, normal wear and tear excepted, and to make all necessary and proper repairs to the Leased Property except as otherwise provided in the Lease. CDOT is permitted to sublease all or any portion of the Leased Property, subject to compliance with its tax covenant in the Lease. See Articles VII and VIII of the form of the Lease appended to this Official Statement as Appendix A and “THE LEASED PROPERTY—Property Damage, Defects or Title Event.” See also “THE LEASED PROPERTY—Limitations on Use of Denver Leased Property.

Modifications to and Substitution of the Leased Property. The Lease permits CDOT, at its own expense, to make certain modifications to the Leased Property, and to substitute other property for the Leased Property with the consent of the Trustee. See Sections 8.05, 8.06 and 8.08 of the form of the Lease appended to this Official Statement as Appendix A and “THE LEASED PROPERTY—Substitution of Leased Property by CDOT.”

Personal Property. The Lease permits CDOT, at its own expense, to install equipment and other personal property in or on any portion of the Leased Property, which will not become part of the Leased Property unless it is permanently affixed to the Leased Property or its removal would materially damage the Leased Property.

General Covenants. In the Lease, CDOT will make various covenants regarding the Leased Property, as well as covenants designed to preserve the tax-exempt status of the interest on the Series 2016 Certificates. See generally Article IX of the form of the Lease appended to this Official Statement as Appendix A.

Financial Obligations of Trustee Limited to Trust Estate. All financial obligations of the Trustee under the Lease, except those resulting from its negligence or willful misconduct, are limited to the Trust Estate.

Lease Events of Default and Remedies. The Lease provides that any of the following will constitute a Lease Event of Default:

- (a) failure by CDOT to pay any specifically allocated Base Rentals to the Trustee on or before the applicable due date, provided that such failure will not constitute a Lease Event of

Default if such payment is received by the Trustee on or before the Business Day prior to the date on which principal or interest is payable on the Certificates;

(b) failure by CDOT to pay any Additional Rentals for which funds have been specifically allocated when due, or if such Additional Rentals are payable to a Person other than the Trustee, when nonpayment thereof has, or may have, a material adverse effect upon the Series 2016 Certificates, the Leased Property or the interest of the Trustee in the Leased Property;

(c) failure by CDOT to vacate the Leased Property within 90 days following an Event of Nonallocation;

(d) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of CDOT in all or any portion of this Lease or the Leased Property in violation of the Lease, or any succession to all or any portion of the interest of CDOT in the Leased Property in violation of the Lease; or

(e) failure by CDOT to observe and perform any covenant, condition or agreement, other than as referred to in clause (a), (b), (c) or (d) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied is given to CDOT by the Trustee, unless the Trustee consents in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee is not to withhold its consent to an extension of such time if corrective action has been instituted within the applicable period and is diligently pursued until the default is corrected.

Notwithstanding the foregoing, (i) CDOT will be obligated to pay Base Rentals and Additional Rentals only during the Lease Term, except as otherwise expressly provided in [Section 4.02(b)(ii)] of the Lease; and (ii) if, by reason of *Force Majeure*, CDOT is unable in whole or in part to carry out any agreement on its part contained in the Lease, other than its obligation to pay Base Rentals and Additional Rentals, CDOT will not be deemed in default during the continuance of such inability; provided, however, that CDOT is to, as promptly as legally and reasonably possible, remedy the cause or causes preventing CDOT from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances are to be solely within the discretion of CDOT.

Upon the occurrence and continuation of a Lease Event of Default, the Trustee may take one or any combination of the following remedial steps:

(i) terminate the Lease Term and give notice to CDOT to vacate the Leased Property;

(ii) sell or lease its interest in all or any portion of the Leased Property;

(iii) recover any of the following from CDOT that is not recovered pursuant to paragraph (ii) above: (A) the portion of Base Rentals and Additional Rentals payable pursuant to clause (b) of the last paragraph of "Lease Term" above; (B) the portion of Base Rentals for the then current Fiscal Year that has been specifically allocated by the Transportation Commission, regardless of when CDOT vacates the Leased Property; and (C) the portion of the Additional Rentals for the then current Fiscal year that has been specifically allocated by the Transportation Commission, but only to the extent such Additional Rentals are payable prior to the date, or are attributable to the use of the Leased Property prior to the date, CDOT vacates the Leased Property;

(iv) enforce any provision of the Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XII of the Lease by specific performance, writ of mandamus or other injunctive relief; and

(v) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Lease, subject, however, to the limitations on the obligations of CDOT provided in the Lease.

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

A judgment requiring a payment of money may be entered against CDOT by reason of a Lease Event of Default only as to certain liabilities of CDOT as described in the Lease. Likewise, a judgment requiring a payment of money may be entered against CDOT by reason of an Event of Nonallocation, or a failure to vacate the Leased Property following an Event of Nonallocation, only to the extent provided in clause (A) of paragraph (iii) above.

All property, funds and rights acquired by the Trustee upon the nonrenewal of the Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions and subject to certain priorities as provided in the Lease and the Indenture), are required to be used to redeem the Certificates, if and to the extent any such moneys are realized.

See Article XII of the form of the Lease appended to this Official Statement as Appendix A and “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

Amendments to the Lease. The Lease may be amended only in accordance with Article IX of the Indenture, the form of which is appended to this Official Statement as Appendix A.

No Individual Liability. All covenants, stipulations, promises, agreements and obligations of CDOT or the Trustee, as the case may be, contained in the Lease are the covenants, stipulations, promises, agreements and obligations of CDOT or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of CDOT, the State or the Trustee in his or her individual capacity, and no recourse is available on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of CDOT, the State or the Trustee or any natural person executing the Lease 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.

THE LEASED PROPERTY

Denver Leased Property

Description of the Denver Leased Property. The Denver Leased Property under the Site Lease and the Lease will consist of the site and improvements thereon comprising the Denver Site and CDOT’s new Main and District 1 Regional headquarters building to be located at 2829 West Howard Place in Denver, Colorado. The Denver Headquarters Building will generally consist of a five-story, 175,000 square-foot office building that will have capacity for approximately 776 full-time employees, a four-story parking garage that will accommodate approximately 428 vehicles and a surface parking lot for approximately 76 vehicles. The Denver Headquarters Building will be located directly adjacent to a light

rail stop that is four stops from the hub of the Regional Transportation District's light rail system. It also will be located near the intersection of two major arterial highways (Federal Boulevard and Colfax Avenue), and will be within a half mile of Colorado's major North/South Interstate (1-25). The Denver Site [will consists] of approximately 2.99 acres and a 0.462 acre access easement. Upon completion of the Denver Headquarters Building, CDOT expects the Denver Leased Property will have a Fair Market Value of approximately \$65,625,000. See "PLAN OF FINANCE—The Project."

Zoning and Entitlements of Denver Leased Property. The only uses allowed by the current zoning for the Denver Site are adult entertainment and sport or entertainment facility, coliseum, or exhibition building. All other uses must be approved by the City and County of Denver (the "City") through a special review application process. CDOT applied to the City, and the City approved, use of the Denver Site for a 175-000 square foot office building (non-dental/non-medical) by special review. CDOT, as a State entity, is not required to go through the entitlement process required by the City's zoning code. The City will only approve concept and engineering plans for the Denver Headquarters Building. As a State entity, CDOT also is not required to comply with the City's building regulations. The Denver Headquarters Building and the other improvements on the Denver Site will be constructed under the State Buildings Department requirements, which includes inspection and code compliance review and approval from a third-party independent code reviewer. Thus, the City will not issue a zoning permit, building permit or certificate of occupancy for the Denver Headquarters Building and the other improvements to be constructed on the Denver Site. The Denver Headquarters Building will exceed the maximum gross floor area limitation set forth in the City's zoning code. As a State entity, CDOT is not required to obtain a variance from the City zoning code for this exceedance. Thus, the Denver Headquarters Building will not comply with the City zoning code regarding maximum gross floor area. If CDOT is no longer the tenant of the Denver Headquarters Building, it is unclear whether the City will consider the Denver Headquarters Building to be a State building. If the Denver Headquarters Building is not a State building, the City planning department has indicated that the Denver Headquarters Building would be considered a non-compliant or non-conforming structure under the City's zoning code. In such an event, additional City restrictions will apply to the use and operation of the Denver Headquarters Building and the Denver Site and the ability of the Trustee to lease the Denver Headquarters Building and the Denver Site to someone other than CDOT may be difficult or impossible. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS"

Environmental Mitigation of the Denver Leased Property. A Phase I Environmental Site Assessment, as amended (the "Phase I") was conducted for the Denver Site through the City's Brownfields program. The Phase I identified a number of on-site and off-site Recognized Environmental Conditions ("RECs"), including lead and polynuclear aromatic hydrocarbon ("PAH") impact to soil; chlorinated volatile organic compound ("VOC") impact to groundwater; elevated concentrations of VOCs in soil gas, particularly benzene; and a layer of fill, observed to consist of coal fragments, brick and brick fragments, glass shards, wood fragments, and rubber. In addition to the Phase I, a Phase II Environmental Site Assessment (the "Phase II") was conducted for the Denver Site. The Phase II was designed to assess potential impacts to soil, groundwater, and soil gas at the Denver Site as a result of the RECs. Sampling locations were selected across the Denver Site, with bias to the south based on the RECs. Soil gas samples were biased to the proposed footprint for the Denver Headquarters Building. Cleanup or remediation of the Denver Site is not proposed. Rather, environmental impacts and associated exposure risk will be managed on-site. On-site management of the REC's will be accomplished through the use of a materials management plan, which will be applicable both during and after construction of the Denver Headquarters Building. The REC's also will be managed on-site by use of engineered barriers (i.e., pavement, "clean" soil cover, and a passive vapor mitigation system ("VMS")), and an institutional control (i.e., deed restriction or environmental covenant) post construction.

To proceed with on-site management of the REC's, a Colorado Voluntary Clean-Up Program ("VCUP") application, a tax credit notification letter, and an authorization letter from the property owners must be submitted to the Colorado Department of Health and Environment ("CDPHE") for its review and approval. CDPHE has up to 45 days to review the VCUP application. CDPHE provides a letter stating that the application has been approved for the property to enter into the VCUP. The VCUP for the Denver Site was submitted with CDPHE on October 11, 2016. [Status of VCUP and information on CDPHE approval to proceed to come.] After environmental-related activities are completed, a Completion Report is prepared and submitted to CDPHE to summarize the remediation activities. CDPHE has 45 days to review, approve, and provide a No Action Determination Letter (a "NAD Letter") if there are no comments or concerns. Environmental-related activities to the Denver Site are scheduled to begin in December 2016, and be completed by March 2017. Construction of the Denver Headquarters Building is tentatively scheduled to be completed by April 2018. A Completion Report will be required to be prepared and submitted to CDPHE once construction is complete. CDPHE has 45 days after submittal of the report to issue a NAD Letter. Once CDPHE issues a NAD Letter, the use of the Denver Leased Property will be limited to commercial use, with no groundwater use; and subject to materials management practices for future subsurface work, protective measures for the VMS, and maintenance of pavement and "clean cover" used as engineered barriers. A deed restriction or environmental covenant is planned for the Denver Leased Property, the use of which will establish ongoing controls, [and most likely restrict future use of the property to commercial office use]. An annual report will be required to be submitted to CDPHE. Any changes to the use of the Denver Leased Property or new construction would require additional CDPHE involvement. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Limitations on Use of Denver Leased Property (Purchase and Sale Agreement). Pursuant to that certain Purchase and Sale Agreement, executed and delivered by the Stadium District and CDOT (the "Denver Site Purchase Agreement"), the Stadium District sold, and CDOT purchased, the Denver Site on [_____], 2016 for a purchase price of \$5,999,999. CDOT will use a portion of the proceeds of the Series 2016 Certificates to reimburse itself for the \$5,999,999 it paid for the Denver Site. At the time of purchase of the Denver Site, the Stadium District and CDOT entered into a Post-Closing Agreement and Covenant (the "Post-Closing Agreement"), which will be binding upon any future users of the Denver Site and the Denver Headquarters Building. The Post-Closing Agreement includes, among other provisions, certain restrictions on the use of the Denver Leased Property. Certain of these restrictions include:

(a) CDOT will only use the Denver Leased Property as commercial, administrative and executive offices;

(b) the Denver Leased Property cannot be used for any of the following purposes, without the prior written consent of the Stadium District: adult amusement or entertainment; adult bookstores; adult theaters; sexually oriented commercial enterprises; gasoline filling stations; automobile repair; all residential uses; all hotels and lodging uses; hospitals; child care facilities; schools; retail sale of sport memorabilia or professional sports team clothing; sports restaurants or sports bars; marijuana sales; or marijuana cultivation, testing or storage; and

(c) the Stadium District has the right to repurchase the Denver Site (at a purchase price no less than the amount needed to fully defease the Series 2016 Certificates) if CDOT does not begin construction of the Denver Headquarters Building within one year of the effective date of the Post-Closing Agreement or CDOT does not complete construction of the Denver Headquarters Building within 3 years of the date CDOT begins grading on the Denver Site.

See "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Additions to Leased Property

The Leased Property also will include any and all additions or modifications to, or replacements of, the existing improvements, as well as any real property or buildings leased by CDOT to the Trustee pursuant to a future amendment to the Site Lease and leased by CDOT from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—Additional Certificates.”

As of the date of this Official Statement, CDOT expects to amend the Site Lease and the Lease during 2017, to add the following properties to the Leased Property: (a) several maintenance buildings that will be located in and constructed in Aurora, Colorado (the “Aurora Maintenance Facilities”), (b) its District 2 Regional headquarters building that will be located and constructed in Pueblo, Colorado (the “Pueblo Headquarters Building”), (c) its District 4 Regional headquarters building that is located in Greeley, Colorado (the “Greeley Headquarters Building”), and (d) a maintenance building located in Platteville, Colorado (the “Platteville Maintenance Facility”). In connection with amending the Site Lease and the Lease and adding these properties to the Leased Property, CDOT expects Additional Certificates will be executed and delivered in 2017 in the estimated aggregate principal amount of \$55 million (the “Series 2017 Certificates”). The proceeds of the Series 2017 Certificates will be used to construct and improve the Aurora Maintenance Facilities and the Pueblo Headquarters Building and to reimburse CDOT for the moneys it previously expended constructing and improving the Greeley Headquarters Building and the Platteville Maintenance Facility. However, CDOT may decide not to add these properties and facilities to the Site Lease, Lease and Leased Property and the Series 2017 Certificates may not be executed and delivered.

Aurora Maintenance Facilities. The Aurora Maintenance Facilities will be located on approximately 17.3 acres in Aurora, Colorado, at 18500 East Colfax Avenue. CDOT owns a total of approximately 33 acres at this location, but only expects to use 17.3 acres for the Aurora Maintenance Facilities. The Aurora Maintenance Facilities are expected to include seven buildings to support maintenance activities of CDOT, consisting of a water quality management training facility (1,700 square feet), a highway sign production shop (15,500 square feet), a traffic vehicle storage facility and office (10,000 square feet), a motor pool mechanic’s shop (17,080 square feet), a traffic signals shop and offices (6,500 square feet), a sand shed (4,000 square feet), and a magnesium chloride containment facility (2,000 square feet). Additionally, CDOT is expected to undertake a complete re-grading of the site to correct existing drainage problems. The re-grading work will include a large detention pond and piping to assist with site drainage. The total cost to construct, improve and equip the Aurora Maintenance Facilities (including the re-grading work) is projected to be approximately \$16 million.

Pueblo Headquarters Building. The Pueblo Headquarters Building will be located on approximately 12 acres in north Pueblo, Colorado on the northeast corner of the intersection of Outlook Boulevard and Wills Boulevard. The property is expected to be improved with an administrative building that will house both CDOT’s District 2 Regional headquarters and Colorado State Patrol employees. It also is expected to contain a heavy duty mechanics shop and a regional storeroom for CDOT (the “maintenance building”). The administrative building is expected to consist of 42,984 square feet, and the maintenance building is expected to consist of 53,982 square feet. The Colorado State Patrol portion of the buildings is expected to consist of 12,224 square feet and contain a 911 dispatch center, an evidence processing and storage facility, two garage bays and a trooper office. The buildings (both administrative and maintenance) will be able to accommodate approximately 140 full time employees. The total cost to construct, improve and equip the Pueblo Headquarters Building is projected to be approximately \$28.9 million.

Greeley Headquarters Building. The Greeley Headquarters Building is located on approximately 15 acres located in Greeley, Colorado at 10601 10th Street. The Greeley Headquarters Building consists of a 38,200 square foot administrative building, a 6,670 square foot light duty maintenance building, a storage space and evidence room for the Colorado State Patrol, and an 11,000 square foot vehicle storage facility building. The Greeley property also contains an approximately 5,000 square foot building that was existing before construction of the new buildings. The Colorado State Patrol occupies 4,400 square feet of the administrative building and approximately 1,355 square feet of the light duty maintenance building. The portions of the Greeley property leased to the Colorado State Patrol will not be part of the Site Lease or the Lease. Construction of the Greeley Headquarters Building was completed in November 2015 at a total cost of approximately \$17 million (\$1.3 million of which was paid by the Colorado State Patrol). The portions of the Greeley Headquarters Building used by the Colorado State Patrol will not be part of the Site Lease or the Lease.

Platteville Maintenance Facility. The Platteville Maintenance Facility is located on an approximately 57 acre parcel of land in Platteville, Colorado at 12897 CR 40. The Platteville Maintenance Facility consists of a 12-bay traffic and patrol building, a 40,000 square feet heavy duty mechanics shop and regional storeroom and a sand shed. The 12-bay building and heavy equipment mechanics shop and regional storeroom facility each include several offices, restrooms and other administrative type support functions. All of the buildings are pre-engineered metal buildings. The 12-bay building also includes to wash bays constructed with masonry walls. Construction of the Platteville Maintenance Facility was completed in November 2015 at a total cost of approximately \$8.2 million.

As currently contemplated by CDOT, following the execution and delivery of the Series 2017 Certificates, the Leased Property would include the following properties with the following Fair Market Values:

Leased Property	Land/Existing Buildings Value¹	Cost of Improvements²	Fair Market Value⁴
Denver Headquarters Building and Denver Site	\$ 5,999,999	\$ 59,625,000	\$ 65,624,999
Aurora Maintenance Facilities	2,068,773	16,024,000	18,092,773
Pueblo Headquarters Building	680,000	27,985,155	28,665,155
Greeley Headquarters Building	1,348,225	14,768,333 ³	16,116,558
Platteville Maintenance Facility	180,000	8,171,960 ³	8,351,960
Total	<u>\$10,276,997</u>	<u>\$126,574,448</u>	<u>\$136,851,445</u>

¹ Includes only land and building values. Value of Denver Site was determined pursuant to three independent appraisals. The value of the site upon which the Aurora Maintenance Facilities will be located was determined pursuant to a real estate broker's opinion. The site upon which the Pueblo Headquarters Building will be located was donated to CDOT and its value was determined pursuant to a real estate broker's opinion. The value of the site upon which the Greeley Headquarters Building is located was determined pursuant to the amount CDOT paid for the site. The value of the site upon which the Platteville Maintenance Facility is located was determined pursuant to the amount CDOT paid for the site.

² Does not include costs of furniture, fixtures or equipment. Cost of improvements are expected to be funded with proceeds of the Series 2016 Certificates and the Series 2017 Certificates.

³ Construction of the Greeley Headquarters Building and the Platteville Maintenance Facility were completed in 2015. Numbers shown are the actual costs to CDOT to construct the Greeley Headquarters Building and the Platteville Maintenance Facility, not including the costs of furniture fixtures and equipment, if any.

⁴ See definition of "Fair Market Value" in the Indenture, which is appended to this Official Statement as Appendix A.

Source: CDOT

Operation and Maintenance of the Leased Property; Insurance

The Lease obligates CDOT to maintain, preserve and keep the Leased Property in good repair, working order and condition, normal wear and tear excepted, and to make all necessary and proper repairs to the Leased Property except as otherwise provided in the Lease. In addition, the Lease requires that CDOT pay as Additional Rentals all of the expenses with respect to casualty and property damage insurance with respect to the Leased Property in an amount equal to the lesser of the current replacement value of the Leased Property or the outstanding principal amount of the Certificates (including the Series 2016 Certificates), and to maintain public liability insurance in respect of the activities undertaken by CDOT in connection with the Leased Property. See generally [Articles VII and VIII] of each of the forms of the Site Lease and the Lease, respectively appended to this Official Statement as Appendix A, as well as “Property Damage, Defect or Title Events” below and “LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE—Self-Insurance.”

Substitution of Leased Property by CDOT

The Lease permits CDOT to substitute other property for the Leased Property with the consent of the Trustee, subject to the conditions specified in [Sections 8.05 and 8.06] of the form of the Lease appended to this Official Statement as Appendix A.

Property Damage, Defect or Title Events

The Lease requires CDOT to repair, restore, modify, improve or replace any Leased Property that is (a) destroyed or damaged by fire or other casualty, (b) taken under the exercise of the power of eminent domain, (c) subject to a breach of warranty or a material defect or (d) subject to loss of title or use by reason of a defect in the title thereto, in all cases subject to the conditions specified in [Section 8.07] of the form of the Lease appended to this Official Statement as Appendix A. See also “Operation and Maintenance of the Leased Property; Insurance” above and “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Extraordinary Mandatory Redemption.”

THE COLORADO DEPARTMENT OF TRANSPORTATION

General

CDOT, in conjunction with the Transportation Commission and other State, local, federal, and private entities, is responsible for the planning, development, and construction of public highways and other components of the transportation network for the State. CDOT is established by State statute as an executive department of the State of Colorado, in order to provide strategic planning for Statewide transportation systems, to promote coordination among the different modes of transportation, to integrate governmental functions in order to reduce the costs incurred by the State in transportation matters, to obtain the greatest benefit from State expenditures by producing a Statewide transportation policy to address the Statewide transportation problems faced by Colorado, and to enhance the State’s prospects to obtain federal funds by responding to federal mandates for multi-modal transportation planning. CDOT works closely with the Transportation Commission, which is described in “The Transportation Commission” under this caption.

Organization of Department

CDOT is under the direction of the Executive Director, who is appointed by the Governor of the State with the consent of the Senate and who serves at the pleasure of the Governor. CDOT’s organizational chart is provided below, and a brief description of each unit follows.

[Org chart to come]

Office of the Executive Director. The Executive Director is established by State statute as the head of CDOT, is appointed by the Governor of the State with the consent of the State Senate, and serves at the pleasure of the Governor. The Executive Director is responsible for the overall direction for and management of CDOT. State statute provides that the Executive Director is to plan, develop, construct, coordinate, and promote an integrated transportation system in cooperation with federal, regional, local, and other State agencies and with private individuals and organizations concerned with transportation planning and operations in the State; to initiate such comprehensive planning measures and authorize such studies and other research as he or she deems necessary for the development of an integrated transportation system; and to exercise general supervisory control over and coordinate the activities, functions, and employees of CDOT and its divisions.

Division of the Chief Engineer. The Division of the Chief Engineer is established under State statute, and includes the Office of the Chief Engineer and Staff Branches. The Chief Engineer is required to be a registered, professional engineer with a minimum of ten years' responsible engineering experience, including management and organization in the field of highway engineering. The Chief Engineer is appointed by the Executive Director, and has direct control and management of the functions of the Division. The Chief Engineer, subject to the supervision of the Executive Director, is responsible for awarding contracts for the construction and maintenance of the State highways and mass transportation projects. The Chief Engineer has the authority to take and hold real property in the name of CDOT, to accept federal moneys available for highways and other public transportation purposes, and to represent CDOT in negotiating intergovernmental agreements. The Chief Engineer also has overall direction of the Intelligent Transportation Systems Program, the five transportation regions, and Director of Staff Branches, and is responsible for the duties formerly assigned to the Deputy Chief Engineer, which position has been eliminated. The Staff Branches' activities include oversight of construction, maintenance, safety, right-of-way, bridge/roadway design, environmental, and materials testing. The Staff Branches provide support to the engineering regions in establishing construction specifications and standards, tracking and evaluating maintenance activities, delivering safety programs, and coordinating environmental activities.

Division of Accounting and Finance. The Division of Accounting and Finance is responsible for the overall financial management of CDOT. The Office forecasts revenue, develops the Statewide Transportation Improvement Program, develops budgetary procedures and forms, prepares the budget for all CDOT organizations, manages CDOT's Transportation Revenue Anticipation Notes program, programs federal aid projects, analyzes pending legislation for potential fiscal impacts on CDOT, and prepares fiscal notes for the Legislative Council. Information developed by this Office is utilized by management, the Transportation Commission, the Governor's Office, the Office of State Planning and Budgeting, the Joint Budget Committee, the Legislative Council, legislative committees, the Federal Highway Administration ("FHWA"), the Federal Transit Administration, local governments, and the general public.

Engineering Regions. CDOT has established five Engineering Regions across the State in order to decentralize many of its construction and maintenance project functions and maximize contact with local governments, industry, and the public. Each CDOT Engineering Region is a semi-autonomous operating entity covering all aspects of CDOT operations for that Region. Thus, each Region covers engineering, maintenance, planning and environmental, traffic, right-of-way and surveying, utilities, and human resource management for its area.

Division of Transportation Operations. The Division of Transportation Operations is responsible for the planning, development, and administration of a statewide program designed to reduce

congestion and improve the safety, security, mobility, and efficient utilization of Colorado's existing highway system. The Division is formed on the belief and commitment that CDOT can do more to operate Colorado's existing surface transportation system so that it performs better to meet customer expectations through activities other than building new capacity. The Division currently includes the Intelligent Transportation Systems Branch that operates one primary transportation operation center, a 511 system, traveler information system (COTrip), dispatches courtesy patrols, oversees the development of the CDOT application for mobile devices, and manages an evolving Intelligent Transportation System network. The Division leads the planning to define strategic and operational goals and develop a detailed reorganization plan to align CDOT's organizational structure with its operational goals. The Division manages delivery of timely and meaningful traveler information in corridors through state of the art technology; active traffic management programs, such as managed lanes, peak period shoulder lanes, variable speed limits, and adaptive signal management; shocks (such as weather, incidents, and construction) to the transportation system through timely and effective planning and response; special events in and around corridors; operation contracts for heavy tow and courtesy patrols; existing and new traffic operation centers; operational rules and regulations; and travel demand management strategies and programs.

The Transportation Commission

The Transportation Commission is established under State statute as a body corporate, and consists of 11 members appointed by the Governor of the State with the consent of the State Senate from each of 11 CDOT districts as created pursuant to State statute. Each member serves a four-year term, and, to provide continuity, the terms of the members are staggered every two years. Under State statute, the Transportation Commission has the following powers and duties, among others: (i) to formulate the State's general policy with respect to the management, construction, and maintenance of the public highways and other transportation systems in the State, (ii) to assure that the preservation and enhancement of Colorado's environment, safety, mobility, and economics be considered in the planning, selection, construction, and operation of all transportation projects in the State, (iii) to make such studies as it deems necessary to guide the Executive Director and the Chief Engineer concerning the transportation needs of the State, (iv) to prescribe the administrative practices to be followed by the Executive Director and the Chief Engineer in the performance of any duty imposed on them by law, (v) to advise and make recommendations to the Governor and the State of Colorado General Assembly (the "General Assembly") relative to the transportation policy of the State and, to achieve these ends, to formulate and recommend for approval to the Governor and the General Assembly a Statewide transportation policy, and (vi) to promulgate and adopt all CDOT budgets (other than for the Division of Aeronautics) and State transportation programs, including construction priorities and the approval of extensions or abandonments of the State highway system and including a capital construction request, based on the Statewide transportation improvement programs, for State highway reconstruction, repair, and maintenance projects to be funded from the State capital construction fund. The budgetary process for CDOT is described under "COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION—Appropriations and Budgetary Process" under this caption.

Current Operations

General. The State highway system covers 9,146 miles and each year handles over 27 billion vehicle miles of travel. CDOT oversees surface treatment, other construction, maintenance, and operations with respect to the State highway system, as well as operating certain miscellaneous and local programs. The surface treatment program is designed to reduce deterioration of and preserve and maintain the surface condition of the State highway system, based on surface condition objectives established by the Transportation Commission in 1994. Other construction programs include CDOT's repair or replacement of structurally deficient bridges on the State highway system, miscellaneous safety

construction and enhancements, and construction to address regional priorities. CDOT's highway maintenance program, consisting of regular maintenance and snow and ice removal activities, covers eight regions within the State and includes an additional maintenance unit to service the Eisenhower/Johnson Memorial Tunnel on 1-70 and a Traffic and Safety Engineering section that is responsible for signals, signing, and striping in the Denver metropolitan area. Nearly two-thirds of CDOT's staff is dedicated to highway maintenance, and CDOT's maintenance program budget for Fiscal Year 2016-17 totals \$588.1 million, with approximately \$76.1 million allocated to snow and ice removal. CDOT's operations program covers CDOT's administration, as well as engineering costs not attributable to construction projects. Miscellaneous programs include the activities of CDOT's Aeronautics Division as well as safety education programs. CDOT's intelligent transportation systems program is designed to provide drivers real-time information from the CDOT Traffic Operations Center on road and weather conditions, closures, detours, and delays. CDOT also oversees certain transit-related and local programs. For Fiscal Year 2015-16, CDOT's total budget covering all its programs was \$1.497 billion. For Fiscal Year 2016-17, CDOT's total budget covering all its programs is \$1.433 billion.

High Performance Transportation Enterprise and Colorado Bridge Enterprise. In 2009, the General Assembly approved, and the Governor signed into law, Senate Bill 09-108 (also known as the "Funding Advancements for Surface Transportation and Economic Recovery Act of 2009" ("FASTER")), which established the High Performance Transportation Enterprise (also known as "HPTE") and the Statewide Bridge Enterprise (also known as the "Colorado Bridge Enterprise"). HPTE and the Colorado Bridge Enterprise are government-owned businesses within CDOT and are divisions of CDOT. HPTE was established to pursue public-private partnerships and other innovative and efficient means of completing surface transportation infrastructure projects. The Colorado Bridge Enterprise was established to finance, repair, reconstruct and replace any designated bridges in the State, and if agreed to by the Colorado Bridge Enterprise and the Transportation Commission, or CDOT to the extent authorized by the Transportation Commission, to maintain the bridges it finances, repairs, reconstructs and replaces. FASTER also authorized several new funding sources for improvements to roads and bridges on the public highway system including (i) a road safety surcharge varying by vehicle weight collected through the payment of registration fees and specific ownership taxes, supplemental oversize/overweight vehicle permit fees, daily vehicle rental fees, and an increased fee for the late registration of a motor vehicle (collectively "FASTER Revenues"), and (ii) a registration fee surcharge for improvements to bridges on the State highway system rated as "poor" (the "Bridge Safety Surcharge"). The FASTER Revenues are deposited to the Highway Users Tax Fund (which is a major source of revenue to the State Highway Fund), which revenues can only be used finance the construction, reconstruction or maintenance of projects to enhance the safety of State, county, municipality and city roads and streets. The FASTER Revenues will not be available to make payment of any Base Rental, Additional Rentals or the Option Purchase Price. The Bridge Safety Surcharge is deposited into the Bridge Special Fund and is payable directly to Colorado Bridge Enterprise. The Bridge Safety Surcharge is not available for other uses (including the payment of any Base Rental, Additional Rentals or the Option Purchase Price).

Transportation Plans

CDOT develops a long-range Statewide Transportation Plan ("SWP") that provides guidance for the investment of Colorado's multi-modal transportation system that balances: preservation and maintenance, and incorporation of risk-based asset management; efficient system operations and management practices; capacity improvements; and incorporation of safety in all areas. The current SWP sets forth multi-modal transportation needs to 2025 and 2040. The SWP outlines the State's transportation needs from both an unconstrained vision (if the State had unlimited money) and a fiscally constrained perspective (based on the revenues CDOT actually expect to have available). In addition to the SWP, CDOT maintains a Statewide Transportation Improvement Program (the "STIP"); a four-year program of transportation related projects including all highway and transit projects for the State

containing federal and/or State funding. The STIP is a compilation of projects utilizing various federal and state funding programs; and includes projects on the State highway system, the city and county street and road systems, as well as projects in the National Parks, National Forests, and Indian Reservations. The STIP is a fully financially constrained plan. All entries in the STIP must be consistent with the financially constrained portion of the SWP. These two documents work hand-in-hand to provide to Colorado's citizenry a public record of current and future transportation projects and their anticipated costs.

COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION

General.

State statutes provide that CDOT's Fiscal Year runs from July 1 of one year to June 30 of the following year. CDOT's budget is developed annually through the process described in "—Appropriations and Budgetary Process" below. State law places certain limitations on the financial operations of CDOT. Under State statute, CDOT may not enter into contractual or other obligations without providing for payment of those obligations. Therefore, CDOT maintains short-term operating cash in amounts sufficient to provide for timely payment to contractors and for timely reimbursement from the federal government.

State Highway Fund (CDOT Operating Fund)

General. Except to the extent payable from the proceeds of the Series 2016 Certificates and income from the investment thereof, from the Net Proceeds of certain insurance policies, from the Net Proceeds of leasing of or a liquidation of the Trustee's interest in the portion of the Leased Property included in the Trust Estate (see "THE LEASED PROPERTY—Description of the Leased Property") or from other amounts made available under the Indenture, the Series 2016 Certificates and the interest thereon are payable solely from Revenues, consisting principally of the Base Rentals and the Purchase Option Price, if paid. Base Rental payments may be made solely from amounts annually allocated therefor by the Transportation Commission from the State Highway Fund, pursuant to Section 43-1-212, Colorado Revised Statutes.

State Highway Fund. The State Highway Fund, established pursuant to Section 43-1-219, Colorado Revised Statutes, is the primary operating fund used by CDOT to manage State transportation projects. The State Highway Fund receives revenue from the Highway Users Tax Fund ("HUTF"), various other revenue and fees, federal funds, and the General Fund of the State. See Appendices B and C appended to this Official Statement. Only certain moneys on deposit in the State Highway Fund will be available to pay Base Rentals (mainly certain amounts transferred from the HUTF). In Fiscal Years 2014-15 and 2015-16, approximately 28.4% (or \$437.0 million) and 25.4% (or \$438.5 million), respectively, of the deposits to the State Highway Fund consisted of revenues from the HUTF that would have been available to pay Base Rentals. In Fiscal Year 2016-17, CDOT expects that approximately 37.3% (or \$534 million) of the deposits to the State Highway Fund will consist of revenues from the HUTF that would have been available to pay Base Rentals. As described below under "—Appropriations and Budgetary Process—The Budget Process" over 97% of CDOT's budget is automatically appropriated each Fiscal Year pursuant to statutory continuing appropriation and is subject to annual approval and allocation by the Transportation Commission. The Base Rentals are part of the budget that is subject to continuing appropriation. In addition to the Base Rentals, budgeting for operations, construction, and maintenance activities are part of the budget that is subject to continuing appropriation. The other major source of revenue to the State Highway Fund is federal grants and contracts, which are not available to pay the Base Rentals.

In addition to serving as CDOT’s primary operating fund, the State Highway Fund serves as a secondary source of security for the State’s Education Loan Program Tax and Revenue Anticipation Notes program. Proceeds of the notes are used by the State to make loans payable within the same Fiscal Year to school districts within the state which participate in the program. To the extent that any school district fails to repay a loan within such Fiscal Year, the State may use certain State funds, including the State Highway Fund, to purchase a portion of the notes corresponding to the unpaid underlying loan obligation. As of the date of this Official Statement, the State has \$275,000,000 of outstanding Education Loan Program Tax and Revenue Anticipation Notes.

Highway Users Tax Fund. The HUTF is the principal fund in which State-levied fees and taxes associated with the operation of motor vehicles are deposited. The General Assembly annually appropriates HUTF moneys to the Department of Revenue and Public Safety for motor vehicle-related programs, and the State Treasurer distributes the remaining HUTF proceeds among CDOT and county and municipal governments in the State according to statutory formulas. Revenues to the HUTF consist of State motor fuel taxes, motor vehicle registration fees, miscellaneous revenues (including surcharges, license fees and traffic citation fees) and FASTER Revenues (which are not available to pay Base Rentals).

The major source of revenue to the HUTF is the State’s motor fuel tax. These revenues are generated from taxes on gasoline and diesel fuel sales in the State. In 1969, the General Assembly imposed a \$0.07 per gallon tax on sales of gasoline, and this tax has been increased over the years to the current \$0.22 per gallon tax on gasoline and \$0.205 per gallon tax on diesel fuel imposed since 1992. The following tables lists the types of motor fuel taxes deposited into the HUTF and the current tax rates that are in effect.

State Motor Fuel Tax Rates

Fuel Type	Tax Rate (cents per gallon)
Gasoline	22.0
Diesel	20.5
Gasohol	22.0

As described below, motor fuel tax revenues in the HUTF are subject to distribution to CDOT, other State entities, and counties and cities in the State based on various legislative formulas. State motor fuel taxes generated \$599.4 million (60.0%) of the total HUTF revenues in Fiscal Year 2014-15 and \$609.7 million (59.1%) of the total HUTF revenues in Fiscal Year 2015-16, and which is expected to generate \$577.9 million (57.2%) of the total HUTF revenues in Fiscal Year 2016-17. The State’s motor fuel tax generated \$305.2 million (20.0%) of total CDOT revenues in Fiscal Year 2014-15 and \$307.0 million (19.5%) of total CDOT revenues in Fiscal Year 2015-16, and is expected to generate \$298.5 million (20.8%) of total CDOT revenues in Fiscal Year 2016-17.

The remaining portion of HUTF revenues are comprised of

- (i) motor vehicle registration and other fees, which together generated \$206.7 million (20.3%) of the total HUTF revenues and \$109.0 million (8.0%) of total CDOT revenues in Fiscal Year 2014-15, \$210.3 million (20.4%) of the total HUTF revenues and \$109.6 million (7.0%) of total CDOT revenues in Fiscal Year 2015-16, and which are expected to generate \$214.5 million (21.2%) of the total HUTF revenues and \$106.6 million (7.4%) of total CDOT revenues in Fiscal Year 2016-17; and

- (ii) FASTER Revenues, which generated \$104.1 million (7.7%) of total CDOT revenues in Fiscal Year 2014-15 and \$107.3 million (6.8%) of total CDOT revenues in Fiscal Year 2015-16, and are expected to generate \$107.8 million (7.5%) of total CDOT revenues in Fiscal Year 2016-17. *FASTER Revenues will not be available to make payment of any Base Rental, Additional Rentals or the Option Purchase Price.* CDOT utilizes the FASTER Revenues for various purposes (including the funding of infrastructure and transit improvements).

HUTF revenues are distributed to CDOT and other State and local entities according to various legislative formulas. Prior to making any distributions from the HUTF to CDOT, counties and municipalities, the General Assembly funds the Colorado State Patrol and portions of the Department of Revenue's Motor Vehicles Division through annual appropriations from HUTF. These "off-the-top" deductions amounted to \$125.8 million (12.4%) of the total HUTF in Fiscal Year 2014-15, and \$131.1 million (12.7%) of the total HUTF in Fiscal Year 2015-16, and are expected to be \$130.9 million (13%) of the total HUTF in Fiscal Year 2016-17. By statute, the "off-the-top" deductions may not increase more than 6% annually and may grow to the level of 23% of the HUTF's total income from the previous Fiscal Year.

Remaining HUTF revenues are statutorily divided into three separate funding streams. Principal first stream revenues are distributed 65% to CDOT, 26% to counties, 9% to municipalities and include:

- Proceeds of the first seven cents of the gasoline, diesel, and special fuel taxes
- Vehicle license plate, identification plate, and placard fees
- Driver's license, motor vehicle title and registration, and motorist insurance identification fees
- Proceeds of the passenger-mile tax levied on operators of commercial bus services
- Interest earnings

Second stream revenues include motor fuel taxes in excess of the first seven cents per gallon of gasoline, diesel, and special fuels and are distributed 60% to CDOT, 22% to counties, and 18% to municipalities.

Third stream revenues include the FASTER Revenues. Apart from a provision in FASTER that redirects \$5.0 million from the county and municipal shares to the State Transit and Rail Fund, the third stream revenues are distributed in the same proportions as the second stream revenues. The \$5.0 million is then granted by CDOT to local government transit and rail projects. Moneys in the HUTF are apportioned monthly.

The following table sets forth the amount of HUTF revenues received by CDOT in Fiscal Years 2007-08 through 2015-16 that would have been available to pay Base Rentals.

**HUTF Revenue to CDOT
Available to Pay Base Rentals
Fiscal Years 2007-08 through 2015-16
(Dollars in millions)**

Fiscal Year	HUTF Revenue¹
2007	\$422.1
2008	433.0
2009	408.9
2010	406.0
2011	409.9
2012	414.0
2013	406.2
2014	418.6
2015	437.0
2016	438.5

¹ Excludes FASTER Revenues, which are not available to pay Base Rentals.
Source: CDOT

S.B. 09-228. In 2009, the General Assembly approved, and the Governor signed into law, Senate Bill 09-228 (“S.B. 09-228”), which eliminated an annual percentage growth limit on appropriations from the State’s General Fund. Two prior bills, Senate Bill 97-001 and House Bill 02-1310, which transferred general fund revenue in excess of the appropriation limit to the State Highway Fund, were also repealed by S.B. 09-228. S.B. 09-228 requires a five year sequence of conditional transfers of up to 2.0% of gross general fund revenue to the State Highway Fund. These transfers commenced in Fiscal Year 2015-16 when CDOT received \$199.2 million. CDOT expects to receive approximately \$158.0 million of S.B. 09-228 funds in Fiscal Year 2016-17. S.B. 09-228 moneys are required to be spent on projects included in the Strategic Transportation Projects Investment Category Program (commonly known as the “7th Pot Projects”) and are not available to make payment of any Base Rental, Additional Rentals or the Option Purchase Price.

Other Revenues

CDOT receives a variety of other revenues, many of which are dedicated to specific uses and, therefore, are not available to make payments on the Series 2016 Certificates. The largest source of restricted revenues are moneys CDOT receives from the federal government through a number of programs for highway, safety, transit and motor carrier projects, generally known as the Federal-Aid Highway Program (the “FAHP”). The FAHP is administered by FHWA. Payments to states under the FAHP are derived from amounts in the Federal Highway Trust Fund. CDOT received \$684.2 million of FAHP funding in Fiscal Year 2014-15, and \$720.6 million in Fiscal Year 2015-16, and is expected to receive \$626.2 million in Fiscal Year 2016-17. FAHP amounts received by CDOT are not available to make payments on the Series 2016 Certificates.

CDOT also received certain other dedicated miscellaneous revenues that are not available to make payments on the Series 2016 Certificates, including, among others, moneys relating to the Law Enforcement Assistance Fund, the First Time Drunk Driving Offenders Account, the Motorcycle Operator Safety Training Fund, the Marijuana Tax Cash Fund and the National Highway Transportation Safety Administration safety programs; and revenues from the State Aviation Fund generated through an excise tax on general and non-commercial aviation fuels.

Additionally, CDOT receives certain unrestricted miscellaneous revenues from interest income, various permits, rentals of buildings in CDOT right-of-way, and sales of property. Such revenues would be available to make payments on the Series 2016 Certificates. Such unrestricted miscellaneous revenues totaled approximately \$36.5 million in Fiscal Year 2014-15, and approximately \$27.2 million for Fiscal Year 2015-16, and are expected to total approximately \$27.0 million for Fiscal Year 2016-17. There is no assurance that CDOT will continue to receive such miscellaneous revenues in the future. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS—Economic Conditions Affecting Revenues” and the page following the inside cover of this Official Statement regarding forward looking statements.

Selected State and CDOT Financial Information

Included as Appendix B to this Official Statement are certain tables that set forth a Combined Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for the HUTF for Fiscal Years 2011-12 through 2014-15 (audited) and for Fiscal Year 2015-16 (unaudited). These tables were taken from the financial statements of the State as of and for Fiscal Years 2011-12 through 2014-15, which are audited by the State Auditor (the Auditor”), and from the State’s unaudited Basic Financial Statements, or “BFS,” for Fiscal Year 2015-16. The State’s Fiscal Year 2014-15 Comprehensive Annual Financial Report, or “CAFR,” including the State Auditor’s Opinion thereon, and the State’s unaudited BFS for Fiscal Year 2015-16, are also appended to this Official Statement as Appendix C. Prospective investors who wish to review the State’s CAFRs for Fiscal Years 2011-12 through 2014-15 may obtain copies as described in “INTRODUCTION—Additional Information.” Financial, economic and demographic information about the State is provided solely for general background to prospective investors.

Financial Audits

Financial and post-performance audits of all State agencies are performed by 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 2014-15 CAFR, including the State Auditor’s Opinion thereon, and the State’s unaudited BFS for Fiscal Year 2015-16, are appended to this Official Statement as Appendix C. The State’s CAFR for Fiscal Year 2015-16 is expected to be released to the public by the State and be available on or about January 31, 2017. 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 2014-15 CAFR or the State’s unaudited BFS for Fiscal Year 2015-16, nor has the State Auditor performed any procedures relating to this Official Statement.

CDOT Employee Retirement Plan

CDOT employees participate in a retirement plan administered by the State’s Public Employees’ Retirement Association of Colorado (“PERA”). For information about PERA, see “STATE FINANCIAL INFORMATION—Pension and Post-Employment Benefits” and Appendix F. CDOT’s contributions to PERA are made from federal transportation funds and from HUTF revenues. The following table sets forth CDOT’s contributions to PERA in dollars (equal to the statutorily required contribution amounts for each period) and as a percentage of HUTF revenues for Fiscal Years 2012-13, 2013-14 and 2014-15.

**CDOT Contributions to PERA
Fiscal Years 2012-13 through 2014-15**

<u>Fiscal Year</u>	<u>Dollar Amount of CDOT Contribution to PERA</u>	<u>Contribution as a Percentage of HUTF Revenues</u>
2013	\$27,095,959	6.7%
2014	30,037,046	7.2
2015	32,331,268	7.4

Source: CDOT

CDOT’s proportionate share of the GASB 68 Net Pension Liability at the end of Fiscal Year 2014-15, excluding CDOT enterprises and internal service funds, is \$606.5 million. See additional information on the pension plan and funding in “APPENDIX F—STATE PENSION SYSTEM.”

Appropriations and Budgetary Process

The Budget Process.

Budget Items Subject to Continuing Appropriation. CDOT’s annual budget is developed under the direction of the Transportation Commission through CDOT’s Division of Accounting and Finance, which is also responsible for submitting the budget to the Governor’s Office of State Planning and Budgeting. The majority of CDOT’s budget (over 97% of the Fiscal Year 2016-17 budget) is automatically appropriated pursuant to statutory continuing appropriation and is subject to annual approval and allocation by the Transportation Commission. This portion of the budget that is subject to continuing appropriation includes budgeting for operations (including the Base Rentals), construction, and maintenance activities. The operations budget includes planning and research, special allocations for training, DBE certification, intelligent transportation systems, vehicle lease payments, workers’ compensation insurance, equipment, property, and other miscellaneous operations. The construction program includes allocations for the following: debt service on the TRANS (see “DEBT AND OTHER FINANCIAL OBLIGATIONS—Transportation Revenue Anticipation Notes”), surface treatment, bridges, rest areas, safety, other regional priorities, and local programs for metro areas, bridges, safety, air quality, and enhancements. Budgets are also established for engineering, right-of-way, utilities, environmental clearances, materials testing, developing design standards, construction management, and other project related costs. However, these costs are allocated to projects either directly or indirectly and funded as part of the various construction programs.

In June of each year, the Division of Accounting and Finance issues budget building instructions to the division directors within CDOT. Included in the instructions are formats for “decision items” used to request new funding or to request a significant increase to current funding levels. Decision items for the portion of the budget to be approved by the Transportation Commission are submitted by division directors to the Division of Accounting and Finance in October. During the month of September, the Division of Accounting and Finance updates revenue estimates and prepares the continuation budget.

Decision items for CDOT are then reviewed by a sub-group of Executive Management Team members for discussion and approval. All decision items in excess of \$1.0 million are taken to the Transportation Commission for approval. In October and November, budget workshops are held with the Transportation Commission. Annually, on or before December 15, the Transportation Commission is to adopt a proposed budget allocation plan for moneys subject to its jurisdiction for the Fiscal Year beginning on July 1 of the succeeding year. The Transportation Commission approves CDOT’s final

budget during their March meeting, and the budget is submitted to the Governor for final approval and signature by April 15. The signed budget is effective July 1.

The fiscal year 2016-17 CDOT budget was signed by the Governor on June 30, 2016.

Budget Items Subject to Annual Legislative Appropriation. The remaining portion of CDOT's budget (less than 3% of the Fiscal Year 2016-17 budget) is appropriated annually by the General Assembly. This appropriated portion of the budget includes the budgets for administration and the First Time Drunk Driving Offender account. The budget for administration, as defined by State statute, includes the salaries and expenses of the offices and staff of the Transportation Commission, the Executive Director, the Chief Engineer, regional directors, budget, internal audit, public information, equal employment, special activities, accounting, administrative services, building operations, management systems, personnel, procurement, insurance, legal, and central data processing. State statutes limit administrative spending for these items to 5% of the total budget allocation plan for CDOT. State statutes provide that appropriations made by the General Assembly to CDOT for administrative expenditures are to be set forth in a single line item as a total sum, without identification by project, program, or district.

After the Division of Accounting and Finance issues budget instructions to the CDOT operating units in June of each year, decision items for CDOT's legislatively appropriated budget are submitted directly to the Division of Accounting and Finance by mid-July. Those decision items approved by the Executive Management Team are submitted to OSPB by early August. Decision items approved by OSPB are included in the final draft of the budget that is submitted to OSPB in late October. In accordance with State statute, OSPB submits copies of CDOT's budget to the Joint Budget Committee (the "JBC") of the General Assembly by November 1 of each year. The Transportation Commission also is to submit by October 1 a capital construction request for State highway reconstruction, repair, or maintenance projects to the Capital Development Committee of the General Assembly to be funded from money transferred to the State Capital Construction Fund.

Upon approval by the Transportation Commission as described above, CDOT's budget is submitted in accordance with State statute to OSPB, the JBC, the House Transportation and Energy Committee, and the Senate Transportation Committee by December 15 of each year. CDOT's budget hearing with the JBC is usually held in late November or early December. Under State statute, the House and Senate Transportation Committees are required to hold a joint meeting to review and comment on the proposed budget for the next Fiscal Year. This hearing usually takes place in January or February. CDOT makes a presentation on the proposed budget to the committees. In February the JBC determines recommended draft figures for CDOT's appropriated programs for inclusion in the Long (Appropriations) Bill (the "Long Bill"). The draft Long Bill is released by the JBC in February for consideration and approval by the General Assembly. After approval by the General Assembly, the Long Bill is sent to the Governor for approval, usually in late May. The Long Bill appropriations for the legislatively appropriated programs are effective July 1 of each Fiscal Year. Capital construction appropriations in the Long Bill are effective upon signature by the Governor.

Content of the Budget Allocation Plan. The proposed budget allocation plan is to include a general State transportation budget summary showing the means of financing the budget for the ensuing Fiscal Year, together with corresponding figures for the last completed Fiscal Year and the Fiscal Year then in progress.

CDOT has covenanted in the Lease to include in the budget proposal for each Fiscal Year the entire amount of Base Rentals due and Additional Rentals estimated to be due in such Fiscal Year. As part of the budgetary process for each Fiscal Year, the Transportation Commission will

have discretion as to whether or not to approve such amounts. See “SUMMARY OF CERTAIN PROVISIONS OF THE SITE LEASE AND THE LEASE—The Lease—Event of Nonallocation.”

DEBT AND OTHER FINANCIAL OBLIGATIONS

Transportation Revenue Anticipation Notes

CDOT’s Transportation Revenue Anticipation Notes (the “TRANS”) are special, limited obligations of CDOT, payable solely from certain Federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation and moneys on deposit in the State Highway Fund and State Highway Supplementary Fund. The TRANS are not deemed to be an indebtedness of CDOT or the State, and do not create a pledge of the taxing powers, faith or credit of the State or any political subdivision of the State. The TRANS were approved by the electors of the State. As of the Date of this Official Statement, the TRANS were outstanding in the aggregate principal amount of \$126,100,000. The TRANS have a final maturity date of December 15, 2016.

Lease Purchase Agreements and Interagency Agreements

As of the date of this Official Statement, CDOT has entered into one other lease purchase agreement with Wells Fargo Bank, National Association, in connection with the Certificates of Participation, Series 2012. As of the date of this Official Statement, the Series 2012 Certificates were outstanding in the aggregate principal amount of \$13,205,000. The Series 2012 Certificates have a final maturity date of June 15, 2022. [CDOT has entered into a number of operating leases for office space, office equipment, software, and maintenance equipment.] [Discussions of IAAs to come]

STATE FINANCIAL INFORMATION

While the Series 2016 Certificates are limited obligations payable from the Base Rentals, which are payable by CDOT from amounts annually allocated by the Transportation Commission as described in this Official Statement, it is important for prospective purchasers to analyze the financial and overall status of the State in order to evaluate the context in which the Transportation Commission takes steps to budget and allocate funds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS.” The State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 are appended to this Official Statement as Appendix C. See also “APPENDIX E—CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION” and “APPENDIX F—STATE PENSION SYSTEM.” With the exception of Appendix E, the information in this Section and Appendices C, D and F has been provided by the State. The information in Appendix E has been provided by Development Research Partners. Neither CDOT nor the State take any responsibility for the accuracy or completeness of such information.

The State, State Departments and Agencies

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. The State currently has no outstanding general obligation debt.

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 24 and 25 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a discussion of the outstanding lease purchase agreements entered into by the State as of June 30, 2015 and June 30, 2016, as well as the aggregate minimum lease payments due under such lease purchase agreements entered into by the State for Fiscal Years 2014-15 and thereafter. See also Note 44 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a discussion of lease purchase agreements entered into by the State after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR.

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 22 and 25 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2015, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2014-15 and thereafter.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. 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 24, 25 and 44 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a discussion of such bonds and notes outstanding as of June 30, 2015 and June 30, 2016], and of those issued after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings 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 Note 43 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C.

See also the Statistical Section of the State's Fiscal Year 2014-15 CAFR appended to this Official Statement as Appendix C 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 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 Borrowable Resources. 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.

See Notes 23 and 44 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2015 and June 30, 2016, and of such notes issued after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR. The State issued \$275 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2016A, on July 21, 2016 and \$600 million of General Tax and Revenue Anticipation Note, Series 2016A on July 19, 2016. The State expects to issue additional Education Loan Program Tax and Revenue Anticipation Notes in the approximate amount of \$350 million in early January 2017.

See also the Statistical Section of the State's Fiscal Year 2014-15 CAFR appended to this Official Statement as Appendix C 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).

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 5 to the financial statements in the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in the State's Fiscal Year 2014-15 CAFR are based on principles that may vary based on the requirements of the report or schedule. 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, charges 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 charges rather than to the general taxing power of the State.

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 F—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 F—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 18, 19 and 20 to the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C, as well as PERA’s Comprehensive Annual Financial Report for calendar year 2015 (the “PERA 2015 CAFR”). The information in the State’s Fiscal Year 2014-15 CAFR regarding PERA is derived from PERA’s Comprehensive Annual Financial Report for calendar year 2014, while information in this Official Statement regarding PERA is derived from the PERA 2015 CAFR. See also “Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68” hereafter.

The State Division Plan. The State Division Plan is funded with contributions made by the State (including CDOT) 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. Nevertheless, at December 31, 2015, the PERA 2015 CAFR reports that the State Division Plan had an unfunded actuarial accrued liability (“UAAL”) of approximately \$10.2 billion and a funded ratio of only 57.6%. This UAAL would amortize over a 44-year period based on contribution rates as of the date of calculation and scheduled future increases in employer contributions, as well as an investment rate of return on Plan assets and discount rate on actuarially accrued liabilities of 7.5%.

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. Accordingly, the full effect of recent fluctuations in the assets of the State Division Plan as a result of economic and market conditions is not reflected in the aforementioned funded ratio. Based on the market value of assets of the State Division Plan, at December 31, 2015, the Plan had an unfunded accrued liability of approximately \$10.7 billion and a funded ratio of 55.6%.

The funding status of the State Division Plan summarized above reflects the implementation by PERA in 2014 of Governmental Accounting Standards Board (“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 F—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, 2015, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately \$1.3 billion, a funded ratio of 18.4% and a 35-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 2015 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State — GASB 68. 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 has been implemented in the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C. 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. PERA reports that the State Division had an UAAL of approximately \$9.7 billion as of December 31, 2013, \$9.9 billion as of December 31, 2014, and \$10.2 billion as of December 31, 2015; and the State reported a liability in the State's Fiscal Year 2014-15 CAFR of approximately \$9.1 billion (\$9.0 billion for the State Division and \$0.1 billion for the Judicial Division) at June 30, 2015, for its proportionate share of the net pension liability. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of June 30, 2014 and 2015, 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 2014-15 CAFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, and the introduction to Notes 1-7 and Notes 18-20 to the Financial Statements, in the State's Fiscal Year 2014-15 CAFR, as well as "APPENDIX F—STATE PENSION SYSTEM" and particularly the section thereof entitled "Implementation of Changes in Pension Accounting Standards Applicable to the State — GASB 68."

Effect of Pension Liability on the Series 2016 Certificates. **The State's current pension liability or any increase in such liability, and any actions taken by the General Assembly to address such liability, could impact CDOT's determination to renew the Lease in the future, and therefore could potentially have a material adverse effect on the payment of the Series 2016 Certificates.** It is not possible to predict, and no representations are made herein regarding, how the State's pension liability will change in the future or what actions, if any, might be taken by the General Assembly to address either the State's current or future pension liability. See generally "APPENDIX F—STATE PENSION SYSTEM" and Management's Discussion and Analysis in the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS—Pension Plan Contributions."

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."

Thirdly, TABOR 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 2015-16 and 2016-17 have been estimated in the OSPB September 2016 Revenue Forecast to be \$387.1 million and \$393.8 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. TABOR provides for an automatic decrease in the State fiscal year spending limit when State TABOR revenues decline without a corresponding automatic increase in State fiscal year spending limit when State TABOR revenues increase. This can result in what is commonly referred to as the "ratchet down effect" whenever there is a decline in TABOR revenues. The ratchet down effect occurs because each year's TABOR limit is calculated based on the lesser of the prior year's TABOR revenues or the prior year's TABOR limit. In a year in which the State's TABOR revenues are below the existing TABOR limit, the lesser amount is required to be used to calculate the following year's TABOR limit. Unlike this automatic reduction, the only means of increasing the TABOR limit is with the approval of State voters. The State experienced

the ratchet down effect when TABOR revenues declined by 13.1% between Fiscal Years 2000-01 and 2002-03, followed by an increase of 8.0% in Fiscal Year 2003-04.

Several measures were passed by the General Assembly during the 2005 legislative session in an effort to relieve State budget challenges, including statutory changes designed to mitigate the ratchet down effect of TABOR on the State's finances. One of two measures that were referred by the General Assembly to a statewide vote in November of 2005, designated "Referendum C," was approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. The immediate impact of Referendum C was to preclude any ratchet down effect on the State beginning in Fiscal Years 2005-06. It also authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. 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, being 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.

As a result of Referendum C, the State was able to retain the following amounts in excess of the previously applicable TABOR limit: \$1.116 billion in Fiscal Year 2005-06, \$1.308 billion in Fiscal Year 2006-07 and \$1.169 billion in Fiscal Year 2007-08. TABOR revenues did not exceed the TABOR limit in either of Fiscal Years 2008-09 or 2009-10. TABOR revenues exceeded the TABOR limit in Fiscal Years 2010-11, 2011-12 and 2012-13 by \$0.771 billion, \$1.473 billion and \$1.860 billion, respectively, although no refunds were required because such revenues were below the applicable ESRC.

The OSPB September 2016 Revenue Forecast states that TABOR revenues in Fiscal Years 2015-16 and 2016-17 have exceeded or will exceed the TABOR limit by \$2.462 billion and \$2.407 billion, respectively, resulting in the State being \$26.7 million below the ESRC in Fiscal Year 2015-16 and \$158.8 million below the projected ESRC in Fiscal Year 2016-17. Therefore, no refund to taxpayers is required for these years.

Colorado law currently specifies three mechanisms by which revenues in excess of the ESRC are to be refunded to taxpayers: a sales tax refund to all taxpayers, the earned income tax credit to qualified taxpayers and a temporary income tax rate reduction. The amount that needs to be refunded determines which refund mechanisms are used. See "APPENDIX D—OSPB SEPTEMBER 2016 REVENUE FORECAST—Taxpayer's Bill of Rights: Revenue Limit" for a discussion of the statutorily defined refund methodology and the anticipated refund that will be distributed through each mechanism according to the revenue projections in the OSPB September 2016 Revenue Forecast.

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) financing CDOT's 7th Pot Projects.

Effect of TABOR on the Series 2016 Certificates. Voter approval under TABOR is not required for the execution and delivery of the Series 2016 Certificate as they do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. However,

because payments made by CDOT under the Lease will constitute Fiscal Year spending by CDOT, any requirement that CDOT reduce its spending or refund tax revenues to comply with TABOR could increase the risk that CDOT will not renew or continue the Lease Term from one Fiscal Year to the next.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

An investment in the Series 2016 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of the principal of and interest on the Series 2016 Certificates and could also affect the market price of the Series 2016 Certificates to an extent that cannot be determined.

Economic Conditions Affecting Revenues

The availability of amounts on deposit in the State Highway Fund from which Base Rentals and Additional Rentals may be allocated by the Transportation Commission is dependent on a number of economic factors. The bulk of amounts on deposit in the State Highway Fund is made up of revenues from State motor fuel taxes, which may fluctuate based on, among other things, the condition of the State and national economies, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, vehicle fuel efficiency, road conditions, and the availability of alternate modes of transportation.

This Official Statement contains economic and demographic information about the State prepared and compiled in June 2016 by Development Research Partners, Inc. for use by the State. See “APPENDIX E—CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION.” Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. None of CDOT, the State or the Underwriters assume any responsibility for the accuracy, completeness or fairness of the information contained in Appendix E. The information in Appendix E 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 Appendix E in its entirety for information with respect to the economic and demographic status of the State.

Upon Execution and Delivery of Series 2016 Certificate the Leased Property Will Only Include the Denver Leased Property

At the time of the execution and delivery of the Series 2016 Certificates, the Leased Property will only consist of the Denver Leased Property. While the proceeds of the Series 2016 Certificates will be used to finance approximately \$4.4 million of furniture, fixtures and equipment for the Denver Headquarters Buildings, the furniture, fixtures and equipment will not be included in the Leased Property. As of the date of this Official Statement, CDOT expects to amend the Site Lease and the Lease during 2017, to add the Aurora Maintenance Facilities, the Pueblo Headquarters Building, the Greeley Headquarters Building and the Platteville Maintenance Facility to the Leased Property as described under “THE LEASED PROPERTY—Additions to Leased Property.” However, CDOT may decide not to add these properties and facilities to the Site Lease, the Lease and Leased Property, and CDOT has no obligation to do so. In such an event, the Leased Property will only consist of the Denver Leased Property and the Series 2016 Certificates would not be secured by the addition of such properties to the Site Lease and Lease as currently anticipated.

Option to Renew the Lease Annually; Nonallocation by the Transportation Commission

The obligation of CDOT to make payments under the Lease does not constitute an obligation of CDOT to apply its general resources beyond the current Fiscal Year. CDOT is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are allocated by the Transportation Commission each year, notwithstanding that sufficient funds may or may not be available for such purpose. If, on or before June 30 of each Fiscal Year, the Transportation Commission does not specifically allocate amounts sufficient to pay all Base Rentals and Additional Rentals, as estimated, for the next Fiscal Year, then an “Event of Nonallocation” will occur. If an Event of Nonallocation occurs as described above or otherwise as provided in the Lease, the Lease Term of the Lease will be terminated. Notwithstanding the foregoing, an Event of Nonallocation will not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (a) the Transportation Commission has allocated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonallocation and (b) CDOT has paid all Base Rentals and Additional Rentals due during the period from June 30 through the date of such allocation or authorization. See Section 6.04 in the form of the Lease appended to this Official Statement as Appendix A.

Allocation of amounts sufficient to pay all Base Rentals and Additional Rentals in each Fiscal Year is at the sole discretion of the Transportation Commission and there is no guarantee that it will do so. Additionally, there is no assurance that CDOT will renew the Lease from Fiscal Year to Fiscal Year and therefore not terminate the Lease, and CDOT has no obligation to do so. There is no penalty to CDOT (other than loss of the use of the Leased Property for itself for the remaining term of the Site Lease, unless the purchase option under the Lease has been exercised) if CDOT does not renew the Lease on an annual basis and therefore terminates all of its obligations under the Lease. Various political and economic factors could lead to the failure to allocate or budget sufficient funds to make the required payments under the Lease, and prospective investors should carefully consider any factors which may influence the budgetary process. The allocation of funds may be affected by the continuing need of CDOT for the Leased Property. In addition, the ability of CDOT to maintain adequate revenues for its operations and obligations in general (including obligations associated with the Lease) is dependent upon several factors outside CDOT’s control, such as the economy, legislative changes and federal funding. Restrictions imposed under the State Constitution on CDOT’s revenues and spending apply to the collection and expenditure of certain revenues which may be used to pay Base Rentals and Additional Rentals.

Payment of the principal of and interest, if any, on the Series 2016 Certificates upon the occurrence of a Lease Event of Default or an Event of Nonallocation will be dependent upon (a) the value of the Leased Property in a liquidation proceeding instituted by the Trustee or (b) any rental income from leasing (to others) the Leased Property. See “Consequences of an Event of Nonallocation or a Lease Event of Default” below.

CDOT is not permitted to renew the Lease with respect to less than all of the Leased Property. Accordingly, a decision not to renew the Lease would mean the loss of the use of all of the Leased Property by CDOT for the remaining term of the Site Lease. See “THE LEASED PROPERTY.”

The Trustee, as Lessor or Trustee, has no obligation to, nor will it, make any payment on the Series 2016 Certificates or otherwise pursuant to the Lease except to the extent of amounts in the Trust Estate under the Indenture.

See also “COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION and “APPENDIX C—STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND STATE OF

Consequences of an Event of Nonallocation or a Lease Event of Default

General. In the event of the termination of the Lease upon the occurrence of an Event of Nonallocation or a Lease Event of Default, CDOT is required to vacate the Leased Property under the Lease (unless the purchase option under the Lease has been exercised) within 90 days. Subject to the right of CDOT to purchase the Trustee’s leasehold interest in the Leased Property under the Lease, 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 Lease, 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 Lease. The Lease places certain limitations on the availability of money damages against CDOT as a remedy. For example, the Lease provides that a judgment requiring a payment of money may be entered against CDOT by reason of an Event of Nonallocation only to the extent CDOT fails to vacate the Leased Property as required by the Lease and only as to certain liabilities as described in the Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of the Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Lease and the Indenture), are required to be used to redeem the Series 2016 Certificates if and to the extent any such moneys are realized. See Sections 12.01 and 12.02 in the form of the Lease appended to this Official Statement as Appendix A and “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Extraordinary Mandatory Redemption.”

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 Series 2016 Certificates and accrued interest thereon. If any Series 2016 Certificates are redeemed subsequent to a termination of the 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 Series 2016 Certificates pursuant to the Indenture; and upon such a partial payment, no owner of any Series 2016 Certificate will have any further claims for payment upon CDOT or the Trustee.

Factors Affecting the Value of the Leased Property. Prospective investors should not assume that it will be possible to sell the Trustee’s leasehold interest in, lease or sublease the Leased Property or any portion thereof after a termination of the Lease as the result of an Event of Nonallocation or a Lease Event of Default for an amount equal to the aggregate principal amount of the Series 2016 Certificates then outstanding plus accrued interest thereon. This could result from the inability to recover certain of the costs incurred in connection with the execution and delivery of the Series 2016 Certificates. In addition, the buildings comprising the Denver Leased Property is being designed and constructed to the specifications of CDOT. See “THE LEASED PROPERTY—Denver Leased Property—Description of the Denver Leased Property.” These unique features may make the building less attractive to other lessees if the Trustee is required to re-let the facility following the termination of the Lease as the result of an Event of Nonallocation or a Lease Event of Default. It may be assumed that the building would be competing in a general office and commercial real estate market with other facilities that cost considerably less to build but offer equally functional space. Thus, other lessees may not be willing to pay sufficient rent to cover the added costs/expense associated with the unique features of the building. The Trustee’s inability to recover the costs of the unique features from a new lessee may make it difficult or impossible to generate the amount necessary to pay the entire principal and interest due on the Series 2016 Certificates.

Additionally, as described under “THE LEASED PROPERTY—Denver Leased Property,” the Denver Leased Property is subject to zoning, environmental and other use restrictions that will limit the

use of the Denver Leased Property by any future users. These limitations could make it difficult or impossible to generate the amount necessary to pay the entire principal and interest due on the Series 2016 Certificates.

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. CDOT may also substitute other property for the Leased Property as described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES—The Leased Property—Substitution of Leased Property.”

Upon termination of the Lease as the result of an Event of Nonallocation or a Lease Event of Default, there is no assurance of any payment of the principal of the Series 2016 Certificates.

The principal of and interest on the Series 2016 Certificates will be paid from amounts constituting CDOT’s payment of the Base Rentals and other sources identified in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES,” which sources do not include any payments generated from the Leased Property other than the Base Rentals. CDOT is not permitted to renew the Lease with respect to less than all of the Leased Property. Accordingly, a decision not to renew the Lease would mean the loss of the use by CDOT of all of the Leased Property for the remaining term of the Site Lease.

Termination of the Lease as a Result of Property Damage, Defect or Title Events

The Lease may be terminated as a result of certain damage to, defects in or loss of use of the Leased Property that is not fully covered by insurance as discussed in “THE LEASED PROPERTY—Property Damage, Defect or Title Events.” If the Net Proceeds of applicable insurance are not sufficient to fund the repair or replacement of the affected Leased Property and the Transportation Commission does not allocate the additional required amount, nor does CDOT substitute adequate property for the affected portion of the Leased Property, an Event of Nonallocation will be deemed to have occurred and the Trustee may thereupon pursue any of the remedies available under the Lease and the Indenture upon the occurrence of such event. See also “Consequences of an Event of Nonallocation or a Lease Event of Default” above, “THE LEASED PROPERTY—Operation and Maintenance of the Leased Property; Insurance” and “THE SERIES 2016 CERTIFICATES—Redemption Prior to Maturity—Extraordinary Mandatory Redemption.”

Enforceability of Remedies

Under the Lease, the Trustee has the right to take possession of and dispose of the Leased Property upon an Event of Nonallocation or a Lease Event of Default. However, the enforceability of the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors’ rights generally and liens securing such rights, and the police powers of the State. Because of the inherent police power of the State of Colorado, 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 State may be in default under the Lease. The right of the Trustee to obtain possession of the Leased Property and to sell its leasehold interest in, lease or sublease portions of the Leased Property could be delayed until appropriate alternative space is obtained by CDOT. As long as the Trustee is unable to take possession of the Leased Property, it will be unable to sell the leasehold interest in or release the Leased Property as permitted under the Lease and the Indenture or to redeem or pay the Series 2016 Certificates except from funds otherwise available to the Trustee under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 CERTIFICATES.”

Construction Risks

CDOT has entered into a Design/Build Guaranteed Maximum Price Contract (the “DB Contract”) with J.E. Dunn Construction Company (“J.E. Dunn”) pursuant to which J.E. Dunn agrees to design and construct the Denver Headquarters Building. There is the possibility of insolvency or bankruptcy of J.E. Dunn or subcontractors during construction. If a default occurs or a conflict arises under the DB Contract with respect to the Denver Headquarters Building, there is a possibility of litigation between CDOT and J.E. Dunn, the parties involved in the development and construction of the Denver Headquarters Building, which could delay or halt the construction of the Denver Headquarters Building.

[Under the provisions of the Lease and the DB Contract, the Trustee will have the right to assume the DB Contract and complete the Denver Headquarters Building in the event of the termination of the Lease. If an Event of Nonallocation or Lease Event of Default occurs during the construction of the Denver Headquarters Building, the Trustee could use the monies on deposit in the Project Fund to complete the construction of the Denver Headquarters Building or to redeem the Series 2016 Certificates. Additionally, the Trustee could pursue any remedies available to it subject to the limitations described above under “—Consequences of an Event of Nonallocation or a Lease Event of Default.”

Contingencies generally involved in the construction of any facility - such as (i) design or construction problems; (ii) site conditions, safety and health conditions, permitting or approvals, and administrative proceedings or litigation; (iii) environmental conditions or compliance with environmental laws; (iv) utility relocation problems; (v) labor or material price increases, shortages or interruptions; (vi) inclement weather; (vii) natural disasters or other force majeure events - may cause delays in the completion of the Denver Headquarters Building or the actual cost of completion to exceed available funds. The likelihood of an Event of Nonallocation occurring increases if there is a failure to complete construction of the Denver Headquarters Building, or there is a delay in completing construction beyond its anticipated completion date, for any reason.

Tax and Securities Law Implications of the Termination of the Lease as the Result of an Event of Nonallocation or a Lease Event of Default

Special Counsel will express no opinion as to the effect of any termination of the CDOT’s obligations under the Lease under certain circumstances as provided in the Lease upon the treatment for federal or State income tax purposes of any moneys received by the Owners or Beneficial Owners of the Series 2016 Certificates subsequent to such termination. See “TAX MATTERS.” If the Lease is terminated and the Leased Property is re-let to a lessee that is not a governmental entity, there is no assurance that the Series 2016 Certificates will thereafter be transferable without registration, or pursuant to a transactional exemption from registration, under federal or state securities laws.

State Constitutional Tax and Spending Limitations

TABOR imposes various limits and requirements on the State and all Colorado local governments that do not qualify as “enterprises,” including a limitation on any increase in the State’s Fiscal Year spending and tax revenues from one year to the next. Because payments made by CDOT under the Lease will constitute Fiscal Year spending by CDOT, any requirement that CDOT reduce its spending or refund tax revenues or other revenues to comply with TABOR could increase the risk that CDOT will not renew or continue the Lease Term from one Fiscal Year to the next. For a more complete description of TABOR and its effect on CDOT, the Lease and the Series 2016 Certificates, see “STATE FINANCIAL INFORMATION—Taxpayer’s Bill of Rights.”

Future Changes in Laws

Various Colorado laws and constitutional provisions limit revenues and spending of CDOT and govern generally the operation of CDOT. Colorado laws, constitutional provisions and federal laws and regulations also apply to the obligations created by the execution and delivery of the Series 2016 Certificates. There can be no assurance that there will not be changes in interpretation of or additions to the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of CDOT.

Risk Management

The Lease requires that the Leased Property be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Leased Property will be adequate or that the cause of any damage or destruction to the Leased Property will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies with which CDOT obtains insurance policies. CDOT believes that the risks associated with its properties and its operations are adequately provided for.

Secondary Market

While the Underwriters expect, insofar as possible, to maintain a secondary market in the Series 2016 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 2016 Certificates should therefore be prepared, if necessary, to hold their Series 2016 Certificates to maturity or prior redemption, if any.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2016 Certificates

There is no litigation pending, or to the knowledge of CDOT threatened, either seeking to restrain or enjoin the execution or delivery of the Series 2016 Certificates or questioning or affecting the validity of the Series 2016 Certificates or the proceedings or authority under which they are to be executed and delivered. There is also no litigation pending, or to CDOT's knowledge threatened, that in any manner questions the right of CDOT to enter into the Lease in the manner provided in the Enabling Legislation.

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; and for incidents occurring on and after July 1, 2013, 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. These limits are subject to adjustment on January 1, 2018, and every four years thereafter based on the percentage change in the Consumer Price 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 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 6H, 21, 43 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C. 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.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 43 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C. The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in Note 43, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), have assigned ratings of "[__]" and "[__]" to the Series 2016 Certificates. 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. CDOT has furnished to the

rating agencies certain information and materials relating to the Series 2016 Certificates, CDOT and its financial condition and operations, 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. 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 2016 Certificates. CDOT has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2016 Certificates

In connection with the execution and delivery of the Series 2016 Certificates, the State, acting by and through the State Treasurer, will enter into a Continuing Disclosure Undertaking, the form of which is appended to this Official Statement as Appendix G, pursuant to which the State Treasurer will agree for the benefit of the Owners and Beneficial Owners of the Series 2016 Certificates to file on the 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, 2016, and (b) notices of the occurrence of enumerated events within ten business days of their occurrence. See "APPENDIX G—FORM OF 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 2016 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 or Beneficial Owners of the Series 2016 Certificates in the event of a breach of the Continuing Disclosure Undertaking.

Compliance With Other Continuing Disclosure Undertakings

The State Treasurer has determined that both prior to and during the previous five years the State Treasurer and certain other State departments or agencies have not complied in all material respects with other 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. For example, CDOT failed to file annual financial information and audited financial statements in respect of its outstanding obligations for Fiscal Years 2008-09 through 2012-13. In addition, the State failed to file notices of bond insurer rating downgrades relating to certain outstanding obligations over the last five years, although such bond insurer downgrades did not affect the underlying rating of the State, and failed to file notices of an upgrade in the State's rating by Moody's from "Aa3" to "Aa2" as a result of a global recalibration of ratings by Moody's in May 2010. The State failed to timely file annual financial information and audited financial statements for certain obligations from Fiscal Year 2009-10 through Fiscal Year 2011-12, and failed to file on EMMA notices of such failures. Corrective actions have been taken with regard to these matters as discussed below.

Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012, the “Debt Management Act (Section 24-36-121 C.R.S.) 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 (including CDOT) and agencies that utilize the State’s credit (collectively, the “Included Entities”) in connection with financial obligations issued by or for the benefit of such 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 commenced, and is continuing to carry 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 whether there are other instances of material noncompliance with such continuing disclosure undertakings. Instances of material noncompliance discovered by the State Treasurer’s office to date have been addressed by making appropriate corrective filings or taking other remedial actions, either directly or by DAC Bond.

Due to various issues that were experienced by the State in connection with the implementation of a new integrated financial system, 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. Thus, the State was unable to submit its Fiscal Year 2014-15 audited financial statements for posting 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, the State’s unaudited Basic Financial Statements for Fiscal Year 2014-15 were subsequently posted on EMMA on February 1, 2016, and the State’s Fiscal Year 2014-15 CAFR was posted on EMMA on May 2, 2016. The State recently discovered that the OSPB March 2016 revenue forecast was not timely posted on EMMA in connection with the Higher Education Federal Mineral Lease Certificates of Participation, Series 2014A. Both a Notice of Failure to File and the OSPB March 2016 revenue forecast were posted on EMMA on May 17, 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 the 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.

The State Treasurer has updated its continuing disclosure procedures in order 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: Heidi Dineen, Esq., Senior Assistant Attorney General, telephone number: (720) 508-6179

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2016 Certificates, as well as the treatment of interest on the Series 2016 Certificates for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, as Special Counsel. A form of the opinion of Special Counsel is appended to this Official Statement as Appendix H. Kutak Rock LLP also has served as disclosure counsel to CDOT and the State Treasurer in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for CDOT and the State Treasurer by the Office of the Attorney General of the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Butler Snow LLP. Payment of legal fees to Kutak Rock LLP is contingent upon the sale and delivery of the Series 2016 Certificates.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Special Counsel to CDOT and the State Treasurer, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates is excluded 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 opinions described in the preceding sentence assume the accuracy of certain representations and compliance by [the State Treasurer and CDOT] with covenants designed to satisfy the requirements of the Code that must be met subsequent to the execution and delivery of the Series 2016 Certificates. Failure to comply with such covenants could cause interest on the Series 2016 Certificates to be included in gross income

for federal income tax purposes retroactive to the date of the execution and delivery of the Series 2016 Certificates. [The State Treasurer and CDOT] has covenanted to comply with such requirements. Special Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2016 Certificates.

Notwithstanding Special Counsel's opinion that the portion of the Base Rentals paid by CDOT which is designated and paid as interest, as provided in the Lease, and received by the owners of the Series 2016 Certificates is not a specific item of tax preference for purposes of the federal alternative minimum tax, such Base Rentals will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Series 2016 Certificates may otherwise affect the federal income tax liability of the owners of the Series 2016 Certificates. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Special Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2016 Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2016 Certificates.

In the opinion of Special Counsel, under existing Colorado statutes, to the extent the portion of the Base Rentals paid by CDOT is designated and paid as interest, as provided in the Lease, and received by the Owners of the Series 2016 Certificates, such portion is excluded from Colorado income taxation and from the calculation of Colorado alternative minimum taxable income. Special Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2016 Certificates under the laws of Colorado or any other state or jurisdiction.

Original Issue Discount

The Series 2016 Certificates that have an original yield above their respective interest rates, as shown on the inside front cover page of this Official Statement (collectively, the "Discount Series 2016 Certificates"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2016 Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Series 2016 Certificate is added to the cost basis of the owner of such Discount Series 2016 Certificate in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2016 Certificate (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Series 2016 Certificate that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2016 Certificate, on days that are determined by reference to the maturity date of such Discount Series 2016 Certificate. The amount treated as original issue discount on such Discount Series 2016 Certificate for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Series 2016 Certificate (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Series 2016 Certificate at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Series 2016 Certificate during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Series 2016 Certificate the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2016 Certificate is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Series 2016 Certificates should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Series 2016 Certificate. Subsequent purchasers of Discount Series 2016 Certificates that purchase such Discount Series 2016 Certificates for a price that is higher or lower than the “adjusted issue price” of the Discount Series 2016 Certificates at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Series 2016 Certificates that have an original yield below their respective interest rates, as shown on the inside front cover page of this Official Statement (collectively, the “Premium Series 2016 Certificates”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2016 Certificate over its stated redemption price at maturity constitutes premium on such Premium Series 2016 Certificate. A purchaser of a Premium Series 2016 Certificate must amortize any premium over such Premium Series 2016 Certificate’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Certificate.

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 2016 Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2016 Certificates who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter

the excludability of interest on the Series 2016 Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2016 Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations 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 2016 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 2016 Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2016 Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of the execution and delivery of the Series 2016 Certificates, and Special 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 2016 Certificates are being underwritten by Wells Fargo Bank, National Association, George K. Baum & Company, and Loop Capital Markets LLC (collectively, the “Underwriters”). Pursuant to a Certificate Purchase Agreement entered into by and among the Trustee, the State Treasurer and the Underwriters, the Underwriters have agreed to purchase the Series 2016 Certificates at an aggregate purchase price of \$_____ (constituting the aggregate principal amount of the Series 2016 Certificates plus an original issue premium on the sale of the Series 2016 Certificates of \$_____, less an original issue discount on the sale of the Series 2016 Certificates of \$_____ and less an underwriting discount of \$_____). The Underwriters agree in the Certificate Purchase Agreement to accept delivery of and pay for all of the Series 2016 Certificates if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement, the approval of certain matters by counsel and certain other conditions.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The State Treasurer and CDOT acknowledges and agrees that: (a) the primary role of the Underwriters is to purchase securities, for resale to investors, in an arm’s-length commercial transaction between the Trustee and the Underwriters and that the Underwriters have financial and other interests that differ from those of the State Treasurer and CDOT; (b) the Underwriters are not acting as a municipal advisor, financial advisor or fiduciary to the State Treasurer or CDOT and have not assumed any advisory or fiduciary responsibility to the State Treasurer or CDOT with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the State Treasurer and CDOT on other matters); (c) the only obligations the Underwriters have to the State Treasurer and CDOT or the Trustee with respect to the transaction contemplated hereby expressly are set forth in the

Certificate Purchase Agreement; and (d) CDOT has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. The State Treasurer and CDOT further acknowledges that it has had the opportunity to engage a municipal advisor to serve in that capacity and to undertake legal fiduciary duties to the State Treasurer and CDOT in that role.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their affiliates have provided, and may in the future provide, a variety of these services to the State Treasurer and CDOT and to persons and entities with relationships with the State Treasurer and CDOT for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State Treasurer and CDOT. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The following two paragraphs have been provided by Wells Fargo Bank, National Association for inclusion in this Official Statement and neither the State Treasurer nor CDOT make any representation as to their accuracy or completeness.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the Underwriters of the Series 2016A/B Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Advisors, LLC (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2016 Certificates. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016 Certificates with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2016 Certificates. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934, as amended.

The following two paragraphs have been provided by Loop Capital Markets LLC for inclusion in this Official Statement and neither the State Treasurer nor CDOT make any representation as to their accuracy or completeness.

Loop Capital Markets LLC (“Loop Capital”), one of the underwriters of the Series 2015 Certificates, has entered into a distribution agreement (“Loop/UBS Distribution Agreement”) with UBS Financial Services Inc. (“UBSFS”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Loop/UBS Distribution Agreement, UBSFS will purchase the Series 2016 Certificates from Loop Capital at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2016 Certificates that such firm sells.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as Financial Advisor to CDOT in connection with this financing, and in such capacity has assisted in the preparation of this Official Statement and other matters relating to the planning, structuring, rating and execution and delivery of the Series 2016 Certificates. The Financial Advisor is not serving as Financial Advisor to the State in connection with the Series 2016 Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2016 Certificates. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2016 Certificates is not contingent upon the delivery of the Series 2016 Certificates.

MISCELLANEOUS

The cover page, inside front cover page, prefatory notices 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 2016 Certificates, copies of the documents referred to herein may be obtained from the Financial Advisor or the Underwriters as provided in “INTRODUCTION—Additional Information.” 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 CDOT and the State Treasurer. This Official Statement is hereby approved by the State Treasurer as of the date set forth on the cover page hereof.

By: _____
Deputy State Treasurer

APPENDIX A

FORMS OF THE INDENTURE, THE SITE LEASE AND THE LEASE

APPENDIX B

SELECTED STATE AND CDOT FINANCIAL INFORMATION

Highway Users Tax Fund

The following tables set forth a Combined Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for the Highway Users Tax Fund and sub-accounts for Fiscal Years 2011-12 through 2014-15 presented on the current financial resources basis and modified accrual basis as described in Note 5 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 (appended to this Official Statement as Appendix C). These tables were taken from the financial statements of the State as of and for Fiscal Years 2011-12 through 2014-15, which are audited by the State Auditor, and the State's unaudited BFS for Fiscal Year 2015-16. Balances reported in these tables include the State Highway Fund in addition to sub-accounts within the Highway Users Tax Fund for the Department of Public Safety, the Department of Revenue, and the Department of Public Health and Environment not appropriated by the General Assembly or otherwise available to CDOT to pay Base Rentals as discussed under the caption "COLORADO DEPARTMENT OF TRANSPORTATION FINANCIAL INFORMATION" in the forepart of this Official Statement.

The State's Fiscal Year 2014-15 CAFR, including the State Auditor's Opinion thereon, and the State's unaudited BFS for Fiscal Year 2015-16 are also appended to this Official Statement as Appendix C.

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HIGHWAY USERS TAX FUND¹
COMBINED BALANCE SHEET
(As of June 30 of each year)
(Dollars in thousands)

	<u>2016</u> <u>(unaudited)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
ASSETS:					
Cash and Pooled Case	\$ 56,696	\$ 49,427	\$ 41,727	\$ 39,687	\$ 35,731
Taxes Receivable , net	(1)	-	-	-	-
Other Receivables, net	3,272	2,940	2,956	2,701	3,069
Due from Other Governments	-	-	-	-	14
Due From Other Funds	5,033	4,074	5,278	2,973	1,409
Inventories	8,860	8,377	7,673	8,249	8,406
Prepays, Advances and Deferred Charges	1,252	1,908	1,481	4,201	64
Restricted Cash and Pooled Cash	752,176	842,169	1,043,875	1,139,988	1,161,468
Restricted Receivables	453,177	363,128	257,595	175,415	181,592
Other Long-Term Assets	12,150	7,258	7,680	10,589	13,162
Depreciable Capital Assets & Infrastructure, net	30	-	-	-	-
TOTAL ASSETS	<u>\$1,292,645</u>	<u>\$1,279,281</u>	<u>\$1,368,265</u>	<u>\$1,383,812</u>	<u>\$1,404,915</u>
LIABILITIES					
Tax Refunds Payable	\$ 4,860	\$ 2,814	\$ 484	\$ 107	\$ 131
Accounts Payable and Accrued Liabilities	203,740	221,298	184,673	107,710	99,993
Due to Other Governments	34,195	36,628	32,928	60,755	61,213
Due to Other Funds	634	565	1,349	1,068	721
Deferred Revenues	-	28,278	17,136	16,587	19,839
Unearned Revenue	16,834	-	-	-	-
Compensated Absences Payable	-	-	-	17	-
Claims and Judgments Payable	-	-	7	-	-
Other Current Liabilities	28	26	26	25	25
TOTAL LIABILITIES	<u>\$260,291</u>	<u>\$289,609</u>	<u>\$236,603</u>	<u>\$186,269</u>	<u>\$181,922</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$933</u>	<u>\$1,112</u>	<u>\$1,290</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Nonspendable:					
Long-term Portion of Interfund Loan Receivable	\$ 30	-	-	-	-
Inventories	8,860	\$ 8,377	\$ 7,673	\$ 8,249	\$ 8,406
Prepays	1,252	1,908	1,481	4,210	64
Restricted	974,931	942,510	1,080,201	1,145,997	1,176,269
Committed	46,348	35,765	41,017	39,087	38,254
TOTAL FUND EQUITY	<u>\$1,033,421</u>	<u>\$988,560</u>	<u>\$1,130,372</u>	<u>\$1,197,543</u>	<u>\$1,222,993</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND FUND BALANCES	<u>\$1,292,645</u>	<u>\$1,279,281</u>	<u>\$1,368,265</u>	<u>\$1,383,812</u>	<u>\$1,404,915</u>

¹ See Notes 4 and 5 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 (appended to this Official

Statement as Appendix C) for a description of the Highway Users Tax Fund and the basis of accounting used.
Source: State audited financial statements, Fiscal Years 2011-12 through 2014-15; State's unaudited BFS for Fiscal Year 2015-16

HIGHWAY USERS TAX FUND¹
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
(As of June 30 of each year)
(Dollars in thousands)

	2016 (unaudited)	2015	2014	2013	2012
REVENUES:					
Taxes	\$ 610,089	\$ 599,774	\$ 573,894	\$ 552,768	\$ 558,284
Licenses, Permits and Fines	376,963	363,345	346,218	338,212	337,346
Charges for Goods and Services	134,185	136,633	125,930	123,585	120,766
Rents	3,318	2,132	2,322	4,149	1,486
Investment Income	11,052	10,540	15,546	(502)	15,474
Federal Grants and Contracts	842,408	837,065	750,438	721,266	615,172
Other	102,032	116,744	140,307	63,380	77,882
TOTAL REVENUES	\$2,080,047	\$2,066,233	\$1,954,655	\$1,802,858	\$1,726,410
EXPENDITURES:					
Current:					
General Government	\$ 57,685	\$ 54,013	\$ 10,947	\$ 11,351	\$ 10,220
Health and Rehabilitation	11,277	10,158	10,505	10,175	10,160
Justice	123,635	117,513	109,317	101,916	87,446
Transportation	1,328,083	1,279,623	1,200,325	1,061,861	979,697
Capital Outlay	42,837	81,431	33,530	33,523	37,564
Intergovernmental:					
Cities	236,675	232,371	185,693	157,398	139,811
Counties	212,937	229,420	211,707	186,589	189,076
Special Districts	46,917	33,836	44,052	40,496	27,390
Other	582	254	204	620	638
TOTAL EXPENDITURES	\$2,060,628	\$2,038,619	\$1,806,280	\$1,603,929	\$1,482,002
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$19,419	\$27,614	\$148,375	\$198,929	\$244,388
OTHER FINANCING SOURCES (USES):					
Transfer In	\$ 204,713	\$ 9,796	\$ 10,962	\$ 1,045	\$ 2,165
Transfer Out	(181,703)	(182,761)	(227,051)	(225,056)	(231,299)
Insurance Recoveries	432	3,539	543	143	4,362
Note/Bond/COP Refunding Issuance	-	-	-	-	125,725
Bond/COP Premium Refunding Proceeds	-	-	-	-	18,617
Bond/COP Refunding Payments	-	-	-	(31,312)	(143,978)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 23,442	\$(169,426)	\$(215,546)	\$(224,255)	\$(224,408)
NET CHANGE IN FUND BALANCES	\$ 42,861	\$(141,812)	\$ (67,171)	\$ (25,326)	\$ 19,980
FUND BALANCE, JULY 1	\$ 988,560	\$1,130,372	\$1,197,543	\$1,222,993	\$1,203,013
Prior Period Adjustment	-	-	-	(124)	-
FUND BALANCE, JUNE 30	\$1,031,421	\$988,560	\$1,130,372	\$1,197,543	\$1,222,993

¹ See Notes 4 and 5 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 (appended to this Official Statement as Appendix C) for a description of the Highway Users Tax Fund and the basis of accounting used.

Source: State audited financial statements, Fiscal Years 201-12 through 2014-15; State's unaudited BFS for Fiscal Year 2015-16.

HUTF Revenues Received by CDOT

The following table sets forth the amount of HUTF revenues received by CDOT in Fiscal Years 2007-08 through 2015-16 that would have been available to pay Base Rentals.

**HUTF Revenue to CDOT
Available to Pay Base Rentals
Fiscal Years 2007-08 through 2015-16
(Dollars in millions)**

Fiscal Year	HUTF Revenue ¹
2007	\$422.1
2008	433.0
2009	408.9
2010	406.0
2011	409.9
2012	414.0
2013	406.2
2014	418.6
2015	437.0
2016	438.5

¹ Excludes FASTER Revenues, which are not available to pay Base Rentals.
Source: CDOT

CDOT Employee Retirement Plan

The following table sets forth CDOT’s contributions to PERA in dollars (equal to the statutorily required contribution amounts for each period) and as a percentage of HUTF revenues for Fiscal Years 2012-13, 2013-14 and 2014-15.

**CDOT Contributions to PERA
Fiscal Years 2012-13 through 2014-15**

Fiscal Year	Dollar Amount of CDOT Contribution to PERA	Contribution as a Percentage of HUTF Revenues
2013	\$27,095,959	6.7%
2014	30,037,046	7.2
2015	32,331,268	7.4

Source: CDOT

CDOT’s proportionate share of the GASB 68 Net Pension Liability at the end of Fiscal Year 2014-15, excluding CDOT enterprises and internal service funds, is \$606.5 million. See additional information on the pension plan and funding in “APPENDIX F—STATE PENSION SYSTEM.”

APPENDIX C

**STATE OF COLORADO COMPREHENSIVE ANNUAL
FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

and

**STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

APPENDIX D

OSPB SEPTEMBER 2016 REVENUE FORECAST

APPENDIX E

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. See also “INTRODUCTION—State Economic and Demographic Information.” The statistics have been obtained from the referenced sources and represent the most current information available as of June 2016 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 CDOT or the State or any officer or employee of or advisor to CDOT or the State. See also “APPENDIX D—OSPB SEPTEMBER 2016 REVENUE FORECAST.”

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 D—OSPB SEPTEMBER 2016 REVENUE FORECAST.”

Population and Age Distribution

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

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2005	4.7	1.2%	295.5	0.9%
2006	4.7	1.8	298.4	1.0
2007	4.8	1.6	301.2	1.0
2008	4.9	1.7	304.1	1.0
2009	5.0	1.5	306.8	0.9
2010	5.1	1.5	309.3	0.8
2011	5.1	1.4	311.7	0.8
2012	5.2	1.4	314.1	0.8
2013	5.3	1.5	316.5	0.8
2014	5.4	1.6	318.9	0.7
2015	5.4	1.7	321.5	0.8

Note: Figures for 2005 through 2014 are estimates. The U.S. 2015 count is an estimate, and the 2015 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:

Age Distribution, July 1

	Colorado, 2015		United States, 2014	
	Population (millions)	% of Total	Population (millions)	% of Total
Under 18	1.28	23.5%	73.58	23.1%
18 to 24	0.53	9.8	31.46	9.9
25 to 44	1.50	27.6	84.03	26.4
45 to 64	1.42	26.0	83.54	26.2
65+	0.71	13.1	46.24	14.5
Total	5.44	100.0%	318.86	100.0%
Median Age	36.9		37.7	

Note: Totals may not add due to rounding. The U.S. 2014 count is an estimate, and the Colorado 2015 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
2011	\$44,349	%	\$39,862	%	\$42,453	%
2012	46,402	4.6	41,754	4.7	44,266	4.3
2013	46,746	0.7	42,129	0.9	44,438	0.4
2014	48,869	4.5	43,787	3.9	46,049	3.6
2015	50,410	3.2	45,126	3.1	47,669	3.5

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)*	% Change	Colorado	United States
2011	2,736.1	%	2,507.3	%	8.4%	8.9%
2012	2,759.4	0.9	2,542.3	1.4	7.9	8.1
2013	2,780.5	0.8	2,590.7	1.9	6.8	7.4
2014	2,815.2	1.2	2,674.6	3.2	5.0	6.2
2015	2,828.5	0.5	2,718.7	1.6	3.9	5.3
Year-to-date averages through March:						
2015	2,815.9		2,683.6		4.7	5.8
2016	2,859.0	1.5	2,763.2	3.0	3.4	5.2

* 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	2011	2012	2013	2014	2015	Most Recent Quarter		% Change
						2014Q4	2015Q4	
Private Sector:								
Agriculture, Forestry, Fishing, and Hunting	14,015	14,513	14,348	14,935	15,624	14,600	15,217	4.2%
Mining	27,789	30,225	30,433	33,847	30,565	35,793	27,461	-23.3
Utilities	8,138	8,037	7,832	8,140	8,202	8,177	8,272	1.2
Construction	112,232	115,753	127,597	142,140	148,638	147,387	152,118	3.2
Manufacturing	129,165	131,978	132,691	136,216	140,831	138,528	141,837	2.4
Wholesale Trade	92,192	94,262	96,636	99,825	103,253	101,920	104,535	2.6
Retail Trade	239,985	243,699	249,235	254,942	263,104	262,906	271,962	3.4
Transportation and Warehousing	57,863	59,850	62,398	65,180	67,287	67,077	68,495	2.1
Information	71,950	69,733	69,817	70,001	70,599	69,976	70,815	1.2
Finance and Insurance	98,056	99,754	103,136	103,623	106,344	104,616	107,772	3.0
Real Estate and Rental and Leasing	41,194	41,895	42,849	44,497	46,944	45,573	47,935	5.2
Professional and Technical Services	172,096	178,313	188,984	196,684	204,586	201,097	207,453	3.2
Management of Companies and Enterprises	29,914	31,761	34,591	35,406	36,488	35,752	36,747	2.8
Administrative and Waste Services	137,331	145,383	148,745	154,121	157,385	158,222	159,617	0.9
Educational Services	30,145	31,494	31,997	32,965	33,847	33,352	34,922	4.7
Health Care and Social Assistance	239,967	246,951	250,654	261,428	275,183	267,586	280,808	4.9
Arts, Entertainment, and Recreation	45,564	46,704	47,166	48,978	50,707	46,008	48,335	5.1
Accommodation and Food Services	225,702	232,875	242,100	251,052	261,704	250,578	261,047	4.2
Other Services	66,134	67,988	69,554	72,443	75,157	73,627	75,796	2.9
Unclassified	492	745	1,388	2,783	1,478	1,884	1,031	-45.3
Government	<u>373,154</u>	<u>374,628</u>	<u>383,637</u>	<u>388,566</u>	<u>396,853</u>	<u>394,195</u>	<u>402,134</u>	<u>2.0</u>
Total*	2,213,075	2,266,539	2,335,786	2,417,769	2,494,778	2,458,854	2,524,308	2.7%

* 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 2016. 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	26,500
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,000
UCHealth ²	Healthcare	16,000
Centura Health	Healthcare	13,200
HealthONE Corporation	Healthcare	12,000
SCL Health System	Healthcare	9,100
Lockheed Martin Corporation	Aerospace & Defense Related Systems	8,800
Comcast Corporation	Telecommunications	8,000
Home Depot	Building Materials Retailer	7,700
Kaiser Permanente	Health Maintenance Organization	7,000
Target Corporation	General Merchandise	6,900
Vail Resorts	Leisure & Hospitality	6,400
Children's Hospital Colorado	Healthcare	6,100
Wells Fargo	Banking/Financial Services	6,000
CenturyLink	Telecommunications	5,800
United Airlines	Airline	5,700
Safeway Inc.	Supermarkets	5,000
United Parcel Service	Delivery Services	4,800
Banner Health	Healthcare	4,800
JBS Swift & Company	Beef Processing/Corporate Office	4,600
FedEx Corp.	Transportation, E-commerce	4,300
Oracle	Software & Network Computer Systems	4,200
DISH Network	Satellite TV & Equipment	4,100
Xcel Energy	Utility	4,000
University of Denver	Private University	3,800

¹ Includes both full- and part-time employees.

² Some workers are also included in the employment count for the University of Colorado System (next table).

Source: Compiled by Development Research Partners from various sources, May 2016

The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2016:

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees¹
State of Colorado	49,000
Federal Government (except USPS)	44,300
University of Colorado System ²	19,600
Denver Public Schools	14,700
City & County of Denver	11,700
Jefferson County Public Schools	11,500
U.S. Postal Service	9,900
Douglas County School District RE-1	7,800
Cherry Creek School District No 5	7,200
Colorado State University	7,100
Denver Health	6,700
Aurora Public Schools	6,300
Adams 12 Five Star Schools	4,700
Boulder Valley School District RE-2	4,200
Poudre School District R-1	4,000
Colorado Springs School District 11	3,900
St. Vrain Valley School District RE-1J	3,800
City of Aurora	3,600
Academy Schools District No 20	3,300
Jefferson County	2,800
Mesa County Valley School District 51	2,800
Regional Transportation District (RTD)	2,700
El Paso County	2,400
Greeley 6 School District	2,400
Metropolitan State University of Denver	2,300

¹ Includes both full- and part-time employees.

² Some workers are also included in the employment count for UCHealth (previous table).

Source: Compiled by Development Research Partners from various sources, May 2016

Retail Sales

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

Colorado Gross and Retail Sales

	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2010	\$199.62	%	\$144.85	%
2011	216.16	8.3	155.05	7.0
2012	225.15	4.2	164.57	6.1
2013	240.36	6.8	172.78	5.0
2014	257.14	7.0	182.48	5.6
Year-to-Date Totals Through November:				
2014	210.54		158.99	
2015	210.27	-0.1	160.38	0.9

Source: Colorado Department of Revenue

The following table provides retail sales totals by industry for the past five years and year-to-date:

Colorado Retail Sales by Industry (millions) and Percentage Change From Prior Year													
Industry											Year-to-Date Totals Through November		
	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change	2014	2015	% Change
Agriculture/Forestry/Fishing	336.3	18.6%	411.7	22.4%	406.2	-1.3%	387.0	-4.7%	440.0	13.7%	313.0	370.9	18.5%
Mining	2,531.7	13.7	3,111.7	22.9	3,815.6	22.6	4,611.8	20.9	5,571.7	20.8	5,011.8	3,456.1	-31.0
Utilities	10,370.1	54.6	7,353.2	-29.1	7,332.9	-0.3	7,635.7	4.1	7,927.4	3.8	7,062.9	6,839.5	-3.2
Construction	2,756.3	-1.8	2,829.3	2.6	3,396.0	20.0	3,531.5	4.0	4,178.9	18.3	3,624.1	4,022.2	11.0
Manufacturing	10,423.9	13.1	15,909.3	52.6	18,192.1	14.3	18,747.5	3.1	19,655.0	4.8	16,131.3	13,789.4	-14.5
Wholesale Trade	12,422.0	4.5	13,084.9	5.3	14,012.4	7.1	15,041.3	7.3	15,153.6	0.7	12,361.0	11,937.3	-3.4
Retail Trade:													
Motor Vehicle and Auto Parts	11,293.5	10.1	12,986.8	15.0	14,435.4	11.2	15,667.7	8.5	17,448.0	11.4	15,926.2	17,372.5	9.1
Furniture and Furnishings	1,900.9	0.4	2,049.0	7.8	2,265.5	10.6	2,461.8	8.7	2,656.9	7.9	2,384.4	2,600.3	9.1
Electronics and Appliances	2,118.6	6.8	2,224.2	5.0	2,077.8	-6.6	1,998.6	-3.8	2,260.2	13.1	1,935.2	2,051.7	6.0
Bolding Materials/Nurseries	4,388.6	4.5	4,515.0	2.9	4,824.6	6.9	5,298.3	9.8	5,923.6	11.8	5,462.3	5,896.0	7.9
Food/Beverage Stores	13,363.7	6.4	14,433.2	8.0	15,298.5	6.0	15,729.9	2.8	15,963.1	1.5	14,549.5	14,577.3	0.2
Health and Personal Care	2,529.7	7.6	2,712.1	7.2	2,886.9	6.4	3,166.1	9.7	3,724.3	17.6	3,198.3	3,777.8	18.1
Gas Stations	4,693.2	17.3	5,778.1	23.1	6,011.1	4.0	5,869.2	-2.4	5,701.8	-2.9	5,325.2	4,563.4	-14.3
Clothing and Accessories	3,118.0	7.8	3,337.4	7.0	3,510.2	5.2	3,559.2	1.4	3,734.6	4.9	3,212.2	3,277.7	2.0
Sporting/Hobby/Books/Music	2,487.1	5.0	2,680.6	7.8	2,674.0	-0.2	2,767.7	3.5	2,919.4	5.5	2,470.3	2,544.6	3.0
General Merchandise/Warehouse	11,091.0	1.1	11,722.3	5.7	12,185.7	4.0	12,408.3	1.8	12,850.1	3.6	11,397.9	11,595.5	1.7
Misc. Store Retailers	2,448.6	11.1	2,938.6	20.0	3,147.8	7.1	3,752.3	19.2	4,629.9	23.4	3,894.3	4,378.8	12.4
Non-Store Retailers	<u>2,337.7</u>	<u>-16.3</u>	<u>1,550.2</u>	<u>-33.7</u>	<u>1,456.0</u>	<u>-6.1</u>	<u>1,584.7</u>	<u>8.8</u>	<u>1,692.0</u>	<u>6.8</u>	<u>1,407.5</u>	<u>1,359.6</u>	<u>-3.4</u>
Total Retail Trade	61,770.7	5.6%	66,927.5	8.3%	70,773.7	5.7%	74,263.5	4.9%	79,503.9	7.1%	71,163.2	73,995.4	4.0%
Transportation/Warehouse	528.9	-9.7	593.1	12.1	710.2	19.7	828.4	16.6	980.8	18.4	816.3	768.5	-5.9
Information	6,889.0	-2.2	6,321.8	-8.2	6,242.2	-1.3	5,789.3	-7.3	5,447.6	-5.9	4,836.4	4,802.1	-0.7
Finance/Insurance	3,207.3	12.7	3,085.9	-3.8	3,130.7	1.5	2,493.2	-20.4	1,689.9	-32.2	1,393.0	2,388.2	71.4
Real Estate/Rental/Lease	2,916.5	0.5	3,154.3	8.2	3,240.7	2.7	3,561.7	9.9	4,168.7	17.0	3,750.5	3,951.9	5.4
Professional/Scientific/Technical	6,553.9	8.2	6,768.8	3.3	6,818.2	0.7	7,474.7	9.6	7,049.0	-5.7	5,192.5	5,304.8	2.2
Admin/Support/Waste/Remediation	1,823.3	1.6	1,882.7	3.3	1,866.1	-0.9	2,044.5	9.6	2,070.2	1.3	1,766.9	1,884.7	6.7
Education	480.0	13.8	487.1	1.5	490.8	0.8	478.1	-2.6	481.2	0.7	407.2	401.5	-1.4
Health Care/Social Assistance	6,000.4	4.5	6,222.6	3.7	6,318.5	1.5	6,827.2	8.1	7,226.5	5.8	6,388.7	6,105.9	-4.4
Arts/Entertainment/Recreation	955.8	5.8	987.2	3.3	1,036.6	5.0	1,104.4	6.5	1,169.3	5.9	1,015.8	1,162.8	14.5
Accommodation	2,719.2	5.9	3,014.9	10.9	3,199.2	6.1	3,375.6	5.5	3,748.1	11.0	3,430.6	3,711.6	8.2
Food/Drinking Services	8,333.8	4.5	8,876.4	6.5	9,474.1	6.7	9,976.8	5.3	10,855.0	8.8	9,871.1	10,559.5	7.0
Other Services	3,565.9	2.7	3,763.6	5.5	3,867.8	2.8	4,359.0	12.7	4,907.6	12.6	4,220.8	4,691.7	11.2
Government	<u>262.4</u>	<u>8.2</u>	<u>268.2</u>	<u>2.2</u>	<u>244.5</u>	<u>-8.8</u>	<u>252.6</u>	<u>3.3</u>	<u>254.8</u>	<u>0.9</u>	<u>228.6</u>	<u>237.3</u>	<u>3.8</u>
Total All Industries	<u>144,847.3</u>	<u>8.0%</u>	<u>155,054.2</u>	<u>7.0%</u>	<u>164,568.4</u>	<u>6.1%</u>	<u>172,784.0</u>	<u>5.0%</u>	<u>182,479.4</u>	<u>5.6%</u>	<u>158,985.8</u>	<u>160,381.3</u>	<u>0.9%</u>

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
2011	5.82	%	82	%	283.2	%	\$564.2	%	12.28	%
2012	5.81	-0.1	98	19.5	266.1	-6.0	530.1	-6.0	11.02	-10.3
2013	5.39	-7.2	84	14.3	265.7	-0.2	529.3	-0.2	11.45	3.9
2014	6.03	11.8	76	-9.5	289.3	8.9	576.3	8.9	12.60	10.1
2015	7.08	17.3	73	-3.9	236.8	18.1	546.6	-5.2	12.55	-0.4

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
2011	8,723	266	127	4,386	13,502	%
2012	12,617	304	97	10,283	23,301	72.6
2013	15,772	408	148	11,189	27,517	18.1
2014	17,104	532	146	10,916	28,698	4.3
2015	20,025	334	287	11,225	31,871	11.1
Year-to-Date Totals Through March:						
2015	4,010	144	55	1,894	6,103	
2016	4,798	38	65	2,286	7,187	
% change	19.7%	-73.6%	18.2%	20.7%	17.8%	

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

	Foreclosure Filings*	% Change	Foreclosure Sales at Auction	% Change
2011	31,975	%	19,617	%
2012	28,579	-10.6	15,903	-18.9
2013	15,333	-46.3	9,318	-41.4
2014	11,243	-26.7	5,989	-35.7
2015	8,241	-26.7	4,209	-29.7

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

Source: Colorado Division of Housing

APPENDIX F

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, 2015 (the "PERA 2015 CAFR"). The PERA 2015 CAFR was prepared by PERA staff employees and the firm of Cavanaugh Macdonald Consulting, LLC, 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 preliminary notices in 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. Neither CDOT nor the State take any responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2015 CAFR is not incorporated in this Official Statement by reference or otherwise, and neither CDOT nor the State make any representations regarding the accuracy of the information in the PERA 2015 CAFR.

The information in the State's Fiscal Year 2014-15 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2014 (the "PERA 2014 CAFR") and 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") as discussed in "Implementation by PERA of GASB 67" below. See also "Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68" in this appendix.

General Description

Overview. The State of Colorado, 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), 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 2015 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 18, 19 and 20 to the financial statements in the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C 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 Post-Employment Benefits” in the body 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 Post Office 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 18, 19 and 20 to the financial statements in the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C, the PERA 2015 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 2015 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 the PERA 2014 CAFR.

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 in the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C. See “—Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68” 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 liability,¹ or “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 position.³

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

¹ Actuarial accrued liability (“AAL”) is 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. Unfunded actuarial accrued liability is the difference between the AAL and 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.

value of 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, were prepared by PERA's actuaries as of December 31, 2015, 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 2015 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2015 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. The PERA Board last completed an experience study in 2012, and the next planned experience study is in 2016. In addition, the PERA Board reviews the economic assumptions on a more frequent basis. The PERA Board determined that changes to the economic and demographic assumptions were not necessary for the December 31, 2014, accounting actuarial assumptions.

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. The baseline SRC that is made by the State for most State employees is 10.15% of the employee's salary. The State has consistently contributed the full amount of the SRC to the State Division Plan. See Note 18 and the Required Supplementary Information to the State's Fiscal Year 2014-15 CAFR and Note 18 to the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C for a summary of the SRC percentages payable, and percentage amount of the SRC paid, by the State for the last three Fiscal Years, as well as total PERA plan contributions made by the State for each of the past ten Fiscal Years.

As required by statute, State employees contribute 8.0% (except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10%) of their wages to the State Division Plan, although per SB 10-001, for Fiscal Years 2010-11 and 2011-12 the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees offset a 2.5% reduction in the State contribution for those Fiscal Years. The employee contribution rates reverted to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State returned to paying the 10.15% SRC.

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, or “AED,” and the Supplemental Amortization Equalization Disbursement, or “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 applicable to the State Division Plan was effective as of January 1, 2006, and was initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The AED rate applicable to the State Division Plan was 4.2% in 2015, is 4.6% in 2016 and will increase to 5.0% in 2017. The SAED applicable to the State Division Plan was effective as of January 1, 2008, and was also initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The SAED rate applicable to the State Division Plan was 4.0% in 2015, is 4.5% in 2016 and will increase to 5.0% in 2017. When and if the scheduled increases in AED and SAED for the State Division Plan are fully implemented as of January 1, 2017, the total SRC applicable to the State Division Plan will be equal to 20.15% of employee wages. See Note 18 to the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C and Note 4 to the financial statements in the PERA 2015 CAFR for a further discussion of the AED and SAED.

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.

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 Plan assets or the funded ratio of the Plan. Any changes in the SRC would require legislative action by the General Assembly. See also “—Funding Status of the State Division Plan” below.

While PERA has a pension funding policy as discussed in “—Change in PERA Funding Policy” hereafter, the State does not have a formal or established policy or procedure for managing its pension liability. PERA annually provides a briefing to State officials and members of the General Assembly as to the status of the State Division Plan and occasionally may pursue legislation pertaining to changes in contribution and/or benefit provisions in furtherance of PERA’s funding policy. Legislative proposals to modify the contributions, benefits, eligibility and other provisions of the State Division Plan also are introduced in the General Assembly from time to time independent of a request therefor from PERA.

The SRC is paid from the State General Fund as well as from certain federal and 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.

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 contribution,⁴ or “ARC,” as a funding benchmark by PERA is no longer required. Rather, this philosophical shift necessitates 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 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 Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. 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 with regard to its trust funds to update and replace the prior funding policy dated November 2007. The purpose of the revised funding policy, as stated in the PERA 2015 CAFR, is to: (a) define the overall funding benchmarks of PERA’s defined benefit pension trust funds; (b) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (c) 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 years 2006-2015 (a) the ADC for the State Division Plan, (b) the annual contribution deficiency, and (c) 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 pensionable 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, 2013, actuarial valuation) were used to determine contribution rates reported in the table for the year ended December 31, 2015: (a) the actuarial cost method is based on the entry age of participants; (b) the Plan’s UAAL is amortized as a level percent of payroll, on an open basis, over a 30-year period; (c) 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; (d) price inflation is assumed to be 2.80%; (e) real wage growth is assumed to be 1.10%; (f) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 9.57%; (g) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.50%; and (h) cost of living adjustments for pre-2007 hires are assumed to be 2.00% 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

⁴ Prior to 2014, PERA used the annual required contribution, or 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.

rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2015 CAFR.

Table I
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 Percentage of Covered Employee Payroll
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
2009	17.91	2,384,137	—	426,999	293,234	133,765	12.30
2008	18.45	2,371,639	—	437,567	267,533	170,034	11.28
2007	17.23	2,236,518	—	385,352	231,909	153,443	10.37
2006	19.33	2,099,325	—	405,800	208,795	197,005	9.95

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 2015 CAFR.

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

Source: PERA 2015 CAFR

The Management’s Discussion and Analysis in the PERA 2015 CAFR states that, using the GASB standards as a guide and the 2014 actuarial valuation based on a 7.5% investment rate of return and discount rate, the 2016 ADC for the State Division Fund needed to meet the initial, layered, 30-year closed amortization period will be 22.31%, and using the funding policy approved by the PERA Board in March 2015 and the 2015 actuarial valuation based on a 7.5% investment rate of return and discount rate, the 2016 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 22.71%.

For historical information regarding employer contributions based on the ARC, see PERA’s Comprehensive Annual Financial Report for calendar year 2013 and Note 18B to the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C.

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 SB 10-001, all in an effort to improve the funding status of the State Division Plan. In addition, investment returns on Plan assets have recently decreased following the negative effects of the global economic downturn that began in 2008, with a net investment return for the Plan of 1.5% in 2015. 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 8.5% to 8.0% in 2009, and again from 8.0% to 7.5% at the end of 2013, and other economic assumptions, including the amortization period, have been changed over this period as well, to reflect actual results and new estimates about the future. For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement as Appendix C, as well as Management's Discussion and Analysis, Note 10 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2015 CAFR.

The PERA 2015 CAFR reports that at December 31, 2015, the actuarial value of assets of the State Division Plan was approximately \$13.9 billion and the AAL of the Plan was approximately \$24.1 billion, resulting in a UAAL of approximately \$10.2 billion and a funded ratio (i.e., the actuarial value of Plan assets divided by the AAL) of only 57.6%. This UAAL would amortize over a 44-year period based on contribution rates as of the date of calculation (i.e., contributions equal to the SRC), and future increases in the AED and SAED, as well as an investment rate of return and discount rate for actuarially accrued liabilities of 7.5%.

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. Accordingly, the full effect of recent fluctuations in assets of the State Division Plan as a result of economic and market conditions is not reflected in the funded ratio. Based on the market value of assets of the State Division Plan, the PERA 2015 CAFR reports that at December 31, 2015, the UAAL of the Plan was approximately \$10.7 billion and the funded ratio was 55.6%.

Table 2 below sets forth for each of the years 2006-2015 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 total pension liability for the State Division Plan was determined by actuarial valuations as of December 31, 2014, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2015. 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: (a) price inflation is assumed to be 3.90%; (b) real wage growth is assumed to be 1.10%; (c) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 9.57%; (d) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.50%; and (e) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year compounded annually, 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 2015 CAFR.

Table II
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 Percentage of Employer Payroll
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
2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.7
2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1
2006	13,327,290	18,246,010	4,918,720	73.0	2,099,325	234.3

* 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 2015 CAFR

Table III
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
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
2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3
2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9
2006	14,041,260	18,264,010	4,222,750	76.9	2,099,325	201.1

* 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 2015 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2006 through 2015

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.

Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2015, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2015 CAFR. The following table sets forth for each of the years 2006-2015 the changes in fiduciary net position of the State Division Plan.

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

	For the Year Ended December 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Additions:										
Employer Contributions	\$ 484,005	\$ 444,372	\$ 401,658	\$ 335,073	\$ 283,222	\$ 287,624	\$ 297,240	\$ 270,353	\$ 232,997	\$ 208,795
Member Contributions	217,980	211,610	202,799	227,058	258,678	223,240	194,168	191,481	179,971	169,965
Purchased Service	26,946	22,446	22,241	16,358	11,277	12,496	8,830	13,315	8,259	39,480
Net Investment Income (loss)	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571	(3,745,843)	1,388,265	1,921,863
Other	5,023	3,289	4,869	150	331	1	3	7	4	1
Total Additions	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503	2,242,812	(3,270,687)	1,809,496	2,340,104
Deductions:										
Benefit Payments	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435	1,071,725	999,279	925,761	849,229
Refunds	63,567	61,152	68,735	69,221	70,090	68,844	58,416	56,716	56,578	65,911
Disability Insurance Premiums	2,088	2,309	2,229	1,570	1,685	1,661	2,004	1,794	1,833	1,772
Administrative Expenses	10,779	10,067	9,780	8,568	8,685	8,942	8,729	8,639	6,963	7,889
Other	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)	6,613	7,592	3,103
Total Deductions	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156	1,139,355	1,073,041	998,727	927,904
Change in Fiduciary Net Position	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457	(4,343,728)	810,769	1,412,200
Fiduciary Net Position Held at Beginning of Year	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758	10,508,301	14,852,029	14,041,260	12,629,060
Fiduciary Net Position Held at End of Year	\$13,460,536	\$14,013,947	\$13,980,460	\$12,797,352	\$12,022,661	\$12,487,105	\$11,611,758	\$10,508,301	\$14,852,029	\$14,041,260

Source: PERA 2015 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 2013-2015 (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 2015 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014 and 2015 (information for 2013 is not available). See also "—Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68" hereafter.

Table V
Net Pension Liability State Division¹
(Dollar Amounts in Thousands)

	For the Year Ended December 31,		
	2015	2014	2013
Total Pension Liability ²	\$23,991,569	\$23,420,461	\$22,888,431
Plan Fiduciary Net Position	13,460,536	14,013,947	13,980,460
Net Pension Liability	10,531,033	9,406,514	8,907,971
Net Pension Liability As a Percentage of Total Pension Liability	56.11%	59.84%	61.08%
Covered Employee Payroll	\$ 2,641,867	\$ 2,564,670	\$ 2,474,965
Net Pension Liability As a Percentage of Covered Employee Payroll	398.62%	366.77%	359.92%

¹ Information for years prior to 2013 is not available.

² The total pension liability for the State Division was determined by actuarial valuations as of December 31, 2014, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2015. The actuarial valuations as of December 31, 2014, used the key actuarial methods, assumptions or other inputs discussed in “—Funding Status of the State Division Plan” above, except that the fair value of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.

Source: PERA 2015 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:

- (a) The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.
- (b) Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.
- (c) 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 2015 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

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 in the State’s Fiscal Year 2014-15 CAFR and the State’s unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C. 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. PERA reports that the State Division had a UAAL of approximately \$9.7 billion as of December 31, 2013, \$9.9 billion as of December 31, 2014, and \$10.2 billion as of December 31, 2015.

The State reported a liability in the State's Fiscal Year 2014-15 CAFR of approximately \$9.1 billion (\$9.0 billion for the State Division and \$0.1 billion for the Judicial Division) at June 30, 2015, for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability at the end of Fiscal Years 2013-14 and 2014-15 is set forth in the following table. PERA includes employers in the State Division and the Judicial Division that are not included in the State's Fiscal Year 2014-15 CAFR, which results in a difference between the net pension liability for the State reported by PERA and the State in their respective CAFRs. The State included 95.85% of the State Division and 93.60% of the Judicial Division in its Fiscal Year 2014-15 CAFR to determine its proportionate share in accordance with requirements of GASB 68. These percentages are applied to the net pension liability reported in the PERA 2014 CAFR to determine the net pension liability reporting the State's Fiscal Year 2014-15 CAFR because the PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's CAFR 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 not part of the State's CAFR reporting entity. More information about the State's reporting entity can found in Note 3 to the State's Fiscal Year 2014-15 CAFR and the State's unaudited BFS for Fiscal Year 2015-16 appended to this Official Statement as Appendix C and additional information on the proportionate share calculation can be found in Note 18 of the State's Fiscal Year 2014-15 CAFR. Due to changes in the State's proportional share and the net pension liability amount at June 30, 2016, the State is unable to estimate the effect of the net pension liability reported in the PERA 2015 CAFR on the State's Fiscal Year 2015-16 CAFR.

Table VI
State's (Primary Government's) Proportionate
Share of the Net Pension Liability*
(Amounts in Thousands)

	Fiscal Year 2014-15		Fiscal Year 2013-14	
	State Division	Judicial Division	State Division	Judicial Division
State's Proportion of the Net Pension Liability (Asset)	95.85%	93.60%	95.86%	93.44%
State's Proportionate Share of Net Pension Liability (Asset)	\$9,015,773	\$129,500	\$8,539,181	\$102,756
State's Covered-Employee Payroll	\$2,530,865	\$50,596	\$2,476,598	\$46,957
State's Proportionate Share of the Net Pension Liability (Assets) As a Percentage of Its Covered-Employee Payroll	356.23%	255.95%	344.79%	218.83%
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	148.98%	201.98%	156.94%	252.48%

* 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 18C to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement as Appendix C. Source: State Fiscal Year 2014-15 CAFR

A 10-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 2014-15 CAFR appended to this Official Statement as Appendix C. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, and the introduction to Notes 1-7 and Notes 18-20 to the Financial Statements, in the State's Fiscal Year 2014-15 CAFR.

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX H
FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX I

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 CDOT 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, CDOT, 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 2016 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 2016 Certificates, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2016 Certificates or (v) any other related matter.

DTC will act as securities depository for the Series 2016 Certificates. The Series 2016 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 Certificate for each maturity of the Series 2016 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>. CDOT 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 2016 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 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 2016 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 2016 Certificates except in the event that use of the book-entry system for the Series 2016 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2016 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 2016 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 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 2016 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Certificates, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2016 Certificates may wish to ascertain that the nominee holding the Series 2016 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 2016 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 2016 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2016 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 CDOT 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 CDOT, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2016 Certificates to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of CDOT 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 2016 Certificates at any time by giving reasonable notice to CDOT. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2016 Certificate certificates are required to be printed and delivered to the appropriate registered owners of the Series 2016 Certificates.

CDOT 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 2016 Certificates. In that event, Series 2016 Certificate certificates will be printed and delivered to DTC.