

**CITY OF COLORADO SPRINGS, COLORADO,
FOR AND ON BEHALF OF THE COLORADO SPRINGS UTILITIES**

VOLUNTARY SECONDARY MARKET DISCLOSURE

This City of Colorado Springs, Colorado (the “City”), for and on behalf of the Colorado Springs Utilities (the “Utilities”), Voluntary Secondary Market Notice (the “Notice”) is dated February 26, 2021 and contains information only through its date. The City expects to file this Notice with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access (“EMMA”) system. No statement on the City’s website or any other website is included by specific cross-reference herein. The information in this Notice is accurate as of its date.

This Notice contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared and contains statements relating to future results and economic performance that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “anticipate” or other similar words. The forward-looking statements contained herein are based on the City’s expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, the City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change, or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this Notice.

From February 13-16, 2021, the City and much of the country experienced record low temperatures. This weather and resulting challenges in the delivery of natural gas caused natural gas prices to increase to unprecedented levels. During this period, the Utilities incurred additional electric and natural gas fuel costs of approximately \$144 million. Natural gas costs for the Utilities’ gas distribution system accounted for approximately \$105 million of this amount, and energy fuel costs for the Utilities’ electric generation facilities accounted for approximately \$39 million of this amount. The Utilities has requested the City Council approve increases to its gas cost adjustment rate in March 2021 and its electric cost adjustment rate in April 2021 in order to recoup these expenses by year end 2022.

These expenditures have had a significant impact on the Utilities’ days cash on hand and debt service coverage. The Utilities estimates that its days cash on hand will drop below 100 in 2021 but will be 120 as of December 31, 2021, compared to 209 as of December 31, 2020. The Utilities estimates that its debt service coverage ratio for the fiscal year ending December 31, 2021 will be between 1.50 and 1.65, compared to 2.07 for the fiscal year ending December 31, 2020.

In addition to the proposed cost recovery fuel rate actions, to further manage these impacts, the Utilities plans to pursue cost reductions and deferrals and increase the percentage of its 2021 capital program which is funded with the issuance of utility revenues bonds to as much as 65%.

The filing of this notice does not constitute or imply any representation regarding any other financial, operating or other information about the City, the Utilities or outstanding bonds or other indebtedness of the City. This notice speaks only as of its date and does not imply that there is no change in any other information concerning the City, the Utilities or outstanding bonds or other indebtedness of the City that may have a bearing on the security therefor, or an investor's decision to buy, sell, or hold such bonds or other indebtedness.

Dated: February 26, 2021.