

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2009

**NEW ISSUE
BOOK-ENTRY-ONLY**

RATING: _____ “ ”
(See “MISCELLANEOUS—Rating”)

INSURANCE: _____

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (which includes original issue discount properly allocable to the owners of certain of the Bonds), is excluded from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax, and is exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. RFTA has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See the caption “TAX MATTERS” herein.

\$27,500,000*
ROARING FORK TRANSPORTATION AUTHORITY
(In the State of Colorado)
SALES AND USE TAX REVENUE BONDS
SERIES 2009

Dated: Date of Delivery

Due: December 1, as shown below

The Bonds are being issued by the Roaring Fork Transportation Authority (“RFTA”), Colorado, as fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be delivered in book-entry-only form and the Depository Trust Company, New York, New York, will act as securities depository for the Bonds. Capitalized terms used in this cover page are defined in the Introduction to this Official Statement and in Appendix A. As long as DTC or its nominee is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made by the Paying Agent, initially _____, Denver, Colorado, directly to DTC, which will remit such payments to Participants in the DTC system for subsequent distribution to the Beneficial Owners. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2009. The Bonds mature, bear per annum interest and are priced as follows:

MATURITY SCHEDULE*
CUSIP _____^{1Ⓞ}

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP ^{1Ⓞ}	Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP ^{1Ⓞ}
2010	\$460,000				2017	\$545,000			
2011	465,000				2018	565,000			
2012	475,000				2019	585,000			
2013	485,000				2020	610,000			
2014	500,000				2021	635,000			
2015	515,000				2022	660,000			
2016	530,000				2023	690,000			
	\$4,000,000*	_____ %							
		Term Bond Due December 1, 2028							
	\$5,160,000*	_____ %							
		Term Bond Due December 1, 2033							
	\$10,620,000*	_____ %							
		Term Bond Due December 1, 2039							

¹RFTA takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.
[Ⓞ] Copyright 2009, American Bankers Association, Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

Payment of principal of and interest on the Bonds will be insured by _____.

[Insert Insurer Logo]

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

Proceeds from the sale of the Bonds will be used for (i) acquiring, constructing and equipping vehicle maintenance facilities, bus stations, bus stops and parking areas and facilities, (ii) acquiring buses and other transit vehicles, (iii) providing road improvements related to the regional transportation system and intelligent transportation system components for the bus rapid transit system, [(iv) funding a portion of the Reserve Fund], and (v) paying the costs of issuance of the Bonds.

The Bonds are subject to optional redemption prior to maturity as described herein. The Bonds are also subject to mandatory redemption as described herein.

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

The Bonds are offered when, as and if issued and accepted by the Underwriter named below, subject to prior sale, withdrawal or modification of the offer without any notice, approval of legality and certain other matters by Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Kutak Rock LLP has acted as Special Counsel to RFTA for purposes of assisting RFTA with the preparation of this Official Statement. Certain legal matters will be passed upon for RFTA by Tari Williams, Esq., Carbondale, Colorado, as General Counsel to RFTA. Piper Jaffray & Co., Denver, Colorado is acting as financial advisor to RFTA in connection with the offering and issuance of the Bonds. Kamlet Reichert, LLP, Denver, Colorado is acting as counsel to the Underwriter in connection with the offering and issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about July __, 2009.

RBC Capital Markets Corporation
This Official Statement is dated June __, 2009.

* 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.

ROARING FORK TRANSPORTATION AUTHORITY

Board

Bruce Christensen	Chairperson
Jacque Whitsitt	Vice Chairperson
Duane Romero	Board Member
Michael Owsley	Board Member
Sara Fisher	Board Member
Ed Cortez	Board Member
John Wilkinson	Board Member
Frank Breslin	Board Member

Officials

Dan Blankenship	Chief Executive Officer
John Tangen	Director of Finance
Kenny Osier	Director of Maintenance

General Counsel

Tari Williams, Esq.
Glenwood Springs, Colorado

Underwriter

RBC Capital Markets Corporation
Denver, Colorado

Counsel to the Underwriter

Kamlet Reichert, LLP
Denver, Colorado

Financial Advisor

Piper Jaffray & Co.
Denver, Colorado

Paying Agent

Denver, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by RFTA or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of RFTA since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by RFTA and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

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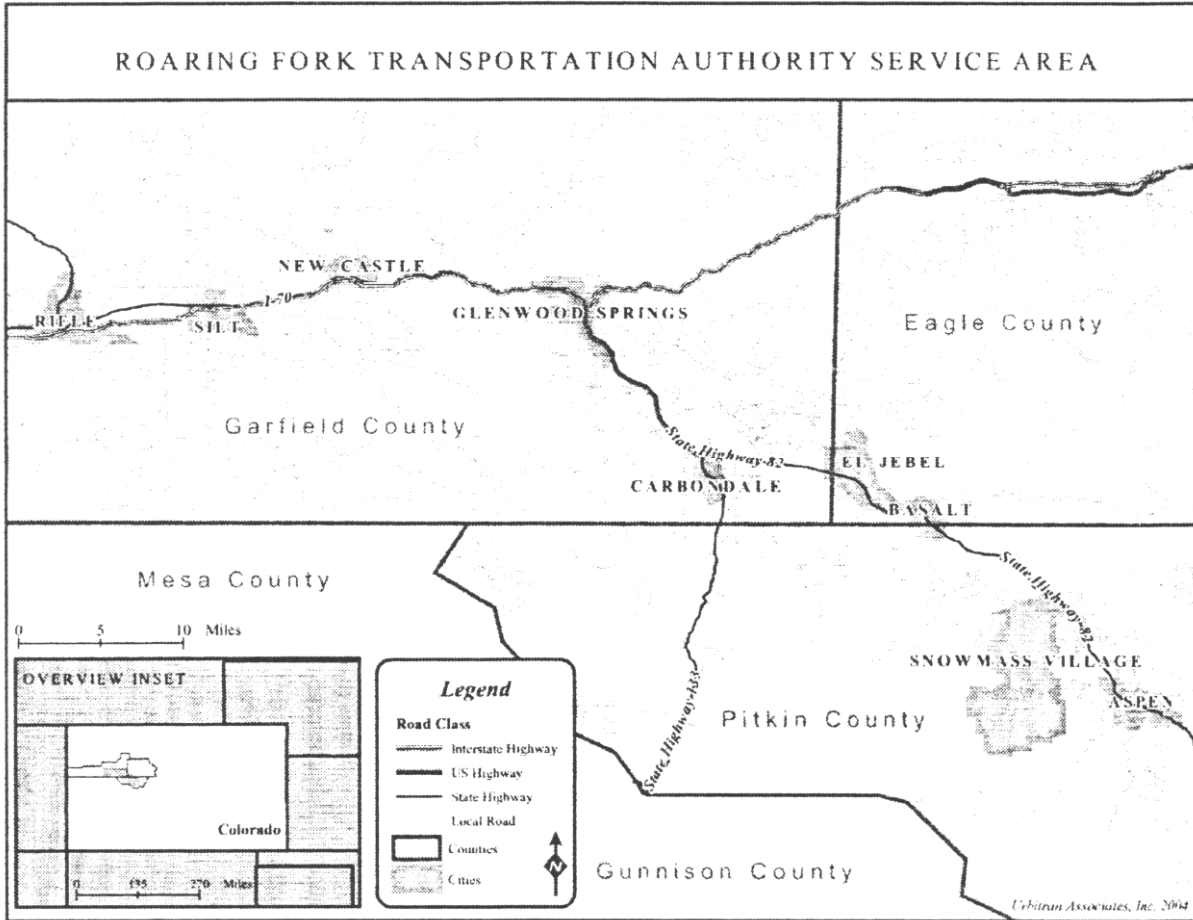
THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWN, THE BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES OR YIELDS TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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VICINITY AND SERVICE AREA MAP



INTRODUCTION

This Official Statement is furnished in connection with the issuance by the Roaring Fork Transportation Authority, Colorado (“RFTA” or the “Authority”), of its Sales and Use Tax Revenue Bonds, Series 2009 (the “Bonds”), in the aggregate principal amount of \$27,500,000* (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Certain capitalized terms used and not otherwise defined herein are defined in Appendix A hereto.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

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

* Preliminary; subject to change.

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

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

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

There is established pursuant to the Bond Resolution a Reserve Fund to be funded upon issuance of the Bonds, from the proceeds thereof, in the amount of \$_____. The Reserve Fund secures the Bonds and any Parity Lien Bonds and is to be maintained in the amount of the Reserve Fund Requirement, as defined in “SUMMARY OF BOND RESOLUTION” appended hereto. [REVISE IF SURETY BOND]

Parity and Additional

Bonds..... The Bonds are secured by a first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. There are presently no other obligations of RFTA secured by a lien on the Pledged Revenues. Subject to expressed conditions, obligations in addition to the Bonds, may be issued and made payable from the Pledged Revenues having a lien on the Pledged Revenues on a parity with the lien of the Bonds (“Parity Lien Bonds”). The Bond Resolution does not limit the ability of RFTA to issue obligations payable from and secured by the Pledged Revenues on a basis subordinate to the Bonds. See “THE BONDS—Security for the Bonds,” “DEBT STRUCTURE—Authorized But Unissued Sales and Use Tax Revenue Bonds” and “SUMMARY OF BOND RESOLUTION” appended hereto. Although RFTA anticipates issuing Parity Lien Bonds to fund its Regional Transportation Improvement Plan (described herein), no definitive plans have been made with respect to the timing or amount of such issues.

[Bond Insurance _____ (the “Insurer”) has committed to issue, on the date of issuance of the Bonds, a financial guaranty insurance policy (the “Policy” or “Bond Insurance Policy”) insuring the payment of the principal of and interest on the Bonds. See “BOND INSURANCE.”]

Purpose The Proceeds from the sale of the Bonds will be used for (i) acquiring, constructing and equipping vehicle maintenance facilities, bus stations, bus stops and parking areas and facilities, (ii) acquiring buses and other transit vehicles, (iii) providing road improvements related to the regional

transportation system and intelligent transportation system components for the bus rapid transit system, (iv) funding a portion of the Reserve Fund, and (v) paying the costs of issuance of the Bonds, as described in “THE BONDS—Application of Bond Proceeds” herein.

Payment

Provisions..... The Bonds mature and bear interest at the rates (computed on the basis of a 360-day year of twelve 30 day months) as set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on December 1, 2009. Principal of the Bonds is payable to the registered owner thereof (initially Cede & Co.) at the principal operations office of the Paying Agent. Payments to Beneficial Owners will be made as described in “APPENDIX G—Book-Entry-Only System.”

Book-Entry-

Only Registration..... The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or any multiple thereof through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of RFTA pursuant to the Bond Resolution, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX G—Book-Entry-Only System” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Prior

Redemption..... The Bonds are subject to optional redemption prior to maturity as described in “THE BONDS—Prior Redemption.”

Registration

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

Tax Exemption

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants, interest on the Bonds (which includes original issue discount properly allocable to the owners of certain of the Bonds), is excluded from gross income for federal income tax purposes,

is not a specific preference item for purposes of the federal alternative minimum tax, and is exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. The Bonds have been designated by RFTA as “qualified tax exempt obligations” under Section 265(b)(3) of the Code. See “TAX MATTERS” herein.

Investment

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

Authority for

Issuance..... The Bonds are issued in conformity with the constitution and laws of the State of Colorado, including the Rural Transportation Authority Law and Title 11, Article 57, Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), and pursuant to the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the RFTA Board of Directors (the “Board”). The issuance of the Bonds, was approved by an affirmative vote of RFTA’s electors at an election held on November 4, 2008. The Bonds are also issued pursuant to an election held on November 4, 2008, at which qualified electors of RFTA approved indebtedness of up to \$44,555,000 to finance the costs of the Project. Upon issuance of the Bonds, RFTA will have \$17,555,000* remaining authorized but unissued indebtedness.

Delivery

Information..... The Bonds are offered when, as, and if issued by RFTA and accepted by the Underwriter, subject to prior sale, the approving legal opinion of Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about July __, 2009, against payment therefor.

**Undertaking
to Provide Ongoing**

Disclosure..... Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12), RFTA has agreed for the benefit of the holders of the Bonds to provide, upon request, to any person certain financial information, other operating data and notices of material events after the Bonds are issued (the “Continuing Disclosure Undertaking”). A form of RFTA’s Continuing Disclosure Undertaking is appended hereto.

A failure by RFTA to comply with the Continuing Disclosure Undertaking will not constitute an event of default under the Bond

* Preliminary, subject to change.

Resolution. Nevertheless, if such a failure occurs it must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Subject to the following sentence, RFTA has not failed to comply with any continuing disclosure undertaking previously executed by it. In connection with various downgrades of certain ratings of Radian Asset Assurance Inc. (“Radian”), and the resulting downgrades of certain ratings of RFTA’s \$3,910,000 Certificates of Participation, Series 2005 evidencing undivided interests in the right to receive certain revenues from Roaring Fork Transportation Authority (in the State of Colorado) under a Lease Purchase Agreement dated as of April 1, 2005 insured by a financial guaranty insurance policy issued by Radian, which downgrades occurred in 2008, RFTA provided a material event notice with respect thereto in April 2009.

Exchange and

Transfer While the Bonds remain in book-entry-only form, transfer and ownership by Beneficial Owners may be made as described in “APPENDIX G—Book-Entry-Only System.”

Financial

Statements..... Appended hereto are the audited general purpose financial statements of the RFTA as of and for the year ended December 31, 2007, being the most recent audited financial statements available for RFTA.

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, ORDINANCES, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Roaring Fork Transportation Authority, Attention: Dan Blankenship, 2307 Wulfsohn Road, Glenwood Springs, Colorado 81611, Telephone: (970) 384-4981; or RBC Capital Markets Corporation, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Telephone: (303) 595-1210.

FORWARD—LOOKING STATEMENTS

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

INVESTMENT CONSIDERATIONS

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

Limited Obligations

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

Additional Bonds Secured by the Pledged Revenues

RFTA has the right to issue other additional bonds payable from the Pledged Revenues and secured by a lien on the Pledged Revenues on a parity with the lien of the Bonds; however, specific conditions and requirements which are set forth in an additional bonds test must be met by RFTA prior to the issuance of the issuance of such Parity Lien Bonds. See "THE BONDS—Security for the Bonds" and "SUMMARY OF BOND RESOLUTION" appended hereto for the language of the additional bonds test. The issuance of Parity Lien Bonds would dilute the coverage for the Bonds and, in the event of a significant, material decline in the Pledged Revenues, could ultimately affect the ability of RFTA to meet the debt service requirements on the Bonds. The issuance of additional bonds in excess of \$17,055,000* would require prior voter approval. See "DEBT STRUCTURE—Required Elections." RFTA has no definitive plans at this time to issue additional bonds payable from the Pledged Revenues and secured by a lien on the Pledged Revenues on a parity with the lien of the Bonds. Although RFTA anticipates issuing Parity Lien Bonds to fund its Regional Transportation Improvement Plan (described herein), no definitive plans have been made with respect to the timing or amount of such issues.

Economic Factors

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

* Preliminary, subject to change.

Prospective purchasers of the Bonds should be aware that the financial information and statistics data presented in this Official Statement have been obtained from the referenced sources and represent the most current information available from such sources; however, such information may not be indicative of economic and demographic conditions which may be experienced in the near future.

[ADDITIONAL FACTORS SPECIFIC TO ROARING FORK VALLEY]

Sales Tax Not Collected on Sales Over the Internet

The future level of taxable retail sales which occurs within the RFTA service area may be affected by the level of internet sales (also known as e-commerce). Such remote commerce vendors may compete with local retail businesses and may reduce the taxable retail sales which otherwise would occur within the RFTA service area. The ultimate impact of internet sales on the level of taxable retail sales which occurs within the RFTA service area cannot be determined at this time but such impact could be material.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Bonds.

Enforceability of Bondholders' Remedies Upon Default

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

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

THE BONDS

Description

The total principal amount, dated date, maturity dates and interest rates of the Bonds are set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail in

“INTRODUCTION” and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds, exchange and transfer of the Bonds and payment of the principal of and interest on the Bonds; a description of the authority for issuance of the Bonds; and information regarding delivery of the Bonds. See “INTRODUCTION” for a description of the matters referred to in the previous sentence, as well as other information relating to the Bonds.

Prior Redemption

Optional Redemption. The Bonds maturing on and after December 1, 20__ are subject to redemption prior to maturity at the option of RFTA, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as RFTA shall determine and by lot within a maturity, on December 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount of the redeemed Bonds, plus accrued interest to the redemption date, and without redemption premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Years (December 1)	Principal Amount*
2024	\$720,000
2025	760,000
2026	800,000
2027	840,000
2028 ¹	880,000

¹Final maturity; not a sinking fund redemption payment.

The Bonds maturing on December 1, 2033 also are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Years (December 1)	Principal Amount*
2029	\$ 925,000
2030	975,000
2031	1,030,000
2032	1,085,000
2033 ¹	1,145,000

¹Final maturity; not a sinking fund redemption payment.

* Preliminary; subject to change.

* Preliminary; subject to change.

The Bonds maturing on December 1, 2039 also are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

Years (December 1)	Principal Amount*
2034	\$1,205,000
2035	1,270,000
2036	1,340,000
2037	1,415,000
2038	1,495,000
2039 ¹	3,895,000

¹Final maturity; not a sinking fund redemption payment.

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

General Redemption Provisions. If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Bond Registrar shall determine. The Bonds shall be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, or a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 multiples thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a portion of any Bond is redeemed, the Bond Registrar shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

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

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

Application of Bond Proceeds

The Project. On November 4, 2008, the eligible voters for RFTA approved the issuance of \$44,555,000 in bonds for the purpose of: (i) acquiring, constructing and equipping vehicle maintenance facilities, bus stations, bus stops and parking areas and facilities, (ii) acquiring buses and other transit vehicles, and (iii) providing road improvements related to the regional transportation system and intelligent transportation system components for the bus rapid transit system (the “Project”). Such bonds are anticipated to be issued in two series (the first series comprising the Bonds) to provide funding as needed in accordance with the stages of construction of the Project. Construction of the Project is expected to commence in the Fall 2009, with anticipated completion by June 2012. For further information regarding the Project, see “THE SYSTEM—The Project.”

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

SOURCES

Bond Proceeds ¹	
Total	

USES

Deposit to Project Fund	
Deposit to Reserve Fund.....	
Costs of issuance, including underwriting discount ² , insurance premium, professional fees and printing costs	
Total.....	

¹ Net of original issue discount and original issue premium on certain of the Bonds.

² See “MISCELLANEOUS—Underwriting.”

Security for the Bonds

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

The Pledged Revenues which secure payment of the Bonds consist of all of the proceeds of the Sales and Use Tax after deduction of the reasonable and necessary costs and expenses of collecting and enforcing said Sales and Use Tax, net of any required refunds.

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

Fund (or to pay Policy Costs, if any) with respect to the Bonds or to similar funds with respect to Parity Lien Bonds as provided above pursuant to the Bond Resolution, all Pledged Revenues may be used for any lawful purpose of RFTA. For additional provisions of the Bond Resolution applicable to the application of Pledged Revenues see Appendix A.

Funds and Accounts. Pursuant to the Bond Resolution, RFTA established the Bond Fund (and therein the Principal Account and the Interest Account), the Reserve Fund and the Project Fund. A general description of said funds and accounts is provided below. For a complete description of the accounts created pursuant to the Bond Resolution, see “SUMMARY OF BOND RESOLUTION” appended hereto.

Bond Fund. Moneys deposited in the Bond Fund must be used solely for the purpose of paying the principal of and interest on the Bonds. There is established by the Bond Resolution within the Bond Fund the Principal Account and the Interest Account (which are to be used for payment of the principal of and interest, respectively, on the Bonds). Pursuant to the Bond Resolution, on or before the last day of each month, commencing in the month next succeeding the date of issuance of the Bonds, RFTA is to credit to the Interest Account, from the Pledged Revenues and any interest income to be deposited in the Interest Account pursuant to the terms hereof, an amount equal to the Pro Rata Portion of the interest to come due on the Bonds on the next succeeding Interest Payment Date, net of the amount of any interest earnings transferred in such month from the Reserve Fund to the Bond Fund as described in “--Reserve Fund.” Notwithstanding, RFTA is to have credited to the Interest Account from the Pledged Revenues an amount sufficient to pay the interest on the Bonds due on the next succeeding Interest Payment Date not less than 3 Business Days before such Interest Payment Date. In addition, on or before the last day of each month, commencing in the month next succeeding the date of issuance of the Bonds, RFTA is to credit to the Principal Account, from the Pledged Revenues and any interest income to be deposited in the Principal Account pursuant to the terms hereof, an amount equal to the Pro Rata Portion of the principal coming due on the Bonds on the next succeeding Principal Payment Date. Notwithstanding, RFTA is to have credited to the Principal Sub-Account from the Pledged Revenues an amount sufficient to pay the principal coming due on the Bonds on the next succeeding Principal Payment Date not less than 3 Business Days before such Principal Payment Date.

Reserve Fund. Moneys in the Reserve Fund must be used only to prevent a default in the payment of the principal of and interest on the Bonds and any Parity Lien Bonds. Upon the issuance of the Bonds, the Reserve Fund will be funded in the amount of \$_____ (\$_____ of which is to be funded from proceeds of the Bonds), [which amount is equal to the maximum annual debt service on the Bonds]. See “APPENDIX A” hereto for the definition of the Reserve Fund Requirement. RFTA is to calculate, on an annual basis, the amount on deposit in the Reserve Fund. The Reserve Fund Requirement is to be calculated as of (i) the date of issuance of the Bonds, (ii) any Interest Payment Date, and (iii) not less than annually. If at any time the calculated amount of the Reserve Fund is less than the Reserve Fund Requirement or transfers are made from the Reserve Fund as provided in paragraph (a) hereof, then RFTA is to deposit to the Reserve Fund from the Pledged Revenues, amounts sufficient to bring the amount deposited in the Reserve Fund to the Reserve Fund Requirement. If at any time a draw is made against a Reserve Fund Contract as provided in paragraph (a) hereof, then RFTA is to pay any amounts due and owing under the Reserve Fund Contract from the Pledged Revenues. Such payments are to be made in accordance with the application of Pledged Revenues described above and more fully in APPENDIX A to this Official Statement. If at any time the calculated amount of the Reserve Fund is more than the Reserve Fund Requirement, then RFTA is to transfer to the Bond Fund for the Bonds, and to any similar account created with respect to Parity Lien Bonds, if any, on a pro rata basis, such amount which is in excess of the Reserve Fund Requirement.

Additional Bonds. RFTA has covenanted in the Bond Resolution that it will not pledge or create any other lien on the Pledged Revenues that is superior to the lien thereon of the Bonds. Pursuant to the Bond Resolution, RFTA has covenanted not to issue Parity Lien Bonds, which would be secured by the Pledged Revenues on a parity with the lien thereon of the Bonds, unless certain conditions are satisfied, including satisfaction of the coverage requirement set forth below. See APPENDIX A hereto for the additional requirements regarding the issuance of Parity Lien Bonds. RFTA is not prohibited from issuing subordinate lien obligations and pledging or creating a subordinate lien on the Pledged Revenues provided that no Event of Default shall have occurred and be continuing.

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

(i) the Pledged Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this paragraph as the “test period”) have been equal to at least 125% (1.25 times) of the sum of the Combined Maximum Principal and Interest Requirements due or to become due on the Bonds, any Outstanding Parity Lien Bonds, and the proposed Parity Lien Bonds during each calendar year following the date of issuance of the proposed Parity Lien Bonds until final maturity of the Bonds; or

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

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

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

Debt Service Coverage

The following table sets forth the estimated historical debt service coverage which would have been provided for calendar years 2003 through 2007, and also for the twelve month period ending June 30, 2008 (the most recent twelve month period for which certain retail sales data is available), by revenues that would have been generated from the Sales and Use Tax if imposed in all current member jurisdictions at the current rates in such periods, based on the maximum annual debt service on the Bonds net of anticipated interest earnings on the Reserve Fund and assuming that the full amount of the Reserve Requirement will be available for application to the final payment of the Bonds in 2039 (\$1,745,008*, occurring in 2038). As further described herein, RFTA did not impose the Sales and Use Tax at its present level or, in some cases, at all within certain of its member jurisdictions until 2009 and, as a result, RFTA’s historical sales and use tax collection data does not provide an appropriate basis for estimating future collections. For information concerning the basis for such estimated Sales and Use Tax revenues

* Preliminary, subject to change.

see “THE SALES AND USE TAX—Sales and Use Tax Data—*Sales and Use Tax Projections.*” The debt service requirements for the Bonds are set forth in “—Debt Service Requirements” hereafter. See also “THE BONDS—Security for the Bonds” herein.

TABLE I
Estimated Debt Service Coverage

	2003	2004	2005	2006	2007	2008	2009 ¹
Estimated Sales and Use Taxes ²	\$7,388,785	\$7,757,205	\$8,834,914	\$9,992,529	\$11,038,369	\$10,991,397	\$7,062,611
Maximum Annual Debt Service ³	\$1,745,008	\$1,745,008	\$1,745,008	\$1,745,008	\$1,745,008	\$1,745,008	\$1,745,008
Debt Service Coverage	4.234x	4.445x	5.063x	5.726x	6.326x	6.299x	4.047x

¹ Estimated Sales and Use Taxes for 2009 represent RFTA’s forecast of such revenues to be received, based on 2008 actual unaudited data and receipts for the first three months of 2009. Such figure represents an approximately 20% reduction in the original 2009 budget for such revenues, which is representative of the reduction in sales and tax revenues realized in the latter part of 2008 and early 2009. Such figure is only a forecast. No assurance is given that actual amounts received in 2009 will achieve this level.

² Based on the projected revenues that would have been derived from the current RFTA Sales and Use Tax if imposed in all current RFTA member jurisdictions during such periods. See TABLE VIII herein.

³ The maximum annual debt service payment is expected to occur in 2038, based on the estimated debt service for the Bonds, net of anticipated interest earnings on the Reserve Fund and assuming that the full amount of the Reserve Requirement will be available for application to the final payment of the Bonds in 2039.

Source: RFTA and the Underwriter

The receipt of Pledged Revenues is subject to the elastic nature of consumer spending. This causes sales tax revenue to increase along with the higher prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced consumer confidence which could result in reduced spending. Such changes in economic conditions may cause actual sales tax collections to fluctuate. Accordingly, there can be no assurance that collections of RFTA’s Sales and Use Tax revenue will continue at the levels stated above, or that coverage factors in future years will remain at such levels. In addition, although RFTA has no definitive plans to issue additional revenue bonds at this time, RFTA may issue additional revenue bonds payable from the Pledged Revenues subject to expressed conditions which, under current law, would include prior voter approval if in excess of \$17,055,000*. See the captions “THE SALES AND USE TAX” and “APPENDIX A—Summary of Bond Resolution” herein.

Debt Service Requirements

Set forth in the following table are the debt service requirements for the Bonds. See the cover of this Official Statement for the actual interest rates for each maturity of the Bonds.

TABLE II
Debt Service Requirements* ¹

Year	Principal	Interest	<u>Total</u>
2009	\$ 460,000		
2010	465,000		
2011	475,000		
2012	485,000		
2013	500,000		
2014	515,000		
2015	530,000		
2016	545,000		
2017	565,000		
2018	585,000		
2019	610,000		
2020	635,000		
2021	660,000		
2022	690,000		
2023	720,000		
2024	760,000		
2025	800,000		
2026	840,000		
2027	880,000		
2028	925,000		
2029	975,000		
2030	1,030,000		
2031	1,085,000		
2032	1,145,000		
2033	1,205,000		
2034	1,205,000		
2035	1,270,000		
2036	1,340,000		
2037	1,415,000		
2038	1,495,000		
2039	<u>3,895,000</u>		
Total	<u><u>\$27,500,000</u></u>		

¹ Assumes no redemptions, other than mandatory sinking fund redemption payments.
 Figures have been rounded.
 Source: The Underwriter

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to Appendix F for a specimen of the Policy.

* Preliminary; subject to change.

[INSERT IF APPLICABLE]

THE SALES AND USE TAX

Generally

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

Authority for the Imposition of the Sales and Use Tax

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

The Sales Tax

General. Pursuant to the Rural Transportation Authority Law, RFTA’s sales tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the state sales tax (imposed pursuant to Article 26 of Title 39 (the “Sales and Use Tax Act”), and, [with the exceptions described below], is subject to the same exemptions applicable to the state sales tax. The sales tax is collected and paid on the purchase price paid or charged upon all sales and purchases of tangible property at retail; in the case of retail sales involving the exchange of property, on the purchase price paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, excluding, however, from the consideration or purchase price the fair market value of the exchanged property if such exchanged property is to be sold thereafter in the usual course of the retailer’s business, or such exchanged property is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration or certification under the laws of Colorado, including, but not limited to, vehicles operating upon public highways, off highway recreation vehicles, watercraft and aircraft; on telephone and telegraph services, whether furnished by public or private corporations or enterprises, for all intrastate telephone and telegraph service; for gas and electric service, whether furnished by municipal, public or private corporations or enterprises for gas and electricity furnished and sold for commercial consumption and not for resale, and upon steam when consumed or used by the purchaser and not resold in original form whether furnished or sold by municipal, public or private corporations or enterprises; on the purchase price paid for food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops and other like places of business at which prepared food or drink is regularly sold, including sales from pushcarts, motor vehicles and other mobile facilities. Cover charges

shall be included as part of the amount paid for such food or drink; and on the entire amount charged to any person for rooms or accommodations, as defined by statute.

The Sales and Use Tax Act also provides that certain transactions are exempt from taxation as specified in Section 39-26-701, Colorado Revised Statutes. These include, but are not limited to, sales to the United States government and to the State of Colorado, its departments and institutions, and the political subdivisions of the state in their governmental capacities; sales to charitable organizations in the conduct of their charitable functions and activities; sales which RFTA is prohibited from taxing under the Constitution or laws of the United States or the State of Colorado; sales of cigarettes; sales of prescription drugs, prosthetic devices, wheelchairs, hospital beds, corrective eyewear, hearing aids and certain physician recommended therapeutic devices and appliances; sales of commodities and services to the occupants of certain accommodations; sales to nonprofit schools; sales of trailers and trucks manufactured in the state but sold for use outside the state; sales of construction and building materials to a common carrier by rail for use in construction and maintenance of its railroad tracks; sales of special fuel for farm vehicles; sales of certain articles to retailers or vendors of food, meals or beverages, including bags and other containers, if a separate charge is not made to the consumer therefor, the article becomes the property of the consumer together with the food, meals or beverages, and if a tax is paid on the retail sale of such food, meals or beverages, which articles; sales of construction and building materials sold to contractors for the construction of certain public works; sales of aircraft used or purchased for use in interstate commerce by a commercial airline; sales of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft; sales of certain poultry and livestock, feed therefor, and straw and other bedding for use in the care thereof, feeds and orchard trees; 48% of the purchase price of factory built housing; sales of food purchased with food stamps or with specified federal funds; and sales of precious metal bullion and coins which are substantially equivalent to transactions in securities or commodities through a national securities or commodities exchange. Reference is made to Section 39-26-701, Colorado Revised Statutes, for a complete listing of exemptions from the sales tax. In addition, gross receipts from sales subject to the sales tax will include delivery charges when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made.

Description of the Use Tax

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

Manner of Collection of Sales Tax

The collection, administration, distribution and enforcement of RFTA's sales tax is performed by the Executive Director of the Colorado Department of Revenue (the "Executive Director"), [at no charge], in the same manner as the collection, administration and enforcement of the state sales tax. Except as provided by the Sales and Use Tax Act, the provisions of article 26 of title 39, Colorado Revised Statutes, govern the collection, administration and enforcement of the RFTA sales tax.

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

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

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

Manner of Collection of Use Tax

The collection, administration, distribution and enforcement of RFTA's use tax is performed by the Executive Director of the Colorado Department of Revenue at no charge, in the same manner as the collection, administration and enforcement of the state sales tax. Except as provided by the Sales and Use Tax Act, the provisions of article 26 of title 39, Colorado Revised Statutes, govern the collection, administration and enforcement of the RFTA use tax.

The use tax on motor or other vehicles on which registration is required which are purchased at retail are collected by the authorized agent of the Department of Revenue in the county in which such transaction occurs. No registration is made of any motor or other vehicle for which registration is required and no certificate of title issued for such vehicle by the Department of Revenue until any sales tax or use tax due has been paid. The use tax on construction and building materials will be collected by the Executive Director of the Colorado Department of Revenue. Tax on the retail purchase of the price of said materials used or consumed within the boundaries of RFTA must be paid upon the use or consumption of the materials within the boundaries of RFTA.

Remedies for Delinquent Sales Taxes

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

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

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

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

Provisions Applicable to Both the Sales and Use Tax

Any vendor receiving a deficiency notice regarding the payment of sales taxes or use taxes to RFTA has the right to request the Executive Director to conduct a hearing on the deficiency, and may thereafter appeal the decision to the district court.

[ANY ADDITIONAL RFTA PENALTIES UNDER SALES TAX RESOLUTIONS?].
Violations also are subject to prosecution and punishment by the state for the violation of state law.

Sales and Use Tax Data

Generally. A significant portion of the total RFTA Sales and Use Tax pledged to the payment of the Bonds and, with respect to some jurisdictions, the entire amount of RFTA Sales and Use Tax presently imposed in such areas, was recently imposed after approval thereof by eligible electors of RFTA at an election held on November 4, 2008. See “—Sales Tax Rates” below. As a result, historical data with respect to sales and use tax collection by RFTA, set forth under this caption, is not representative of the net revenues anticipated to be derived from the total Sales and Use Tax now imposed by RFTA, and is not necessarily demonstrative of retail sales transaction trends for all jurisdictions now included within the boundaries of RFTA.

For information concerning historical retail sales within the current member jurisdictions, see “—*Retail Sales Trends*” below. For information concerning projected revenues from the current RFTA Sales and Use Tax based on historical retail sales in the member jurisdictions, see “—*Sales and Use Tax Projections*” below.

RFTA also receives a portion of revenues from Pitkin County’s transportation sales tax, net of debt service due on certain outstanding revenue bonds issued by Pitkin County, and a portion of revenues from Eagle County’s transportation sales tax (but only to the extent collected in the Town of Basalt and unincorporated Eagle County election precincts 7, 8, 24 and 25), as more particularly described in

“FINANCIAL INFORMATION CONCERNING RFTA—Major Revenue Sources” and “DEBT STRUCTURE—Pitkin County Revenue Obligations.” Such revenues do not constitute Pledged Revenues and, as a result, are not shown in the tables under this caption.

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

**TABLE III
Sales Tax Rates**

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

¹ Does not include Pitkin County Transportation Sales Taxes, a portion of which representing 0.88865%, net of certain debt service, is payable to RFTA but does not constitute Pledged Revenue pledged to the payment of the Bonds. in accordance with the Transactions in Pitkin county are also subject to

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

³ Imposed only in unincorporated Eagle County within election precincts 7, 8, 24 and 25.

History of RFTA Sales and Use Tax Collections. The following table sets forth RFTA’s Sales and Use Tax collections for the past five years. A significant portion of the total RFTA Sales and Use Tax pledged to the payment of the Bonds and, with respect to some jurisdictions, the entire amount of RFTA Sales and Use Tax presently imposed in such areas, was recently imposed after approval thereof by eligible electors of RFTA at an election held on November 4, 2008 and, other than with respect to amounts received in calendar year 2009, is not reflected in revenues reported in the following table.

TABLE IV
Historical Sales and Use Tax Revenue

Year	RFTA Sales Tax	RFTA Use Tax	Net Sales and Use Tax Collections
2004	\$1,927,043	\$150,235	\$2,077,278
2005	3,130,037	203,110	3,333,147
2006	3,566,015	213,736	3,779,751
2007	3,865,632	288,273	4,153,906
2008 ¹	3,826,898	268,486	4,095,383
2009 ^{1, 2}	1,187,798	102,935	1,290,733

¹ Unaudited.

² Sales and use tax collections through February 2009.

Source: RFTA

Monthly Comparison of Collections of Sales and Use Tax. The following table presents a monthly comparison of the sales and use tax receipts for the twelve-month periods ended February 28, 2009 and February 29, 2008, including certain Eagle County taxes which do not constitute Pledged Revenues. A significant portion of the total RFTA Sales and Use Tax pledged to the payment of the Bonds and, with respect to some jurisdictions, the entire amount of RFTA Sales and Use Tax presently imposed in such areas, was recently imposed after approval thereof by eligible electors of RFTA at an election held on November 4, 2008 and, other than with respect to amounts received in calendar year 2009, is not reflected in revenues reported in the following table.

TABLE V
Monthly Comparison of Collections of the Sales and Use Tax ¹

Month	12-Month Period Ended February 29, 2008		12-Month Period Ended February 28, 2009	
	Current Month	Year To Date	Current Month	Year To Date
March	\$331,561	\$ 331,561	\$365,165	\$ 365,165
April	323,596	655,157	351,592	716,757
May	368,377	1,023,534	383,267	1,100,024
June	431,163	1,454,697	406,593	1,506,617
July	408,059	1,862,756	378,272	1,884,889
August	374,113	2,236,869	382,226	2,267,115
September	429,412	2,666,281	410,399	2,677,514
October	401,998	3,068,279	340,909	3,018,423
November	345,826	3,414,105	308,606	3,327,029
December	424,237	3,838,342	382,811	3,709,840
January	356,412	4,194,754	620,836	4,330,676
February	297,617	4,492,371	669,896	5,000,572

¹ The Eagle County 0.9% transit tax is received quarterly and has been allocated evenly throughout the year.

Source: RFTA

Top 10 Generators of Sales and Use Tax. The following tables of RFTA's principal Sales and Use Tax generators by category is based on Sales and Use Tax revenue remittances to RFTA for 2008. Because of the confidential nature of the gross sales of the individual entities, the identity of vendors

cannot be divulged by state law. The discontinuation or substantial reduction in retail sales in a top sales tax generating category, for whatever reason, could have a material adverse effect on the Sales and Use Tax revenues.

TABLE VI
Ten Largest Categories of Generators of Sales Tax 2008

Category	Sales and Use Tax Receipts	Percent of Total Collections ¹
Retail trade	\$1,883,803	50.3%
Accommodations and food services	756,956	20.2
Public Administration	236,359	6.3
Wholesale trade	191,523	5.1
Information	130,125	3.5
Manufacturing	106,227	2.8
Utilities	97,348	2.6
Other services (except public admin)	95,085	2.5
Real estate and rental leasing	83,687	2.2
Construction	<u>73,386</u>	<u>2.0</u>
Total	<u>\$3,654,498</u>	<u>96.6%</u>

¹ Based on total 2008 sales tax collections of \$3,744,279 (unaudited).
Source: RFTA

TABLE VII
Ten Largest Categories of Generators of Use Tax 2008

Category	Sales and Use Tax Receipts	Percent of Total Collections ¹
Manufacturing	\$52,300	20.3%
Retail trade	47,144	18.3
Information	32,298	12.5
Professional, scientific and technical services	26,611	10.3
Construction	23,347	9.1
Wholesale trade	17,259	6.7
Miscellaneous	17,030	6.6
Finance and insurance	14,547	5.6
Real estate and rental leasing	11,922	4.6
Other services (except public admin)	<u>6,614</u>	<u>2.6</u>
Total	<u>\$249,071</u>	<u>96.7%</u>

¹ Based on total 2008 use tax collections of \$257,640 (unaudited).
Source: RFTA

As of March 2009, there were approximately 3,428 businesses remitting sales and use taxes to RFTA. Such figure is based on State reports provided with respect to March 2009 collections.

History of Retail Sales within RFTA Member Jurisdictions. The following table sets forth taxable retail sales figures with respect to each of the current member jurisdictions of RFTA for the past five calendar years, and for the twelve month period ending June 30, 2008, as reported by the Colorado Department of Revenue (except as otherwise noted). As described above, RFTA did not impose the Sales and Use Tax at its present level or, in some cases, at all within such member jurisdictions during such period. Such data is provided solely for the purpose of demonstrating retail sales trends in such areas, and establishing a basis for the estimate of Sales and Use Tax revenues that would have been derived from the current RFTA Sales and Use Tax if imposed during such periods, as set forth in “—Sales and Use Tax Projections” below.

**TABLE VIII
Historical Taxable Retail Sales
Glenwood**

Year	Carbondale	Glenwood Springs	New Castle	Basalt	Aspen
2004	\$ 78,398,645	\$396,577,659	\$17,114,952	\$ 85,270,918	\$375,233,568
2005	98,670,850	430,264,946	21,567,093	109,669,890	417,294,849
2006	106,959,429	509,334,613	24,530,466	116,225,657	454,539,047
2007	124,849,934	571,432,704	32,472,106	128,321,419	471,542,391
2008	133,400,429	554,745,242	41,724,651	122,584,681	471,217,397

Year	Snowmass Village	Unincorporated Pitkin County	Unincorporated Eagle County ¹
2004	\$ 84,605,405	\$ 87,249,795	NA
2005	91,340,405	103,335,186	\$ 7,963,000
2006	94,850,452	104,432,861	14,708,500
2007	100,691,258	99,408,299	17,104,500
2008	99,043,140	99,582,085	19,351,000

¹ Taxable retail sales data for Unincorporated Eagle County (including election precincts 7, 8, 24 and 25 only) was derived by RFTA based upon amounts received from Eagle County in connection with RFTA’s imposition of a Sales and Use Tax in such areas, which was first imposed effective January 1, 2005. Such amounts are unaudited.

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2004-2008, except as noted

Sales and Use Tax Projections. As described above, RFTA did not impose the Sales and Use Tax at its present level or, in some cases, at all within certain of its member jurisdictions until 2009 and, as a result, RFTA’s historical sales and use tax collection data does not provide an appropriate basis for estimating future collections. Therefore, the following table sets forth estimates of revenues that would have been derived from the current RFTA Sales and Use Tax if imposed in all current RFTA member jurisdictions during such periods. Such figures were estimated by RFTA by applying the applicable current RFTA Sales and Use Tax rate (see “—Sales Tax Rates” above) to the reported taxable retail sales in each member jurisdiction for such periods (see “—History of Retail Sales within RFTA Member Jurisdictions” above). Such estimates do not take into account collection costs. In addition, for budgeting purposes, and taking into account the reduction in sales tax revenue receipts realized in the latter part of 2008 and early 2009, RFTA presently forecasts 2009 Sales and Use Tax revenue at \$7,062,611. The foregoing is only a forecast and no assurance is given that actual revenues in 2009 will achieve such level.

TABLE IX
Sales and Use Tax Projections

Year	Carbondale	Glenwood Springs	New Castle	Basalt	Aspen
2004	\$ 783,986	\$3,965,777	\$136,920	\$ 682,167	\$1,500,934
2005	986,709	4,302,649	172,537	877,359	1,669,179
2006	1,069,594	5,093,346	196,244	929,805	1,818,156
2007	1,248,499	5,714,327	259,777	1,026,571	1,886,170
2008	1,334,004	5,547,452	333,797	980,667	1,884,870

Year	Snowmass Village	Unincorporated Pitkin County	Unincorporated Eagle County ¹	Total
2004	\$338,422	\$348,999	NA	\$ 7,757,205
2005	365,362	413,341	\$ 47,778	8,834,914
2006	379,402	417,731	88,251	9,992,529
2007	402,765	397,633	102,627	11,038,369
2008	396,173	398,328	116,106	10,991,397

¹ Projected Sales and Use tax data for Unincorporated Eagle County (including election precincts 7, 8, 24 and 25 only) was derived by RFTA based upon amounts received from Eagle County in connection with RFTA imposition of a Sales and Use Tax in such areas, which was first imposed effective January 1, 2005. Such amounts are unaudited.

Source: RFTA

THE AUTHORITY

General

RFTA is a public body politic and corporate and a political subdivision of the State, organized and existing with all the powers, duties and privileges permitted by Title 43, Colorado Revised Statutes, as amended. RFTA was formed in November 2000 to take over and expand regional transit service in the Roaring Fork and Colorado River Valleys. RFTA began non transit operations on January 1, 2001 and assumed transit operations from its predecessor, the Roaring Fork Transit Agency (the “Agency”), in 2002. The Agency was formed by the City of Aspen and Pitkin County by means of an Intergovernmental Agreement at the end of 1983 to provide bus services within the Roaring Fork River Valley. The Rural Transportation Authority was created by the voters in seven jurisdictions in November 2000. In 2002, the assets, excluding real property, and liabilities of the Agency were transferred to RFTA by Pitkin County and the Agency was dissolved. This combined the Roaring Fork Transit Agency and the Roaring Fork Railroad Holding Authority, an organization responsible for managing the 34-mile Rio Grande railroad corridor that was created previously by the same founding members of RFTA, into RFTA. RFTA is responsible for developing, maintaining and operating a mass transportation system (the “System”) for the benefit of the inhabitants in its service area. RFTA is under the direction of the Chief Executive Officer (the “Chief Executive Officer”). RFTA provides a variety of intra city and inter city transit services in the State Highway 82 corridor within and between the jurisdiction of Aspen, Snowmass Village, Basalt, Carbondale, Glenwood Springs, Pitkin County, Eagle County and Garfield County. Additionally, RFTA provides inter city transit services in the Interstate 70 corridor serving the City of Rifle, the Town of Silt, New Castle and Glenwood Springs.

The estimated 2007 population of the municipalities that RFTA serves had a combined population of approximately 37,903. Additionally, approximately 10,000 residents of the unincorporated areas of Pitkin, Eagle and Garfield Counties have convenient access to RFTA transit services.

Powers

As described under “THE SALES AND USE TAX,” RFTA has the power to impose the Sales and Use Tax. RFTA also has the power to increase or decrease the fares for services and facilities provided by RFTA; sue and be sued; purchase, trade, maintain and dispose of its real property and personal property; accept grants and loans from the Federal Government; and establish, maintain and operate a mass transportation system and all the necessary facilities relating to such system.

Because RFTA is an entity created by statute, its powers are susceptible to changes in statute. [ADDITIONAL DISCUSSION OF IGA TO BE ADDED BY KR]

Board of Directors

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

The Board has the authority to exercise all the powers, privileges and duties vested in or imposed upon RFTA, including the power to delegate any of the powers of the Board to any of the officers or agents of the Board, with certain specified exceptions set forth in the Act. Most actions of the Board require the affirmative vote of six members of the Board.

The present directors and their positions on the Board are as follows.

Member	Office	Principal Occupation	Years of Service
Bruce Christensen	Chair; City of Glenwood Springs	Administrator	5
Jacque Whitsitt	Vice Chair; Town of Basalt	Administrator	1
Duane Romero	Board Member; City of Aspen	Real estate developer	2
Michael Owsley	Board Member; Pitkin County	General contractor	5
Sara Fisher	Board Member; Eagle County	Administrator	5
Ed Cortez	Board Member; Town of Carbondale	Contractor	5
John Wilkinson	Board Member; Town of Snowmass Village	Insurance broker	5
Frank Breslin	Board Member; Town of New Castle	Custom cabinet maker	3

Administration and Management

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

Chief Executive Officer. Dan Blankenship has approximately 26 years of transit management experience. He has served as the Chief Executive Officer of RFTA since its inception in January 2001. Prior to that, Mr. Blankenship was the General Manager of the Agency, RFTA’s predecessor, from September 1989 through December 2000. Mr. Blankenship also served as the General Manager of Waukesha Metro Transit in Waukesha, Wisconsin from April 1987 through July 1989. His previous

transit experience includes managing the City of Durango's public transit system from July 1981 through April 1985. He currently serves as the President of the Board of Directors of the Colorado Association of Transit Agencies (CASTA).

Mr. Blankenship serves under a five-year employment contract commencing January 1, 2009 and terminating December 31, 2013.

Director of Finance. John Tangen serves as the Director of Finance for RFTA. He obtained his Bachelor degree in Accounting and Economics with a minor in Business from the University of North Dakota, Grand Forks. Additionally, he has a Certified Public Accountants (CPA) license. During his 17 year career in the accounting field he has held various positions including the following: staff auditor with PriceWaterhouse Coopers, Houston, Texas; staff auditor with the Arizona State Auditor Generals Office; and Accounting Manager and staff auditor for the State of Arizona Unemployment Insurance Department. During his tenure at the Authority he has significantly revised the operations of the Finance Department to include various best practices and substantially increased operational efficiency and effectiveness both within the Department and throughout the Authority, including creating written accounting policies. Under his guidance the Authority received the Government Finance Officers Association Distinguished Budget Presentation Award for the first time. Mr. Tangen is a member of American Institute of Certified Public Accountants and the National Government Finance Officers Association.

Director of Properties & Trails and Acting BRT Manager. Michael Hermes has served as the Director of Properties & Trails for RFTA since May 2001. In his capacity as Director, Mr. Hermes has been responsible for overseeing the management of an annual \$2.5 million dollar budget for the operating and capital expenses involved in maintaining all RFTA facilities and employee housing complexes, as well as overseeing a seven million dollar budget used to construct, maintain and manage the Rio Grande Trail; a 33-mile long rail banked transportation corridor. Additionally, Mr. Hermes oversees several managers, employees and professional consultants and works closely with the eight jurisdictions that make up the members of RFTA. Mr. Hermes has also been acting as the interim Bus Rapid Transit Manager for RFTA; planning, organizing, scheduling and hiring as well as consulting, reporting and working with the Colorado Department of Transportation ("CDOT"), the Federal Transit Administration ("FTA") and the Federal Highway Administration ("FHWA").

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

Director of Information Technology. Phillip Schultz has worked for RFTA since 1989, becoming the Director of Information Technology (IT) in 2005. He graduated from Ohio Institute of Technology with a Bachelor degree in Electronic Engineering. Since becoming IT Manager and later Director of IT, he has installed and maintained a wide area network connecting RFTA's four facilities. He has installed four new servers (mail, file and SQL), installed Cisco Voice Over IP telephone system, upgraded the GFIFGenfare farebox system, installed wireless Internet access at the Rubey Park Transit Center, installed electronic information signs at the Rubey Park Transit Center, purchased new printer copiers, installed new spam filtering, installed Cisco firewalls at all access points, replaced all workstation computers, and installed new camera systems at three of the facilities and initiated email archiving. He has also built and operated a bus server with GPS and real time mapping of the bus on Google Maps. Mr. Schultz has taken a Rural ITS course and is currently enrolled in the Consortium for ITS Training and Education ITS Project Management certificate program.

Director of Maintenance. Kenny Osier was hired by the City of Aspen Transportation Department as a bus mechanic in April 1981. In 1985, after the formation of the Agency, he was

promoted to a mechanic supervisor. In November 1986, Mr. Osier was promoted to his current position as the Director of Maintenance. In addition to overseeing the maintenance and repair of RFTA's fleet, he is responsible for the procurement of all transit vehicles for RFTA. He also assists individual communities with their transit vehicle procurements when requested. Mr. Osier has worked on special projects including the purchase of a small natural gas shuttle bus, lightweight carbon fiber Transit Vehicles, and has been involved in the purchase of 13 hybrid transit vehicles. He serves on CASTA's High Altitude Engine Committee.

Mr. Osier works very closely with bus manufacturers developing cost-effective bus designs that not only meet the specific needs of RFTA, but take into account the concerns of the manufacturers. This flexibility allows for a higher quality transit bus to be built at a lower cost. Other projects he has worked on include the development of a ski and snowboard rack system and high capacity bicycle racks that are used on transit equipment, parking brake alarm system, a door malocclusion alarm system, wheel spray skirts, and driver activated retarder controls.

Employee and Labor Relations

RFTA employs approximately 282 persons, including 204 full-time, 18 part-time and 57 seasonal employees.

THE SYSTEM

Fleet Composition

RFTA currently has 107 fixed route transit buses in its fleet. Of these, 88 are used in active service, four are included in the contingency fleet, and 15 are pending disposal. Additionally, RFTA has 21 paratransit vehicles, of which 16 are in active service, three are included in the contingency fleet, and two are pending disposal. The RFTA heavy-duty transit vehicle fleet includes 37-, 40-, and 45-foot transit coaches, and 60-foot articulated transit vehicles.

Facilities and Transportation Vehicles

Vehicles. RFTA Officials believe RFTA does a good job of maintaining its vehicles. The standard useful life of a transit vehicle according to FTA regulations is 12 years or 600,000 miles. RFTA has 19 vehicles in its fleet that are 15 years of age, with approximately 600,000 miles each. RFTA's preventive maintenance program for vehicles meets or exceeds manufacturer specifications.

Facilities. RFTA maintains several maintenance and transit facilities, which are discussed below.

Glenwood Maintenance Facility. RFTA completed construction on the Glenwood Maintenance Facility ("GMF") in December 2001. RFTA traded land that it owned on the rail corridor Wye property to the City of Glenwood Springs. The City of Glenwood Springs gave RFTA a portion of the land upon which the Glenwood Maintenance Operations Center was constructed. The \$4.2 million facility, situated on approximately four acres, is well maintained and is designed to service approximately 40 to 50 vehicles. RFTA holds title to this facility but paid for it with bonds issued on its behalf by Pitkin County.

Carbondale Maintenance Facility. RFTA has utilized and maintained the Carbondale Maintenance Facility ("CMF"), which was financed by Pitkin County and the City of Aspen, since 1995. When the debt is retired in 2021, RFTA will hold approximately two thirds interest in the CMF. Pitkin County issued bonds on behalf of the Agency, the predecessor of RFTA, to finance the CMF. The facility cost approximately \$990,000, including equipment and lighting and landscaping improvements. This

facility, situated on approximately four acres, was not in pristine condition when purchased, but it was a significant improvement over muddy parking lots in several locations throughout the valley which previously served as bus storage areas. A number of improvements have been made to the CMF since its purchase, however it is still in need of upgrades. Approximately 15 transit vehicles are parked at the CMF, and it also houses 14 administrative employees. RFTA is evaluating whether, in the future, the CMF property could accommodate new administrative offices and employee housing.

Rubey Park. Rubey Park is a transit center located in downtown Aspen and is leased to RFTA for \$1.00 per year by the City of Aspen. The interior and exterior of the Rubey Park building underwent repairs in 2003 and 2004, however, according to RFTA officials it is in need of additional interior and exterior refurbishment. Each year, Aspen and RFTA develop a repair and maintenance budget for the Rubey Park facility and the cost of building repairs is shared equally by the City of Aspen and RFTA.

Aspen Bus Maintenance Facility. The Aspen Bus Maintenance Facility (“AMF”) is utilized by RFTA and is owned by Pitkin County and the City of Aspen. According to RFTA officials, it is in need of significant upgrades and refurbishment. The estimated cost of such upgrades and refurbishment is between \$5 and \$10 million. This facility, situated on approximately seven acres and constructed in 1983, was designed to maintain and store approximately 40 vehicles. It has been required to service nearly twice that number since 1994, when RFTA undertook a major service expansion at the behest of Aspen, Pitkin County, and Snowmass Village. Construction of the GMF has reduced the demand on the AMF, but wear on the AMF has already occurred. In 2009, RFTA plans to develop detailed engineering plans for the AMF upgrade and plans to phase in the improvements over the next five years using a combination of FTA capital assistance grants and local funding.

There are several environmental issues associated with the AMF. The AMF was designed and built under the direction of Pitkin County in 1983 and 1984. The facility has been operated by RFTA since it was built and is currently under lease from Pitkin County. In 1984 approximately 16,000 gallons of diesel fuel leaked into the ground due to a pipe that was cracked during the construction of the facility. The leak was reported immediately to the State of Colorado. The case was closed by the State of Colorado in the late ‘80s or early ‘90s, although the diesel fuel was never located or removed from the ground.

In 2003, it was discovered that the septic system that processes the industrial wastewater generated at the AMF was never permitted by the State of Colorado and might have been in violation of both State and federal wastewater regulations. RFTA rectified the situation by hooking up to the local wastewater treatment plant in 2008.

Two outside entities (State Highway 82 (“Highway 82”) and Colorado Mountain College) are discharging or could discharge storm water onto the AMF property. The retention ponds were not designed for this additional flow. In the event the retention pond system is breached, there is a high probability that it could result in a serious incident involving Aspen Sanitation’s wastewater treatment plant which is located just below the AMF on the Roaring Fork River. RFTA has formally alerted Pitkin County, owner of the AMF, of this potential liability, and the County is believed to working on a remedy. The AMF design and engineering that is currently underway will address this deficiency.

Bus Stops. RFTA is responsible for maintaining approximately 200 bus stops and 10 park and ride facilities throughout the region. Many of these were constructed by RFTA or CDOT and are in relatively good condition. Some are in need of shelters and other amenities. Over time, the amount of funding required to maintain these facilities will increase. However, funding from the RFTA Vehicle Registration Fee can be used for this purpose.

Employee Housing. RFTA leases 10 two-bedroom seasonal housing units and four one-bedroom year round housing units from Burlingame Housing, Inc. RFTA paid \$300,000 for a Master Lease that gives it access to these affordable housing units from September through April each year. RFTA, however, is responsible for making monthly rent payments on these units as well. Although RFTA charges rent to the employees that live in these units, RFTA's winter season extends from November through April. Therefore, RFTA picks up a minimum of two months' rent on the seasonal units, since there are not any seasonal employees during those months to fill them.

RFTA also utilizes, maintains and insures the Carbondale employee housing apartments, owned by the City of Aspen and Pitkin County, which are leased to RFTA for \$1 per year. There are two two-bedroom units and three one-bedroom units in this facility. These units are generally rented to year round RFTA employees. Rent from the Carbondale apartments cover maintenance and utilities at that facility, and normally generate additional revenue which helps to defray any Burlingame rent payments not recovered from seasonal RFTA employees who live in the Burlingame seasonal units.

In October 2007, RFTA purchased the 15-unit, 25-bed, Parker House Apartments located at 31 Weant Blvd., Carbondale, CO 81623. The price for the apartments at closing was \$2,101,337. In May 2008, RFTA entered into a lease/lease back financing agreement with CitiMorgage, Inc., with proceeds from the agreement totaling \$2.3 million reimbursed RFTA for the purchase and renovation of the apartments. The term of the agreement is 20 years, with monthly lease payments of approximately \$14,415 through May of 2028.

Rio Grande Rail Corridor; BRT Plan. In November 2001, RFTA assumed all rights, privileges, assets, liabilities and obligations of Roaring Fork Railroad Holding Authority ("RFRHA"), an authority formed in 1993 for the purpose of pursuing the acquisition of the then partially embargoed and partially active 34 mile long Rio Grande rail corridor (referred to as the "Rio Grande Rail Corridor") from the Southern Pacific Railroad to be used for mass transit, and trails and open space (which acquisition was accomplished in 1997). RFRHA subsequently obtained an exemption from the Surface Transportation Board for the Rio Grande Rail Corridor allowing the corridor to be rail banked, which relieved RFRHA of the responsibility to deliver freight on the active portion of the rail line when demanded and it protected it from eminent domain procedures that could potentially have been initiated by rail operators interested in acquiring the line. In 2003, consultants to RFTA completed a federally funded Corridor Investment Study (the "CIS Study") originally initiated by RFRHA to determine the feasibility of regional passenger rail service in the Rio Grande Rail Corridor. Due to the estimated \$306 million capital cost and the \$30 million annual operating cost, regional passenger rail service was not considered a feasible alternative. Instead, a Bus Rapid Transit system plan (the "BRT Plan") was selected as the preferred interim transit solution due to its lower capital requirements (\$102 million, including certain other transit investments) and operating costs (\$21 million). Due to budget constraints, the project was subsequently scaled back to a total estimated cost of \$61.24 million, assuming the availability of certain federal funding. See "— Capital Improvement Plans—Regional Transportation Improvement Plan".

In addition to the BRT Plan, the Board also established a goal of completing the construction of a trail in the Rio Grande Rail Corridor by 2010. Pitkin County has completed approximately half of the trail between Aspen and Glenwood Springs. Using sales and use tax proceeds, grants and contributions, RFTA completed the remainder of the trail in July 2008, two years ahead of schedule.

Park and Ride Lots. RFTA currently maintains eight park and ride lots owned by CDOT for its passengers throughout the region. RFTA constructed two additional park and ride lots, which RFTA owns, one in Glenwood Springs and one in Carbondale, in 2005 and 2007, respectively. RFTA currently has approximately 200 bus stops and provided approximately 3.68 million and 3.87 million miles of service in years 2007 and 2008, respectively.

Transit Services and Service Contracts

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

(a) *Valley Commuter Services.* RFTA operates a year-round commuter bus system along the Highway 82 Corridor serving Aspen, Snowmass Village, Basalt, El Jebel, Carbondale and Glenwood Springs. Service between Aspen, Snowmass Village and El Jebel is available every half hour. Service between Aspen, Snowmass Village, Carbondale and Glenwood Springs is available every hour.

(b) *Grand Hogback Commuter Services.* RFTA operates the Grand Hogback service in the I-70 corridor from 5:15 a.m. until 7:54 p.m., seven days a week. There are 11 eastbound and nine westbound trips each day. This service was implemented in April 2002. Fares are collected from passengers according to a distance-based zone system. In addition to cash fares, RFTA offers passengers a variety of discounted multi-ride passes.

(c) *Service Contracts.*

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

(ii) *Ride Glenwood Springs.* RFTA operates two heavy-duty transit vehicles on a route extending from the Roaring Fork Market Place on the south side of Glenwood Springs, through the commercial core, to west Glenwood Springs, terminating at the Glenwood Springs Meadows. No fares are charged to the public for this service. Glenwood Springs pays to RFTA the fully allocated operating cost of this service and is responsible for replacing its own vehicles.

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

(A) *Fixed Routes.* There are three fixed routes within the City of Aspen, which are: Cemetery Lane, Castle Maroon and Hunter Creek. These routes serve residential neighborhoods adjoining downtown Aspen. These services are paid for by the City of Aspen and are free to the user. These services operate from 6:30 a.m. until 2:00 a.m. during winter and summer and from 7:00 a.m. until midnight during the spring and fall seasons.

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

and summer and from 7:00 a.m. until 7:45 p.m. during the spring and fall seasons.

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

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

(E) *Cross Town Shuttle.* The Cross Town Shuttle connects the West End and East End of Aspen, with half-hour service by a fixed route that travels from the Music Tent via 5th Street and Gillespie to 4th Street, 4th Street to Hallam Street, Hallam Street to Monarch Street, Monarch Street to Durant Avenue, Durant Avenue to Original Street, Original Street to Ute Avenue, and Ute Avenue to the Aspen Club. This service operates in the winter and summer seasons only. The general hours of operation are 8:00 a.m. until 9:00 p.m. during the winter and 7:30 a.m. to 11:00 p.m. during the summer. This service is free to the public.

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

(G) *Burlingame/Westside Service.* The Burlingame/Westside service connects downtown Aspen with the Burlingame affordable housing development. The service operates every 30 minutes in the a.m. and p.m. peak commuting hours year-round. During the winter, hourly service is provided during the midday and until 2 a.m. This service is free to the public.

(d) *Miscellaneous Services.*

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

(ii) *Maroon Bells Bus Tour.* From mid-June to the end of September each year, RFTA operates the Maroon Bells Bus Tour (the “Bells Tour”), which is staged from the Aspen Highlands Base Village. The Bells Tour is an award winning narrated tour of the Maroon Creek Valley, which delivers passengers to the Maroon Bells mountain formation and the Maroon Bells/Snowmass wilderness area. RFTA cooperates with the U.S. Forest Service to close the road to other motorized traffic throughout the summer. A fare of \$6.00 is charged for this service. Discounts are available for senior citizens and children under the age of 16.

(iii) *The Senior Van.* This service is a vital link to the Senior Nutrition Program, Meals-on-Wheels program, Information and Referral services, outreach services, doctor appointments, shopping, and social outings. The Senior Van operates from 8:00 a.m. until 5:00 p.m., Mondays, Wednesdays and Fridays. The service is free.

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

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

Provision of all of the above listed services is contingent upon the availability of sufficient revenue to do so. For a wide variety of reasons, revenue can fluctuate from year-to-year necessitating ongoing adjustments in service levels in order to keep the budget in balance. Due to the current economic downturn, RFTA is developing a cost-reduction strategy to offset potential reductions in sales tax and fare revenue. The plan will incorporate savings derived from operating cost reductions, a potential wage freeze, deferred capital projects, and potential service reductions. RFTA is currently anticipating an approximate 20% reduction in sales tax revenue and 15% reduction in fare revenue relative to the amounts budgeted in 2009. RFTA officials believe that most of the potential revenue shortfall can be offset by the measures described above.

The Project

Project Description. RFTA expects to use net proceeds of the Bonds to finance a portion of RFTA’s capital investment plan for the region (referred to herein as the “Regional Transportation Improvement Plan”), which includes: (i) acquiring, constructing and equipping vehicle maintenance facilities, bus stations, bus stops and parking areas and facilities, (ii) acquiring buses and other transit vehicles, and (iii) providing road improvements related to the regional transportation system and intelligent transportation system components for the bus rapid transit system. The total estimated cost of the Regional Transportation Improvement Plan is approximately \$61.24 million, including the costs of the Bus Rapid Transit (BRT) system plan (more particularly described in “—Capital Improvement Plans—Regional Transportation Improvement Plan”), estimated at \$39.94 million. RFTA expects to fund the Regional Transportation Improvement Plan from proceeds of the Bonds, Parity Lien Bonds, and a Federal Transit Administration Very Small Starts grant (“FTA VSS Grant”), as more particularly described in “Facilities “—Capital Improvement Plans—Regional Transportation Improvement Plan.” If RFTA does not receive the FTA VSS Grant, RFTA will proceed with a scaled-back version of the Regional Capital Investment Plan, consisting of the \$39.94 million BRT Plan projects. The portion of the Regional Capital Investment Plan funded from net proceeds of the Bonds is referred to elsewhere herein as the “Project.”

Need for the Project. According to RFTA, the Project is necessary at this time in order to alleviate congestion through the Roaring Fork Valley between Aspen and Glenwood Springs along Highway 82; provide an effective travel alternative to single-occupant vehicles; provide transportation alternatives to move employees to and from work locations; provide more formal transit stations to accommodate regional connections for both walk-up and park-and-ride passenger markets; and to promote user-friendly transit to encourage and accommodate further ridership growth.

Capital Improvement Plans

Individual Capital Projects. Capital improvements budgeted by RFTA each year, to some degree, are contingent upon available local revenue and State and federal grant funding. For example, in 2009 RFTA has been awarded a total of \$1.04 million in FTA capital assistance funds, which will be used to pay for a variety of capital projects, including the purchase of a sand truck and hydraulic lifts.

Additionally, in 2009 RFTA received a \$4.3 million grant from the CDOT which will pay for 11 replacement buses and associated equipment. Most State and federal grants require a 20% local match.

In 2012, RFTA plans to replace nine transit buses at an estimated cost of \$4.1 million and an additional four buses in 2013 at an estimated cost of \$1.9 million. RFTA anticipates that it will pursue a lease/purchase financing mechanism to pay for these buses and will seek FTA grants to help defray the lease payments.

Also, over the next five years, RFTA plans to re-commission its 25-year old Aspen Maintenance Facility at an estimated cost of \$5-10 million. The project will be completed in phases corresponding to the amount of local, State, and federal revenue available each year. Currently, RFTA is applying for a variety of federal economic recovery grants to help defray the cost of upgrading this facility. It is also possible that RFTA will defray a portion of the cost of this project using bond proceeds or some other financing mechanism.

Regional Transportation Improvement Plan. RFTA is presently pursuing a Regional Transportation Improvement Plan, the centerpiece of which is a Bus Rapid Transit system plan (the “BRT Plan”), the result of the Corridor Investment Study completed in 2005 (see “—Facilities and Transportation Vehicles—Rio Grande Corridor; BRT Plan”). The BRT Plan is proposed to be implemented along a 40 mile corridor in the Roaring Fork Valley, between Glenwood Springs to Aspen, Colorado, and would operate along Colorado State Highway 82, which is the only continuous road linking the two communities and communities in between. During the winter, SH 82 also provides the only access to Aspen and the resort community of Snowmass Village. RFTA presently operates extensive bus service in the corridor, including “local” buses and express service from selected locations southbound to Aspen in the morning peak period and northbound from Aspen in the evening. The BRT route would be operated with low-floor transit buses and would serve nine stations along the corridor and two additional drop-off stops in downtown Aspen. The stations would include efficient bus access to and from the highway, shelters and benches, real time bus arrival information, information kiosks and lighting. Commuter parking would be provided at six stations. During peak periods, BRT buses would depart each station every ten minutes and would be complemented by local bus service and limited direct express service. Transit services in the corridor would be further enhanced by the implementation of transit priority treatments, including queue by-pass lanes and/or traffic signal modifications at six signalized intersections where congestion currently causes service delays.

Capital improvements contemplated by the BRT Plan include: the acquisition of approximately 15 buses, construction of and renovations to various bus stops, stations and parking facilities, roadway improvements and intelligent transportation system components. In addition to the BRT Plan, the Regional Transportation Improvement Plan contemplates capital improvements for outside the BRT corridor including an expansion of the Glenwood Springs Maintenance Facility and improvements to other bus stops, stations and parking facilities in Glenwood Springs, New Castle and Silt.

The total estimated cost of the Regional Transportation Improvements Plan is \$61.24 million, including \$39.94 million for the BRT Plan. Last August, RFTA submitted an application for a \$25 million Very Small Starts (VSS) Grant from the Federal Transit Administration (FTA) for the BRT

Plan. On December 10, 2008, RFTA received notification from FTA that its BRT project had been approved in to the Project Development phase of the VSS grant process. RFTA has completed a Schedule of Activities for the BRT Plan and is currently preparing to move forward with obtaining NEPA clearances and developing preliminary engineering for the project. RFTA anticipates the FTA will execute a Very Small Starts Project Construction Grant Agreement in August 2010, which will commit federal funds to the BRT Plan. If RFTA does not receive the FTA VSS Grant, RFTA expects to proceed with a scaled-back version of the Regional Transportation Improvements Plan, comprised generally of the BRT Plan, to be funded from proceeds of the Bonds and Parity Lien Bonds.

FINANCIAL INFORMATION CONCERNING RFTA

Accounting Policies

The accounts of RFTA are reported as an General fund and special revenue funds. These funds are accounted for using the Modified Accrual Basis, a basis of accounting in which revenues should be recognized in the accounting period in which they become measurable and available. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable. Financial operations are accounted for by RFTA's finance department. In accordance with Title 29, Article 1, Part 6, Colorado Revised Statutes, an annual audit is required to be made of RFTA's financial statements at the end of the Fiscal Year. The audited financial statements must be filed with the Board within six months after the end of the Fiscal Year and with the State auditor 30 days thereafter.

RFTA's Fiscal Year 2007 financial statements were audited by McMahan and Associates, L.L.C., Certified Public Accounts and Consultants, Avon, Colorado. Such financial statements are the most current audited financial information available for RFTA. The general purpose financial statements from RFTA's 2007 financial statements are appended hereto.

Major Revenue Sources

For the year ended December 31, 2007, RFTA received 36% of its revenues from transit operating revenues and service contracts, 37% from sales and use tax revenues, 26% from operating and capital grants and local contributions, and less than 1% from other sources. See "TABLE VIII" below. RFTA does not have the power to levy ad valorem property taxes.

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

TABLE X
Historical Revenue by Source

Year	Net Sales/Use Tax¹	Service Contracts²	Fare Revenue³	Grants	Local Government Contributions	Other Revenue⁴	Interest Income	Total Revenue
2004	\$ 6,217,416	\$5,409,292	\$2,718,457	\$3,480,995	\$ 700,321	\$ 404,130	\$ 37,600	\$18,968,211
2005	9,498,568	5,597,755	3,168,983	2,301,783	1,728,568	678,097	153,806	23,127,560
2006	9,716,833	6,408,411	3,278,985	824,392	378,000	573,954	26,250	21,206,825
2007	11,355,833	7,057,035	3,983,936	5,262,762	1,389,000	1,060,390	294,051	30,403,007
2008 ⁵	11,805,939	7,966,740	4,414,186	2,861,868	691,500	696,988	88,303	28,525,524
2009 ⁶	3,641,209	2,922,799	868,408	--	246,542	202,717	18,598	7,900,273

¹ Includes, in addition to the proceeds of sales and use taxes imposed by RFTA, a portion of revenues from Pitkin County's transportation sales tax, net of debt service due on certain outstanding revenue bonds issued by Pitkin County, and also a portion of revenues from Eagle County's transportation sales tax (but only to the extent collected in the Town of Basalt and unincorporated Eagle County election precincts 7, 8, 24 and 25). See also "DEBT STRUCTURE—Pitkin County Revenue Obligations." Such revenues not representing proceeds of sales and use taxes imposed by RFTA do not constitute Pledged Revenues.

² Service contract revenues are fees paid for additional public transit services provided within a limited area, such as a city limit. The fee is calculated based on actual hours and miles to provide the service and charges on an additional amount representing a portion of the related capital expenditures.

³ Fare revenue is generated primarily from regional services only, between cities and towns.

⁴ Other revenues is comprised of employee housing rental revenue, interest income and miscellaneous income.

⁵ 2008 information is unaudited.

⁶ Unaudited figures through March 31, 2009.

Source: RFTA

Operating Revenue and Service Contracts. A major revenue source for RFTA is received through ridership and fare revenues and service contracts. See “—Transit Services and Service Contracts,” above and “—Operating Revenues,” below.

Fare Structure. Passenger fare revenues are derived from fares charged to the users of the system. Fares may be paid in exact change, by punch passes, by adult valley monthly passes, by zone passes, or by youth valley monthly passes. The monthly passes are valid for unlimited rides during a calendar month. The zone passes are valid for unlimited rides within a specific zone. There are 10 zones, each serving different areas.

RFTA may adjust fares on the system without the approval or consent of any other body or entity. As a recipient of federal grants, RFTA is obligated to consider comments arising from a public involvement process prior to implementing any fare increases. The current transit program assumes future fare increases of approximately 5% every year. The following table sets forth RFTA fares which became effective for the 2009 summer season.

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**TABLE X1
RFTA Fare Structure**

Type of Pass	Usage	Type of Pass	Usage
Zone 1-4: Basalt-Snowmass/Aspen		Zone 8: New Castle/Glenwood Springs	
Cash	Round trip/\$6.00 per day	Cash	Round trip/\$4.00 per day
Punch Pass—Adult Fare	Round trip/\$4.44 per day	Punch Pass	Round trip/\$2.96 per day
Adult Valley Monthly Pass	Unlimited usage for calendar month/\$148.00	Hogback Monthly Pass (Non-chamber price)	Unlimited usage for calendar month/\$89.00
Zone Pass (Non-chamber price)	Unlimited usage within zone/\$667.00	Hogback Monthly Pass (Chamber price)	Unlimited usage for calendar month/\$84.00
Zone Pass (Chamber price)	Unlimited usage within zone/\$625.00	Youth Hogback Pass	Unlimited usage for calendar month/\$58.00
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$81.00		
Zone 5: El Jebel-Blue Lake/Aspen		Zone 9: Silt/Glenwood Springs	
Cash	Round trip/\$8.00 per day	Cash	Round trip/\$6.00 per day
Punch Pass—Adult Fare	Round trip/\$5.92	Punch Pass	Round trip/\$4.44 per day
Adult Valley Monthly Pass	Unlimited usage for calendar month/\$148.00	Hogback Monthly Pass (Non-chamber price)	Unlimited usage for calendar month/\$89.00
Zone Pass (Non-chamber price)	Unlimited usage within zone/\$704.00	Hogback Monthly Pass (Chamber price)	Unlimited usage for calendar month/\$84.00
Zone Pass (Chamber price)	Unlimited usage within zone/\$636.00	Youth Hogback Pass	Unlimited usage for calendar month/\$58.00
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$81.00		
Zone 6: Carbondale/Aspen		Zone 10: Rifle/Glenwood Springs	
Cash	Round trip/\$10.00 per day	Cash	Round trip/\$8.00 per day
Punch Pass—Adult Fare	Round trip/\$7.40 per day	Punch Pass	Round trip/\$5.92 per day
Adult Valley Monthly Pass	Unlimited usage for calendar month/\$148.00	Hogback Monthly Pass (Non-chamber price)	Unlimited usage for calendar month/\$89.00
Zone Pass (Non-chamber price)	Unlimited usage within zone/\$721.00	Hogback Monthly Pass (Chamber price)	Unlimited usage for calendar month/\$84.00
Zone Pass (Chamber price)	Unlimited usage within zone/\$655.00	Youth Hogback Pass	Unlimited usage for calendar month/\$58.00
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$81.00		
Zone 7: Glenwood Springs/Aspen			
Cash	Round trip/\$12.00 per day		
Punch Pass—Adult Fare	Round trip/\$8.88 per day		
Adult Valley Monthly Pass	Unlimited usage for calendar month/\$148.00		
Zone Pass (Non-chamber price)	Unlimited usage within zone/\$728.00		
Zone Pass (Chamber price)	Unlimited usage within zone/\$667.00		
Youth Valley Monthly Pass	Unlimited usage for calendar month/\$81.00		

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

TABLE XII
Annual Ridership and Fare Revenue ¹

Year	Total Boardings	Revenue Boardings	Fare Revenue	Percent Change
2003	3,468,835	1,863,080	\$2,725,026	--
2004	3,451,349	1,319,701	2,718,457	(0.2)%
2005	3,650,807	1,414,539	3,168,983	16.6
2006	4,086,138	1,547,686	3,278,985	3.5
2007	4,377,833	1,704,044	3,983,936	21.5
2008	4,738,362	1,930,081	4,414,186	10.8
2009 ²	1,644,408	666,947	868,408	--

¹ Unaudited.

² Information through March 31, 2009.

Source: RFTA

Federal and Capital Grants. RFTA also receives revenue from grants from the FTA and the State of Colorado. These grants are reserved for capital, planning, technical assistance or operating assistance projects. The following table sets forth the federal and capital grant receipts from 2004 to 2007, unaudited 2008 figures and unaudited, year to date 2009 figures.

TABLE XIII
RFTA Federal Grant Receipts ¹

Year	Federal Operating Assistance	Capital Grants	Other Grants	Total Grants ²
2004	\$249,000	\$1,077,318	\$ 700,321	\$2,026,639
2005	386,868	1,634,199	1,532,301	3,553,368
2006	516,474	1,101,204	2,634,197	4,251,875
2007	640,340	3,281,989	1,538,433	5,460,762
2008 ³	684,800	1,077,318	1,791,250	3,553,368
2009 ⁴	--	--	246,542	246,542

¹ Such figures represent FTA grant money received by RFTA and CDOT grant money received by RFTA. For historical totals of capital grants RFTA has received, including FTA and CDOT grants, see "TABLE II" herein.

² Does not include trail grants.

³ Unaudited.

⁴ Unaudited amounts through March 31, 2009. Amounts awarded in 2009.

Source: RFTA

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

Historical and Budgeted General Fund Financial Information

The following tables set forth a Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund for the last five years. Prospective investors who wish to review such

financial statements in their entirety may request copies as described in “INTRODUCTION—Additional Information.” Electronic copies are also available at www.rfta.com.

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

	2003	2004	2005	2006	2007
Revenues					
Sales and use taxes	\$ 6,101,102	\$ 6,607,791	\$ 9,498,568	\$10,581,765	\$11,355,833
Grant revenue	1,417,646	1,326,318	2,301,783	1,964,310	5,262,762
Service contracts	4,550,849	4,875,737	5,597,755	6,372,972	7,057,035
Operating revenue	3,389,492	3,571,808	3,168,983	3,588,433	3,983,936
Other	1,213,213	1,218,955	96,173	465,760	381,972
Fees	23,976	317,000	473,540	529,937	501,447
Government contributions	--	--	1,728,568	2,172,986	1,389,000
Rental revenue	--	--	108,384	131,806	176,971
Investment income	--	--	153,806	276,247	294,051
Miscellaneous	--	--	--	--	--
Total	<u>16,696,278</u>	<u>17,917,609</u>	<u>23,127,560</u>	<u>26,084,216</u>	<u>30,403,007</u>
Expenditures					
Administration	1,791,788	1,158,386	2,773,587	1,604,453	4,091,407
Transit operations & maintenance	10,035,538	9,332,702	10,795,231	14,105,686	13,919,941
Facilities	786,114	872,262	1,199,897	1,389,979	1,457,662
Trails/corridor management	228,972	270,988	242,174	343,307	419,930
Capital outlay	2,279,785	2,084,486	8,252,677	7,652,763	15,708,983
Other	537,800	1,542,615	--	--	--
Debt service:					
Principal	550,000	575,000	905,000	1,142,932	1,540,944
Interest	432,300	413,533	491,332	524,362	654,871
Cost of issuance	--	--	154,450	--	--
Total	<u>16,642,297</u>	<u>16,249,972</u>	<u>24,814,348</u>	<u>26,763,482</u>	<u>37,793,738</u>
Excess of Revenues Over (Under) Expenditures	53,981	1,667,637	(1,686,788)	(679,266)	(7,390,731)
Other Financing Sources (Uses)					
Lease proceeds	--	--	3,910,000	2,450,000	5,418,092
Sale of assets	--	--	1,061,000	131,094	300
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>4,971,000</u>	<u>2,581,094</u>	<u>5,418,392</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing (Uses)	53,981	1,667,637	3,284,212	1,901,828	(1,972,339)
Fund Balance – Beginning	<u>2,217,418</u>	<u>2,271,397</u>	<u>4,046,713</u> ¹	<u>7,330,924</u>	<u>9,232,752</u>
Fund Balance – Ending	<u>\$ 2,271,399</u>	<u>\$ 3,939,034</u> ¹	<u>\$ 7,330,925</u>	<u>\$ 9,232,752</u>	<u>\$ 7,260,413</u>

¹ The difference in the ending fund balance for the year ended December 31, 2004 and beginning fund balance for the year ended December 31, 2005 is attributable to a change in accounting.
Source: RFTA audited financial statements, 2003-2007

General Fund Budget Summary and Comparison

Budgetary Process and Information. RFTA's budget is prepared on a calendar year basis as required by 29-1-101, et seq., Colorado Revised Statutes. Prior to October 15 of each Fiscal Year, the Budget Officer submits an operating and capital budget for the ensuing Fiscal Year to the Board for its approval. The Board may accept the budget with a majority vote or may vote to override all or any part of the proposed budget. After the budget is approved (on or before December 31), in conjunction with an appropriation resolution by the Board, who must also approve subsequent amendments thereto, the Chief Executive Officer is empowered to administer the operating and capital budget.

Set forth hereafter is a comparison of RFTA's 2008 and 2009 budgets as well as the actual unaudited figures for the year ended December 31, 2008, and the 2009 year to date, actual unaudited figures through March 31, 2009. According to RFTA officials, as a result of the economic downturn, at the end of the first quarter 2009 there is an estimated 20-25% decrease in sales tax revenues compared to the 2009 budgeted amounts.

TABLE XV
General Fund Budget Summary ¹

	2008 Budget	2009 Budget	2008 Actual (Unaudited) ³	2009 Actual Year To Date (Unaudited) ⁴
Revenues:				
Sales and use taxes	\$11,642,644	\$11,642,500	\$11,347,261	\$3,532,965
Fees	475,000	475,000	512,726	45,090
Service contracts	7,629,514	8,035,173	7,700,042	2,922,799
Grants	2,754,400	2,699,400	2,866,943	--
Operating revenues	4,139,914	4,684,439	4,620,827	872,090
Other governmental contributions	636,000	960,000	691,500	246,542
Housing rental revenue	250,340	354,000	264,441	128,855
Miscellaneous/ investment	59,700	56,750	57,784	1,486
Other	300,000	130,000	488,839	87,292
Special revenue contracts	--	<u>(8,390,000)</u>	--	--
Total Revenues	<u>27,887,512</u>	<u>20,647,263</u>	<u>28,550,362</u>	<u>7,837,118</u>
Expenditures:				
Transit maintenance	6,300,189	6,611,686	7,093,411	1,762,588
Transit operations	8,383,876	9,410,310	8,940,226	2,463,473
Administration	4,101,868	3,563,785	4,624,859	898,617
Facilities	1,420,842	1,757,092	1,805,728	561,657
Board of directors	180,814	186,120	--	--
Trails and corridor management	355,742	384,833	383,520	71,179
Capital	5,198,176	3,298,000	6,734,799	176,587
Debt Service	2,470,754	2,656,526	2,622,580	393,137
Reserves	275,000	275,000	--	--
Special revenue contracts	--	<u>(7,657,858)</u>	--	--
Total Expenditures	<u>28,687,261</u>	<u>20,485,495</u>	<u>32,205,123</u>	<u>6,327,238</u>
Other Financing Sources (uses)				
Lease proceeds	--	--	2,300,000	--
Sale of fixed assets	--	--	<u>882</u>	--
Total Other Financing Sources (uses)	<u>--</u>	<u>--</u>	<u>2,300,882</u>	<u>--</u>
Revenues Less Expenditures	<u>\$ (799,748) ²</u>	<u>\$ 161,768</u>	<u>\$ (1,353,879) ³</u>	<u>\$1,509,880</u>

¹ Figures have been rounded.

² According to RFTA officials, the 2008 Budget reflects expenditures in excess of revenues, and therefore contemplated a draw on the fund balance, as a result of capital expenditures to complete the hiking, biking, equestrian and pedestrian trail owned, built and maintained by RFTA, which draw on the fund balance was approved by the RFTA Board. [FUND BALANCES TO BE ADDED TO TABLE]

³ Unaudited actual figures for the year ended December 31, 2008. As indicated, 2008 actual expenditures exceeded revenues, and therefore resulted in a draw on the fund balance, due to approximately \$800,000 in capital expenditures (trails, contemplated in the 2008 Budget to result in a draw on the fund balance), and approximately \$242,000 for fuel expenditures and approximately \$328,000 for overtime in operations, for a total of \$1,370,000. Figures have been rounded.

⁴ Year to date actual, unaudited figures through March 31, 2009.

Source: RFTA 2008 and 2009 Budget documents and RFTA

Management's Discussion and Analysis of Recent Financial Trends

Authority revenue is comprised primarily of sales tax, service contract, operating (bus fair) and grant revenues, and local government contributions.

Sales tax revenue for the last three years were as follows: \$11,300,000 in 2008 (unaudited); \$11,355,000 in 2007; and \$10,581,000 in 2006. Sales tax revenue increases for 2008 and 2007 were 3.0% and 7.3%, respectively. The 3.0% increase in 2008 was primarily due to a strong local economy; the 7.3% increase in 2007 was due to a strong local economy and new commercial property added to the jurisdiction tax base during this period. (Note that the foregoing figures concerning sales and use tax include Pitkin County and Eagle County sales tax revenues, which do not constitute Pledged Revenue.)

Service contract revenue for the last three years were as follows: \$7,596,000 in 2008 (unaudited); \$7,057,000 in 2007; and \$6,372,000 in 2006. Service contract revenue increases for 2008 and 2007 were 7.6% and 10.7%, respectively. Service contract revenue calculations allocate total Authority transit costs to determine the final revenue of each contract. The 7.6% increase in 2008 was primarily due to increased fuel and personnel costs; the 10.7% increase in 2007 was due to increased personnel costs.

Operating (transit fares) revenue for the last three years were as follows: \$4,582,000 in 2008 (unaudited); \$3,983,000 in 2007 and \$3,168,000 in 2006. Operating (transit fares) revenue increases for 2008 and 2007 were 15% and 25.7%, respectively. These increases are comprised of an increase in fares and ridership. The ridership increases for 2008 and 2007 were 11.0% and 12.0%, respectively.

The above revenues comprised 85.8%, 73.7% and 70.2% of the Authority's total revenues for the 2008, 2007 and 2006 years, respectively and the remaining revenues consist of Grant revenues and local government contributions.

Grant revenues and local government contributions can vary substantially from year to year and are primarily used for capital project purposes; therefore, they are not used to fund operating expenditures. The Authority does receive an operating grant from CDOT each year and to date the annual grant has been less than \$1,000,000.

Authority expenditures consist of transit, trails and administration programs. This expenditure trend discussion will concern the transit and administrative programs only as these programs are over 95% of the total operating expenditures. Expenditures are comprised of approximately 65% personnel compensation and benefits, 10% fuel and 25% operating expenditures. Total transit and administrative program expenditures for the last three years are as follows: \$21,846,000 in 2008; \$18,710,000 in 2007; and \$17,100,000 in 2006. Transit and administration program expenditure increases for 2008 and 2007 were 16.8% and 9.4%, respectively.

Personnel full time equivalent counts for the last three years were as follows: 222 in 2008, 213 in 2007 and 171 in 2006; personnel full time equivalent increases for 2008 and 2007 were 4% and 24%, respectively. Personnel compensation increases for 2008 and 2007 were approximately 4% and 6%, respectively. Personnel benefit costs increased approximately 10% for the 2008 and 2007 years.

Fuel is the largest, non compensation, expenditure line item for the Authority. Fuel expenditures for the last three years were as follows: \$2,537,000 in 2008; \$1,881,000 in 2007; and \$1,586,000 in 2006. The fuel expenditure increase in 2008 and 2007 were 34.8% and 18.6%, respectively. The increase in fuel expenditures was primarily due to the fluctuation of price of fuel; there have been nominal increases in total miles of services during each period.

Capital expenditure for equipment and projects can vary substantially from year to year. Capital expenditures for the last three years were as follows: \$7,000,000 (unaudited) in 2008; \$15,709,000 in 2007; \$10,723,000 in 2006. These expenditures have also been historically funded through federal and state grants and local contributions. A portion of each year's budgeted revenues is dedicated to capital projects.

For additional information, see the complete Management's Discussion and Analysis in RFTA's audit for the year ended December 31, 2007, included as APPENDIX C hereto.

Retirement and Pension Matters

RFTA provides a defined contribution plan for substantially all full time permanent employees. See Note V. E in RFTA's audited financial statements attached hereto for further information with respect to the retirement plans.

Insurance Coverage

The Board acts to protect RFTA against loss and liability by maintaining insurance coverage it believes to be adequate. For more information, see Note F to RFTA's financial statements appended hereto.

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or TABOR, and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State of Colorado and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on (i) for the State, the percentage change in State population, (ii) for a school district, the percentage change in student enrollment, and (iii) for any other local government, the net percentage change in actual value of all real property from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue

increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency.” The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

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

DEBT STRUCTURE

Revenue Obligations

Upon issuance of the Bonds, the Bonds will constitute the only revenue obligations issued by RFTA. Certain revenues otherwise payable to RFTA by Pitkin County as contemplated by the Organizing IGA, which represent a portion of the Pitkin County transportation sales tax, are to be reduced by the amount of principal and interest payments on Pitkin County’s outstanding and future Pitkin County Sales Tax Revenue Bonds secured by such transportation sales tax, which Bonds are presently outstanding in the aggregate principal amount of \$6,320,000. Such Pitkin County Sales Tax Revenue Bonds are reflected as a liability of RFTA in its audited financial statements attached hereto (see Note E.1. therein).

Leases and Other Financial Obligations

The Board has the authority to enter into installment or lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. As of December 31, 2007, RFTA has the following other financial obligations outstanding.

Leases. In addition to leases such as the Lease which RFTA may enter into with a trustee or other lessor, RFTA, as a state agency, can utilize the State of Colorado Capital Finance Corporation to enter into installment and lease option contracts, subject to annual allocations, for the purchase of property or capital equipment without prior election approval. In 2006, RFTA signed a lease for buses totaling \$2,450,000, with a final maturity in 2011, and in 2007, RFTA signed another lease for buses totaling \$5,418,092, with a final maturity in 2017. As of December 31, 2008, the outstanding principal amount owed on the 2006 and 2007 leases was \$1,266,686 and \$4,658,532, respectively. In addition, in 2008, RFTA enter into three lease purchase agreements, one for administrative vehicles in the principal amount of \$163,507 and currently outstanding in the principal amount of \$146,562; one for housing in the principal amount of \$2,300,000 and currently outstanding in the principal amount of \$2,257,543; and one for buses in the principal amount of \$1,122,000 and currently outstanding in the principal amount of \$1,059,864.

Certificates of Participation. On April 6, 2005, RFTA issued its Certificates of Participation, Series 2005 totaling \$3,910,000 (the “2005 Certificates”). The 2005 Certificates were used for the acquisition of additional buses. As of December 31, 2008, there was \$2,750,000 outstanding on the 2005 Certificates.

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

LEGAL MATTERS

Governmental Immunity Act

As provided in the Colorado Governmental Immunity Act, Article 10 of Title 24, Colorado Revised Statutes (the “Immunity Act”), public entities and their employees acting within the course and scope of their employment shall be immune from liability for tort claims under Colorado state law based on the principle of sovereign immunity except for those specifically identified events or occurrences defined in the Immunity Act. The exceptions in the Immunity Act allow liability for, among other things, injuries resulting from a dangerous condition which interferes with the movement of traffic on any public highway, road, street or sidewalk; a dangerous condition caused by failure to realign a turned stop or yield sign or to repair a traffic signal displaying conflicting directions; a dangerous condition caused by known accumulation of snow and ice that physically interferes with public access on walks leading to a public building; the operation of a motor vehicle owned or leased by the public entity, except for emergency vehicles; a dangerous condition of any public building of the public entity; and the operation and maintenance of or a dangerous condition of public water, gas, sanitation, electrical or power facilities. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to \$150,000 for injury to one person in a single occurrence, and \$600,000 for an injury to two or more persons in a single occurrence, except that no one person may recover in excess of \$150,000. The Immunity Act does not limit recovery against a public 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. Punitive or exemplary damages may be assessed, however, against a public employee personally who is acting outside the course and scope of his/her employment. The Immunity Act does not prohibit claims against public entities or their employees under federal law, contract law, or under other common law theories.

Pending and Threatened Litigation. RFTA’s Attorney states that as of the date hereof, to its knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting RFTA, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of RFTA, the security for the Bonds, RFTA’s ability to comply with its obligations under the Bond Resolution, the transactions contemplated by the Bond Resolution or the validity and enforceability of the Bond Resolution or the Bonds.

No Litigation Certificate

The Underwriter’s purchase of the Bonds is conditioned on, among other things, receipt from RFTA’s Attorney and/or certain RFTA officials of certification at closing that there is no litigation then pending, or to their knowledge threatened, affecting the validity of or security for the Bonds.

TAX MATTERS

Generally. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by RFTA with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in

gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. RFTA has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest 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 Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of Colorado income taxation. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

[Original Issue Discount. Certain of the Bonds are being sold at an original issue discount (the "Discount Bonds"). The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

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

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

federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds 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 Bond.]

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

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2008 to any bondholder 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 new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

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

MISCELLANEOUS

Rating

_____ (“___”), will assign the rating to the Bonds shown on the cover page hereof upon the assumption that the Insurer will deliver the Policy concurrently with the issuance of the Bonds. Such rating reflects only the view of the rating agency and any desired explanation of the significance of such rating should be obtained from _____ at _____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of the rating indicated above may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being sold by RFTA to the Underwriter at a discount of \$_____ pursuant to a bond purchase agreement entered into between the Underwriter and RFTA. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement. Such prices or yields may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public. The Underwriter is committed to take and pay for all of the Bonds or none at all.

Registration of Bonds

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

Undertaking To Provide Ongoing Disclosure

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (“Rule 15c2-12”), RFTA has covenanted, for the benefit of the holders of the Bonds, to provide certain financial information and other operating data and notices of material events after the Bonds are issued. The form of the RFTA’s Continuing Disclosure Undertaking for the Bonds is attached as APPENDIX A to this Official Statement. Subject to the following sentence, RFTA has not failed to comply with any continuing disclosure undertaking previously executed by it. In connection with various downgrades of certain ratings of Radian Asset Assurance Inc. (“Radian”), and the resulting downgrades of certain ratings of RFTA’s \$3,910,000 Certificates of Participation, Series 2005 evidencing undivided interests in the right to receive certain revenues from Roaring Fork Transportation Authority (in the State of Colorado) under a Lease Purchase Agreement dated as of April 1, 2005 insured by a financial guaranty insurance policy issued by Radian, which downgrades occurred in 2008, RFTA provided a material event notice with respect thereto in April 2009.

APPENDIX A
SUMMARY OF BOND RESOLUTION

APPENDIX B

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered as of June __, 2009 by the Roaring Fork Transportation Authority, Colorado (“RFTA”).

Section 1. Purpose. This Undertaking is being executed and delivered by RFTA in connection with that certain issue of Sales and Use Tax Revenue Bonds, Series 2009 in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are issued by RFTA pursuant to an approving resolution of the RFTA Board of Directors prior to the date of issuance of the Bonds (the “Bond Resolution”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution. This Undertaking is intended to facilitate compliance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”), and to assist the Underwriter, as a Participating Underwriter under the Rule, to comply with the Rule.

Section 2. Definitions. Capitalized terms in this Section and elsewhere in this Undertaking shall have the meanings set forth herein. Capitalized terms used but not defined herein shall have the meanings set forth in the Ordinance. The following capitalized terms shall have the following meanings for purposes of this Undertaking:

“*Annual Financial Information*” means the financial information or operating data with respect to RFTA, provided at least annually, of the type included in the following tables in the Final Official Statement: Tables II, IV, V, IX, X, XI and XII. Any financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles (“GAAP”) and the Governmental Accounting Standards Board (“GASB”). Such financial statements may, but are not required to be, Audited Financial Statements.

“*Audited Financial Statements*” means RFTA’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.

“*Final Official Statement*” means the Official Statement with respect to the Bonds.

“*Material Event*” means any of the following events, if material, with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) modifications to rights of holders of Bonds;
- (h) bond calls (other than mandatory sinking fund redemptions);
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; and
- (k) rating changes.

“*Material Event Notice*” means written or electronic notice of a Material Event.

“*NRMSIR*” means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit A hereto.

“*SID*” means a state information depository as operated or designated by the State of Colorado and recognized by the Securities and Exchange Commission by no action letter as such for the purposes referred to in the Rule. There is no SID as of the date of this Undertaking.

Section 3. Information To Be Provided. RFTA undertakes to provide the following information as provided herein:

- (a) Annual Financial Information, which information may, at the option of RFTA, be included in the Audited Financial Statements provided pursuant to clause (b) below or be provided separately therefrom;
- (b) Audited Financial Statements, if any; and
- (c) Material Event Notices.

Section 4. Procedures for Providing Information.

(a) ***Annual Financial Information.*** While any Bonds are Outstanding, RFTA shall provide the Annual Financial Information within 210 days after the end of each fiscal year beginning with the fiscal year ended December 31, 2009 and each subsequent year thereafter (the “Report Date”) to each then existing NRMSIR and the SID, if any. If RFTA changes its fiscal year, it may change the Report Date to any date within 210 days of the end of RFTA’s new fiscal year by written notice of the change of fiscal year and change in Report Date to each then existing NRMSIR or the Municipal Securities Rulemaking Board (the “MSRB”) and the SID, if any. It shall be sufficient if RFTA provides to each then existing NRMSIR and the SID, if any, any or all of RFTA Annual Financial Information by specific reference to (i) documents previously provided to each NRMSIR and the SID, if any; or (ii) documents filed with the Securities and Exchange Commission or, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(b) ***Audited Financial Statements.*** If not provided as part of the Annual Financial Information provided pursuant to “—Annual Financial Information” above, RFTA shall provide the Audited Financial Statements to each then existing NRMSIR and the SID, if any, when and if such Audited Financial Statements are available while any Bonds are Outstanding.

(c) ***Material Events.*** If a Material Event occurs while any Bonds are Outstanding, RFTA shall, in a timely manner, provide a Material Event Notice to each then existing NRMSIR or the MSRB and the SID, if any, which Material Event Notice shall be captioned “Material Event Notice,” shall prominently state the date, title and CUSIP numbers of the Bonds and shall describe the Material Event.

(d) ***Notices of Failure To Provide Annual Financial Information.*** RFTA shall provide in a timely manner to each then existing NRMSIR or the MSRB and to the SID, if any,

notice of any failure by RFTA while any Bonds are Outstanding to provide to each then existing NRMSIR and the SID, if any, RFTA Annual Financial Information on or before the Report Date.

(e) **Means of Transmitting Information.** Unless otherwise required by law and subject to technical and economic feasibility, RFTA shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the information to be received pursuant to this Undertaking.

(f) **Alternative Filing Location.** Any filing may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the “MAC”) as provided at www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretative advice in its letter to the MAC dated September 7, 2004.

Section 5. Termination. The obligations of RFTA under this Undertaking shall terminate immediately once the Bonds no longer are Outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that RFTA delivers to each then existing NRMSIR or the MSRB and the SID, if any, an opinion of Bond Counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that RFTA shall have provided notice of such delivery and the cancellation of this Undertaking or any provision hereof to each then existing NRMSIR or the MSRB and the SID, if any.

Section 6. Amendment. Notwithstanding any other provision of this Undertaking, this Undertaking may be amended by RFTA, without the consent of the holders of the Bonds, but only upon the delivery by RFTA to each then existing NRMSIR or the MSRB and the SID, if any, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking and by RFTA with the Rule and that such amendment complies with this Section. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of RFTA, or type of business conducted.

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment does not materially impair the interest of holders of the Bonds, as determined by Bond Counsel, or by approving vote of holders of the Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

The initial Annual Financial Information provided by RFTA hereto after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 7. No Event of Default. Any failure by RFTA to perform in accordance with this Undertaking shall not constitute an Event of Default under the Ordinance, and the rights and remedies provided by the Ordinance upon the occurrence of an Event of Default shall not apply to any such failure. If RFTA fails to comply with this Undertaking, any Owner of a Bond may take such actions as may be

necessary and appropriate, including seeking specific performance by court order, to cause RFTA to comply with its obligations hereunder.

Section 8. Governing Law. This Undertaking shall be governed by and construed in accordance with the laws of the State of Colorado; provided that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 9. Beneficiaries. This Undertaking shall inure solely to the benefit of the Underwriter and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

ROARING FORK TRANSPORTATION
AUTHORITY

By _____
Chief Executive Officer

Exhibit A

Until July 1, 2009

(1) Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission (and as listed at <http://www.sec.gov/info/municipal/nrmsir.htm>) as of February 1, 2009:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
<http://www.bloomberg.com/markets/rates/municontacts.html>
E-Mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
<http://www.MuniFILINGS.com>
E-Mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attention: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
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Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
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Fax: (212) 438-3975
www.disclosuredirectory.standardandpoors.com/
E-Mail: nrmsir_repository@sandp.com;

or (2) Disclosure USA, a website accessible at www.disclosureusa.org;

and (3) Any SID.

Beginning July 1, 2009

Municipal Securities Rulemaking Board (MSRB): <http://emma.msrb.org/>

APPENDIX C

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF RFTA AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2007**

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which RFTA serves. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, other economic and demographic information not presented herein may be available concerning the area in which RFTA serves and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of RFTA or its officers, employees, or advisors.*

Population and Median Age

The following table sets forth permanent population statistics for the City of Glenwood Springs, the Towns of Basalt and Carbondale, and Eagle, Garfield and Pitkin Counties.

Year	Population					
	Glenwood Springs	Carbondale	Basalt	Garfield County	Eagle County	Pitkin County
1960	3,637	612	213	12,017	4,677	2,381
1970	4,106	726	416	14,821	7,498	6,185
1980	4,637	2,084	529	22,514	13,320	10,338
1990	6,375	3,004	1,128	29,974	21,928	12,661
2000	8,288	5,196	2,681	41,796	41,659	14,872
2007 ¹	8,887	6,367	3,203	55,063	52,532	16,607

¹ Estimated.

Sources: U.S. Department of Commerce, Bureau of the Census; State of Colorado, Division of Local Government, Demographic Section

Income

The following tables set forth historical median household effective buying income ("EBI"), the percentage of households by classification of EBI levels and per capita personal income for Eagle County, Garfield County, Pitkin County, the State of Colorado, and the United States.

Median Household Effective Buying Income

	2004	2005	2006	2007	2008
Eagle County	\$55,649	\$56,869	\$58,373	\$58,210	\$59,648
Garfield County	43,189	43,897	45,010	44,878	46,393
Pitkin County	53,535	54,104	55,347	56,252	56,888
Colorado	43,544	44,489	45,594	45,477	44,711
United States	38,201	39,324	40,529	41,255	41,792

Source: *Trade Dimensions International, Inc.*-Demographics USA 2004-2008

Percent of Households by Effective Buying Income Groups—2008

	Less Than \$15,000	\$15,000- \$24,999	\$25,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000- \$149,999	\$150,000 or more
Eagle County	4.8%	6.1%	27.8%	24.7%	18.0%	10.7%	7.9%
Garfield County	8.5	10.2	36.3	23.2	13.4	5.7	2.7
Pitkin County	6.1	7.7	29.2	22.3	14.8	9.1	10.9
Colorado	10.7	11.6	34.5	20.7	12.3	6.7	3.5
United States	13.6	13.1	33.3	19.8	11.0	6.0	3.2

Source: *Trade Dimensions International, Inc.*-Demographics USA 2008

Per Capita Personal Income

	2002	2003	2004	2005	2006
Eagle County	\$37,809	\$38,607	\$41,095	\$44,559	\$47,511
Garfield County	26,653	27,072	29,804	32,216	35,127
Pitkin County	65,389	66,680	72,610	78,807	86,122
Colorado	33,956	33,989	35,523	37,600	39,491
United States	30,821	31,504	33,123	34,757	36,714

Source: Colorado Division of Local Government, Demographic Section and the Bureau of Economic Analysis

Building Permit Activity

Glenwood Springs serves as the major center for business and professional services within the RFTA service area. The economy of the area is based on tourism, agriculture, warehousing, and light industry. Development within RFTA's service area consists primarily of single family residential and commercial development. According to planning officials, the area in general is experiencing an increased growth in residential development. The escalation in property sales is due in part to the region being a resort community with limited available housing for county residents. The following table sets forth building permit activity for Eagle County, Garfield County, Pitkin County, the City of Glenwood Springs, and the Towns of Carbondale and Basalt.

**History of Estimated Building Permits Issued
for New Structures in Unincorporated Eagle County**

Year	Permits	Valuation
2004	710	\$216,198,432
2005	643	208,319,298
2006	640	195,304,749
2007	576	190,179,625
2008	544	114,536,538

Source: Eagle County Community Development

**History of Estimated Building Permits Issued
for New Structures in Unincorporated Garfield County**

Year	Residential		Commercial	
	Permits	Valuation	Permits	Valuation
2004	146	\$37,898,681	66	\$ 6,118,116
2005	202	48,793,268	60	9,519,892
2006	271	65,841,297	54	11,400,719
2007	259	62,903,269	55	14,117,440
2008	129	35,045,719	36	12,193,302
2009 ¹	7	1,801,904	14	3,474,352

¹ Building permits issued through March 31, 2009.

Source: Garfield County Building and Planning Department

**History of Estimated Building Activity
in the City of Glenwood Springs**

Year	Single Family		Multi Family		Commercial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2004	116	\$8,411,670	6	\$1,736,429	85	\$26,652,017
2005	116	9,178,905	8	2,274,489	101	17,429,703
2006	110	5,656,745	19	6,683,335	81	16,090,235
2007	124	2,069,627	13	4,11,351	62	12,515,199
2008						

¹ As of _____, 2009.

Source: City of Glenwood Springs Building Department

Building Permit Activity in the Town of Carbondale

Year	Single Family		Multi-Family		Commercial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2004	23	\$12,152,459	2	\$578,921	1	\$ 482,199
2005	54	17,205,518	0	--	8	6,481,859
2006	42	16,473,634	0	--	3	2,910,554
2007	48	16,772,804	2	1,400,000	3	6,958,589
2008	80	18,929,195	1	837,166	1	1,800,500
2009 ¹	0	0	0	0	0	0

¹ Permits issued through February 20, 2009.

Source: Town of Carbondale Building and Planning Department

History of Estimated Building Permits Issued for the Town of Basalt

Year	Multi-Family Permits	Single Family Permits	Commercial Permits	Total Valuation for all Permits
2004	3	21	5	\$10,804,280
2005	6	15	1	10,763,911
2006	5	29	2	18,027,587
2007	4	14	2	24,779,887
2008 ¹	1	6	1	12,051,706
2009 ²	0	0	0	0

¹ One commercial building consisted of the new Basalt Regional Library in the amount of \$7,160,539.

² Permits issued through March 31, 2009.

Source: Town of Basalt

Foreclosure Activity

The following table sets forth foreclosure activity in Eagle, Garfield and Pitkin Counties.

Foreclosures Filed

Year	Eagle County	Percent Change	Garfield County	Percent Change	Pitkin County	Percent Change
2004	243	--	106	--	37	--
2005	178	(26.7)%	121	14.2%	15	(59.5)%
2006	198	11.2	96	(20.7)	24	60.0
2007	140	(29.3)	81	(15.6)	15	(37.5)
2008	179	27.9	107	32.1	35	133.3
2009 ¹	95	--	68	--	11	--

¹ Filled through April 14, 2009.

Sources: Eagle, Garfield and Pitkin County Public Trustees Offices

Retail Sales

The following table sets forth recent retail sales figures for Eagle County, Garfield County, Pitkin County, the Cities of Glenwood Springs and Aspen, and the Towns of Carbondale, New Castle, Basalt, and Snowmass Village, as reported by the Colorado Department of Revenue.

Retail Sales

Year	Garfield County	Carbondale	Glenwood Springs	New Castle	Eagle County
2004	\$1,436,930,377	\$141,617,861	\$ 723,572,695	\$48,574,680	\$1,604,352,108
2005	1,649,589,885	174,583,633	772,580,620	55,929,468	1,817,783,920
2006	2,123,174,763	192,368,467	948,735,546	57,712,762	2,134,863,640
2007	2,550,233,188	214,202,354	1,096,107,474	73,252,428	2,367,788,919
2008	2,785,871,596	240,244,792	1,101,446,641	94,412,214	2,355,829,334

Year	Basalt	Aspen	Snowmass Village	Pitkin County
2004	\$160,590,608	\$572,820,100	\$115,468,782	\$ 890,402,543
2005	189,120,920	625,240,626	123,117,182	979,221,076
2006	208,123,016	713,501,707	134,788,188	1,088,156,169
2007	394,082,721	740,256,106	140,018,807	1,285,247,011
2008	433,115,214	728,052,525	145,550,227	1,316,334,985

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2003-2007

Employment

The following tables set forth historical labor force estimates and the most recent employment statistics by industry for Eagle County, Garfield County, and Pitkin County.

Total Business Establishments and Employment—Eagle County

Industry ¹	Third Quarter 2007		Third Quarter 2008		Quarterly Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	14	66	15	72	1	6
Mining	4	13	5	15	1	2
Utilities	9	65	8	67	(1)	2
Construction	898	5,439	891	5,271	(7)	(168)
Manufacturing	69	383	67	378	(2)	(5)
Wholesale Trade	117	407	123	426	6	19
Retail Trade	400	3,375	399	3,381	(1)	6
Transportation and Warehousing	78	447	70	372	(8)	(75)
Information	43	418	47	404	4	(14)
Finance and Insurance	132	581	130	581	(2)	0
Real Estate and Rental and Leasing	406	1,554	394	1,433	(12)	(121)
Professional and Technical Services	440	1,455	458	1,419	18	(36)
Management of Companies and Enterprises	24	149	24	147	0	(2)
Administrative and Waste Services	244	2,048	238	2,089	(6)	41
Educational Services	20	139	20	139	0	0
Health Care and Social Assistance	127	1,691	124	1,764	(3)	73
Arts, Entertainment and Recreation ²	85	2,669	89	2,851	4	182
Accommodation and Food Services	249	6,665	258	7,253	9	588
Other Services, Except Public Administration	215	1,124	220	1,172	5	48
Non-classifiable ²	--	--	4	3	--	--
Government	<u>54</u>	<u>2,778</u>	<u>53</u>	<u>2,861</u>	<u>(1)</u>	<u>83</u>
Total	<u>3,631</u>	<u>31,469</u>	<u>3,637</u>	<u>32,100</u>	<u>6</u>	<u>631</u>

¹ Information provided herein reflects only those employers who are subject to state unemployment insurance law.

² Information suppressed due to confidentiality as set forth in State law. Totals may not add because they include figures for all employment including suppressed information.

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

Total Business Establishments and Employment—Garfield County

Industry ¹	Third Quarter 2007		Third Quarter 2008		Quarterly Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	31	204	30	183	(1)	(21)
Mining	99	2,356	123	2,797	24	441
Utilities	15	210	16	219	1	9
Construction	718	4,756	736	5,443	18	687
Manufacturing	58	433	58	397	0	(36)
Wholesale Trade	104	749	99	800	(5)	51
Retail Trade	311	3,732	290	3,697	(21)	(35)
Transportation and Warehousing	115	939	113	912	(2)	(27)
Information	35	206	34	232	(1)	26
Finance and Insurance	108	620	117	620	9	0
Real Estate and Rental and Leasing	162	749	176	878	14	129
Professional and Technical Services	346	1,196	354	1,312	8	116
Management of Companies and Enterprises	11	139	13	155	2	16
Administrative and Waste Services	153	1,005	163	1,076	10	71
Educational Services	21	193	22	193	1	0
Health Care and Social Assistance	133	1,914	141	1,995	8	81
Arts, Entertainment and Recreation	40	420	43	408	3	(12)
Accommodation and Food Services	193	3,082	184	3,121	(9)	39
Other Services, Except Public Administration	158	740	164	784	6	44
Non-classifiable ²	--	--	7	19	--	--
Government	<u>73</u>	<u>4,161</u>	<u>71</u>	<u>4,439</u>	<u>(2)</u>	<u>278</u>
Total	<u>2,885</u>	<u>27,804</u>	<u>2,954</u>	<u>29,681</u>	<u>69</u>	<u>1,877</u>

¹ Information provided herein reflects only those employers who are subject to state unemployment insurance law.

² Information suppressed due to confidentiality as set forth in State law. Totals may not add because they include figures for all employment including suppressed information.

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

Total Business Establishments and Employment—Pitkin County

Industry ¹	Third Quarter 2007		Third Quarter 2008		Quarterly Change	
	Units	Employment	Units	Employment	Units	Employment
Agriculture, Forestry, Fishing and Hunting	13	56	13	64	0	8
Mining ²	--	--	--	--	--	--
Utilities ²	--	--	--	--	--	--
Construction	255	1,255	253	1,337	(2)	82
Manufacturing	17	170	17	162	0	(8)
Wholesale Trade	32	103	35	104	3	1
Retail Trade	243	1,584	239	1,556	(4)	(28)
Transportation and Warehousing	28	254	30	208	2	(46)
Information	35	231	33	244	(2)	13
Finance and Insurance	75	325	78	311	3	(14)
Real Estate and Rental and Leasing	253	1,224	244	1,348	(9)	124
Professional and Technical Services	288	991	299	972	11	(19)
Management of Companies and Enterprises	20	38	20	42	0	4
Administrative and Waste Services	127	1,698	122	2,081	(5)	383
Educational Services	19	341	17	313	(2)	(28)
Health Care and Social Assistance	77	385	74	390	(3)	5
Arts, Entertainment and Recreation ²	62	1,267	59	1,358	(3)	91
Accommodation and Food Services	157	3,958	164	4,024	7	66
Other Services, Except Public Administration	231	706	233	729	2	23
Non-classifiable	--	--	--	--	--	--
Government	<u>25</u>	<u>1,767</u>	<u>26</u>	<u>1,860</u>	<u>1</u>	<u>93</u>
Total	<u>1,962</u>	<u>16,374</u>	<u>1,961</u>	<u>17,127</u>	<u>(1)</u>	<u>753</u>

¹ Information provided herein reflects only those employers who are subject to state unemployment insurance law.

² Information suppressed due to confidentiality as set forth in State law. Totals may not add because they include figures for all employment including suppressed information.

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

Labor Force Estimates

Year	Garfield County		Eagle County		Pitkin County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2004	28,258	4.3%	27,356	4.4%	10,701	5.0%	2,536,946	5.6%
2005	30,039	3.8	28,640	3.9	11,175	4.1	2,585,986	5.1
2006	33,590	3.0	30,155	3.4	11,385	3.2	2,561,378	4.3
2007	35,674	2.5	31,199	2.9	11,445	2.8	2,602,015	3.8
2008								
2009 ¹								

¹ Labor force estimates through October 31, 2008.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

The following table sets forth selected major employers in the area. No independent investigation has been made of and there can be no representation as to the stability or financial condition of the entities listed below, or the likelihood that they will maintain their status as major employers in the area.

Selected Major Employers in the Area ¹

Firm	Product or Service	Estimated Number of Employees
Aspen Ski Company/Snowmass Club/Little Nell Hotel	Ski Area	3,116 (800) ²
Roaring Fork School District No. RE-1	Public education	891
Garfield School District No. RE-2	Public education	499
Wal-Mart Supercenter	Grocery/retail	460
Valley View Hospital	Hospital	405
Garfield County	County government	385
Aspen Valley Hospital	Hospital	264
St. Regis Hotel	Hotel	258
Grand River Medical Center	Hospital/ healthcare	245
Pitkin County	County government	240
Williams Production RMT Company	Natural Gas Production	229

¹ As of December 2008.

Source: Individual employers

Tourism

Year round tourism and skiing related businesses account for a significant portion of the employment and earned income of area residents. The area provides a variety of winter activities including skiing, as further described under this caption, ice fishing, camping, Nordic skiing, ice skating (indoors or out) snowmobiling, and snowshoeing. Summer activities include golfing, bicycling, boating, fishing, rafting and kayaking, horseback riding, camping, hiking, and cultural activities.

Major tourist attractions within the area include: the Hot Springs Lodge and Pool located in the City of Glenwood Springs, open year round, which is one of the largest naturally heated outdoor mineral pools in the world; the Colorado and Roaring Fork Rivers, which provide for white water rafting and fishing; and the two million acre White River National Forest which offers hiking, camping, hunting, snowmobiling, and downhill and cross country skiing.

According to the Colorado Tourism Office, in 2007, approximately 28 million overnight travelers visited the State, an all time high. These visitors reflect an increase of approximately 4.1% over the previous year's figure of overnight visitors coming to the State (26.9 million in 2006).

The Ski Industry in the State. In June 2008, Colorado Ski Country USA, a ski industry group, reported that the State's 26 resorts hosted more than 12.5 million skier and snowboarder visits during the 2007 2008 season, the third consecutive season of skier visits topping the 12 million mark. On a national level, the industry saw strong growth in numbers with Colorado making up roughly 20% of the overall market share, down slightly from previous year's 23% market share. This represents a decrease of approximately 30,000 skier visits compared to last year's record setting season. There are seven major ski areas within a 60 mile radius of the City including Aspen Mountain, Aspen Highlands, Beaver Creek, Buttermilk, Snowmass, Sunlight and Vail.

International visitation set a record in the 2007-2008 ski season in Colorado with an increase of 21% over the prior year. International guests generally visited more than one resort, stayed for a longer time than their domestic counterparts and spent more broadly than in past seasons. Denver International Airport (“DIA”) is currently the fifth-busiest airport in the United States and 11th busiest in the world. In 2007, DIA averaged 1,670 flights daily (arrivals and departures) and served a total of 49.8 million passengers, an increase of 5.4 percent over 2006.

Colorado Ski Country USA is the not-for-profit trade association representing Colorado’s 26 ski and snowboard resorts. Information about the organization and its members can be found at www.coloradoski.com.

APPENDIX E

FORM OF BOND COUNSEL OPINION

_____, 2009

APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) New York, New York and DTC’s book-entry-only system has been obtained from DTC, and RFTA and the Underwriter take no responsibility for the accuracy thereof.

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from RFTA or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or RFTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of RFTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to RFTA or the Trustee. Under such circumstances, in the event that

a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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