

NEW ISSUE - BOOK ENTRY ONLY

RATINGS: Moody's:
Standard & Poor's:
Fitch:
See "RATINGS"

*In the opinion of Peck, Shaffer & Williams LLP and GCR, LLP, Special Counsel, under existing law, (1) the interest portion of the Base Rentals to be paid with respect to the Series 2012A Certificates (the "2012A Interest") will be excludible from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes, (2) the 2012A Interest will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (3) to the extent the 2012A Interest is excludible from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes, such 2012A Interest is not subject to income taxation by the State of Colorado. **The interest portion of the Base Rentals to be paid with respect to the Series 2012B Certificates is included in gross income of the Owners of the Series 2012B Certificates for federal and State of Colorado income tax purposes.** See "TAX MATTERS" herein for a more detailed discussion.*

\$13,180,000*

**REFUNDING CERTIFICATES OF PARTICIPATION
(Public Parking Unit/Cultural Center Parking Garage)**

\$11,310,000*

**Refunding Certificates of Participation
Series 2012A (Tax-Exempt)**

\$1,870,000*

**Refunding Certificates of Participation
Series 2012B (Taxable)**

**Evidencing a Proportionate Interest in the Base Rentals and other Revenues under
an Annually Renewable Lease Purchase Agreement
between Denver Public Facilities Leasing Trust 2012A-B, as Lessor, and the
City and County of Denver, Colorado, as Lessee**

Dated: Date of Execution and Delivery

Due: December 1, as shown on the inside cover

The Series 2012A-B Certificates are fully registered certificates executed and delivered by the Trustee in book entry form only in denominations of \$5,000 or integral multiples thereof. The Series 2012A-B Certificates are to be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), securities depository for the Series 2012A-B Certificates. Individual purchases are to be made in book entry form in authorized denominations. Purchasers will not receive physical delivery of the Series 2012A-B Certificates. Capitalized terms not otherwise defined on this cover page have the meanings set forth in this Official Statement.

Interest on the Series 2012A-B Certificates is payable semiannually each June 1 and December 1, commencing June 1, 2012, to and including the maturity dates shown on the inside cover, unless the Series 2012A-B Certificates are redeemed earlier.

The Series 2012A-B Certificates are subject to redemption prior to maturity as more fully described herein.

The Series 2012A-B Certificates evidence proportionate interests in the Base Rentals and certain other revenues under an annually renewable Lease Purchase Agreement No. 2012A-B (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) to be dated its date of execution and delivery (the "2012A-B Lease") between the Denver Public Facilities Leasing Trust 2012A-B (the "Lessor" or the "Trust"), as lessor, and the City and County of Denver, Colorado (the "City"), as lessee. The Series 2012A-B Certificates are executed and delivered pursuant to a Declaration and Indenture of Trust (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) to be dated its date of execution and delivery (the "2012A-B Indenture") by UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee") for the Trust and the owners of the Series 2012A-B Certificates. See "THE SERIES 2012A-B CERTIFICATES."

The net proceeds of the Series 2012A-B Certificates will be used by the City to refund and defease in full certain outstanding certificates of participation. Upon completion of the refunding transaction, an existing lease purchase agreement will be amended and restated as the 2012A-B Lease to provide for the lease by the Trust to the City of that portion of the Denver

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These Series 2012A-B Certificates 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 the solicitation of an offer to buy, nor shall there be any sale of these Series 2012A-B Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the applicable securities laws of any such jurisdiction.

11-983-B

Cultural Center Parking Garage defined as the "Public Parking Unit." See "THE LEASED PROPERTY," "PLAN OF FINANCE" and "SOURCES AND USES OF PROCEEDS."

The Series 2012A-B Certificates are payable solely from certain Revenues that include (1) annually budgeted and appropriated Base Rentals, Prepayments, Net Proceeds and any Purchase Option Price paid by the City under the 2012A-B Lease, (2) following an Event of Nonappropriation or an Event of Lease Default, any moneys received by the Trustee from the sale or lease of the Leased Property or the exercise of other remedies under the 2012A-B Lease, and (3) any money and securities, including investment income, held by the Trustee in certain Funds and Accounts established under the 2012A-B Indenture. Neither the 2012A-B Lease nor the Series 2012A-B Certificates constitute a general obligation or other indebtedness of the City. Neither the 2012A-B Lease nor the Series 2012A-B Certificates constitute a multiple fiscal year direct or indirect debt or other financial obligation of the City or obligate the City to make any payments beyond those appropriated for any fiscal year in which the 2012A-B Lease is in effect. The City may choose not to renew, and therefore terminate its obligations under, the 2012A-B Lease on an annual basis. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

This cover page is not a summary of the Series 2012A-B Certificates. Investors should read this Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

The Series 2012A-B Certificates are offered when, as and if executed and delivered by the Trustee, subject to approval of legality and other matters by Peck, Shaffer & Williams LLP, Denver, Colorado and GCR, LLP, Denver, Colorado, as Special Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by Douglas J. Friednash, Esq., City Attorney. Peck, Shaffer & Williams LLP, Denver, Colorado and GCR, LLP, Denver, Colorado, in their Special Counsel capacity, have also advised the City concerning, and have assisted in the preparation of, this Official Statement. Delivery of the Series 2012A-B Certificates through DTC in New York, New York, is expected on or about January , 2012.

D.A. DAVIDSON & CO.

The date of this Official Statement is January , 2012

* * *

\$13,180,000*

**REFUNDING CERTIFICATES OF PARTICIPATION
(Public Parking Unit/Cultural Center Parking Garage)**

\$11,310,000*
Refunding Certificates of Participation
Series 2012A (Tax-Exempt)

\$1,870,000*
Refunding Certificates of Participation
Series 2012B (Taxable)

**Evidencing a Proportionate Interest in the Base Rentals and other Revenues under
an Annually Renewable Lease Purchase Agreement
between Denver Public Facilities Leasing Trust 2012A-B, as Lessor, and the
City and County of Denver, Colorado, as Lessee**

MATURITY SCHEDULE*
SERIES 2012A CERTIFICATES (Tax-Exempt)
(CUSIP 6-digit issuer number 249183)¹

<u>Year (December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Issue Number¹</u>
2012	\$ 710,000				
2013	1,225,000				
2014	1,265,000				
2015	1,310,000				
2016	1,355,000				
2017	1,395,000				
2018	950,000				
2019	985,000				
2020	1,030,000				
2021	1,085,000				

MATURITY SCHEDULE*
SERIES 2012B CERTIFICATES (Taxable)
(CUSIP 6-digit issuer number 249183)¹

<u>Year (December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Issue Number¹</u>
2013	1,870,000				

¹ The City takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of the Owners of the Series 2012A-B Certificates.

* Preliminary, subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, inside front cover and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2012A-B Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2012A-B Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter.

The information set forth in this Official Statement has been furnished by the City and obtained from sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the City. In accordance with their responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but do not guarantee its accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2012A-B Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates or opinions set forth herein, since the date of this Official Statement.

The order and placement of materials in this Official Statement, including Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions of this Official Statement. The offering of the Series 2012A-B Certificates is made only by means of this entire Official Statement.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2012A-B Certificates. Neither the Trust nor the Trustee has or assumes any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

This Official Statement has been prepared only in connection with the original offering of the Series 2012A-B Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2012A-B Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the City, the Series 2012A-B Certificates and the terms of the offering, including the merits and risks involved. Neither the Securities and Exchange Commission nor the securities regulatory authority of any state has approved or disapproved the Series 2012A-B Certificates or this Official Statement. Any representation to the contrary is unlawful.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIDOC.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE AND UTILIZED IN SUCH FULLY PRINTED FORM.

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OFFICIAL STATEMENT

Relating to

\$13,180,000*

REFUNDING CERTIFICATES OF PARTICIPATION
(Public Parking Unit/Cultural Center Parking Garage)

\$11,310,000*

Refunding Certificates of Participation
Series 2012A (Tax-Exempt)

\$1,870,000*

Refunding Certificates of Participation
Series 2012B (Taxable)

**Evidencing a Proportionate Interest in the Base Rentals and other Revenues under
an Annually Renewable Lease Purchase Agreement
between Denver Public Facilities Leasing Trust 2012A-B, as Lessor, and**

the CITY AND COUNTY OF DENVER, COLORADO, as Lessee

INTRODUCTION

This Official Statement, including its cover, inside cover page and appendices, is provided in connection with the offer and sale of \$13,180,000* aggregate principal amount of (a) Refunding Certificates of Participation, Series 2012A (Tax-Exempt) (the "Series 2012A Certificates") and (b) Refunding Certificates of Participation, Series 2012B (Taxable) (the "Series 2012B Certificates" and, together with the Series 2012A Certificates, the "Series 2012A-B Certificates").

The Series 2012A-B Certificates evidence proportionate interests in the Base Rentals and certain other Revenues, as defined in and pursuant to an annually renewable Lease Purchase Agreement No. 2012A-B (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated as of the date of its execution and delivery (the "2012A-B Lease"), between the Denver Public Facilities Leasing Trust 2012A-B (the "Lessor" or the "Trust"), as lessor, and the City and County of Denver, Colorado (the "City"), as lessee. The Series 2012A-B Certificates are executed and delivered pursuant to a Declaration and Indenture of Trust (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated as of the date of its execution and delivery (the "2012A-B Indenture"), by UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee"). See "THE SERIES 2012A-B CERTIFICATES."

Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – Definitions."

The Trust (as Lessor)

The Trustee will establish the Trust by amending and restating in its entirety the Declaration and Indenture of Trust dated as of May 1, 2002 (the "2002A-B Indenture"). The 2012A-B Indenture will confirm the existence of the Trust, provide for the ownership of the Leased Property and provide for the execution and delivery of the Series 2012A-B Certificates, all for the benefit of the Owners of the Series 2012A-B Certificates. See "THE TRUST (AS LESSOR)" and "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Indenture."

* Preliminary, subject to change.

The City (as Lessee)

The City exists as a “home-rule” city under the City’s home rule charter. The City is the capital of the State of Colorado (the “State”) and is located on the front range of the Rocky Mountains in the north-central part of the State. See “APPENDIX C – THE CITY” for a description of the City.

The 2012A-B Lease and the Leased Property

The Trust and the City will amend and restate the Build to Suit Lease Purchase Agreement No. 2002A (Tax-Exempt) for the Public Parking Unit Portion of the Denver Cultural Center Parking Garage Project dated as of May, 1, 2002 (the “2002A Lease”). As so amended and restated, the 2002A Lease will become the 2012A-B Lease for purposes of leasing to the City the Leased Property (as defined herein) in return for the City’s agreement to pay Base Rentals.

The “Leased Property” consists of a condominium unit defined as the “Public Parking Unit” within the Denver Cultural Center Parking Garage pursuant to a Condominium Declaration and associated Condominium Map, both of which were initially recorded May 15, 2002, and both of which have been and may in the future be subject to supplements and amendments from time to time (as so supplemented and amended, the “Condominium Declaration”). The Public Parking Unit serves the general public and is located in downtown Denver adjacent to the Denver Art Museum and Denver Public Library. See “THE LEASED PROPERTY.”

The 2012A-B Lease has an initial term expiring on December 31, 2012 (the “Initial Term”), but is subject to annual renewal by the City for subsequent one-year terms (each, a “Renewal Term”), each of which coincides with the City’s Fiscal Year (calendar year), to and including Fiscal Year 2021. The Initial Term and all Renewal Terms (subject to termination by the City as described below) are collectively referred to as the “Lease Term.” The City may determine not to renew, and therefore terminate, all of the City’s obligations under the 2012A-B Lease on an annual basis. The exercise of the City’s option not to renew the 2012A-B Lease is evidenced by a failure of the City Council to specifically appropriate moneys sufficient to pay all Base Rentals and reasonably estimated Additional Rentals (as defined below) for the next ensuing Fiscal Year (an “Event of Nonappropriation”). See “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Right of the City to Not Renew and to Terminate the 2012A-B Lease Annually,” “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Nonappropriation*” and “APPENDIX C – THE CITY.”

During the Initial Term and each Renewal Term for which the 2012A-B Lease has been renewed, the City is required to pay Tax-Exempt Base Rentals and Taxable Base Rentals (together referred to as “Base Rentals”) at the times and in the amounts sufficient to pay the principal of and interest coming due on the outstanding Series 2012A Certificates and the Series 2012B Certificates, respectively, and on any Additional Certificates that may be executed and delivered pursuant to the 2012A-B Indenture (together with the Series 2012A-B Certificates, the “Certificates”) during such Fiscal Year. The City also is required to pay Additional Rentals, which generally refers to (1) expenses and fees of the Trust and Trustee related to the preparation of reports or records, maintenance of the Trust’s existence, performance or discharge of responsibilities under the 2012A-B Lease or the 2012A-B Indenture, payment of insurance deductibles, and other fees and costs, (2) taxes, assessments (including condominium assessments, fees, charges and expenses assessed against condominium unit owners pursuant to the Condominium Declaration), insurance premiums, utility charges, maintenance, upkeep, repair and

replacement with respect to the Leased Property and (3) all other charges and costs that the City agrees to assume or pay as Additional Rentals under the 2012A-B Lease.

The 2012A-B Lease and the City's obligations thereunder do not constitute a mandatory charge or requirement of the City in any Fiscal Year beyond the then current Fiscal Year, do not constitute or give rise to a general obligation or other indebtedness of the City within the meaning of any constitutional, statutory or home rule charter debt limitation and do not constitute a multiple fiscal year direct or indirect City debt or other financial obligation whatsoever. The City is also under no obligation whatsoever to exercise its option to purchase the Leased Property. The execution and delivery by the Trustee of the Series 2012A-B Certificates does not directly or indirectly obligate the City to renew the 2012A-B Lease from Fiscal Year to Fiscal Year or to make any payments beyond those budgeted and appropriated for the City's then current Fiscal Year. *The City may determine to not renew, and therefore terminate the City's obligations under, the 2012A-B Lease on an annual basis by failing to specifically appropriate moneys sufficient to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year.*

The 2012A-B Lease is an "absolute net lease" and, subject to the annual budget and appropriation requirements thereof, the City is required to pay the Base Rentals, Additional Rentals and all expenses of, or other payments in respect of, the Leased Property as required under the 2012A-B Lease for which a specific appropriation has been effected by the City for such purpose, free of any deductions and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in the 2012A-B Lease). The City may, however, terminate the 2012A-B Lease upon the occurrence of certain events of casualty or loss of title or use of the Leased Property as described herein.

The City will enter into the 2012A-B Lease pursuant to authority granted by the constitution and laws of the State and the City's home rule charter (the "Charter"), and pursuant to an ordinance adopted by the City Council of the City. The 2012A-B Lease does not require prior voter approval as discussed in "APPENDIX C – LEGAL MATTERS – State Constitutional Revenue, Spending and Debt Limitations." See generally "THE 2012A-B LEASE," "THE LEASED PROPERTY," "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease," "APPENDIX C – THE CITY" and "APPENDIX D – GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010."

The Series 2012A-B Certificates

Authorization. The Series 2012A-B Certificates are being executed and delivered in accordance with the constitution and laws of the State and pursuant to the 2012A-B Indenture. See "THE 2012A-B INDENTURE" and "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS."

Purpose. The net proceeds of the Series 2012A-B Certificates will be used by the Trust to refund and defease in full \$8,780,000 in outstanding Certificates of Participation, Series 2002A (Tax-Exempt), \$1,795,000 in outstanding Certificates of Participation, Series 2002B (Taxable), and \$2,570,000 in outstanding Certificates of Participation, Series 2003A (collectively, the "Refunded Certificates"). See "THE LEASED PROPERTY," "PLAN OF FINANCE" and "SOURCES AND USES OF PROCEEDS."

General Provisions. The Series 2012A-B Certificates will be dated the date of execution and delivery thereof and will bear interest, mature and be subject to redemption prior to maturity as described on the cover page hereof and in "THE SERIES 2012A-B CERTIFICATES."

Book-Entry Only System; Authorized Denominations. The Series 2012A-B Certificates will be executed and delivered in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2012A-B Certificates. Ownership interests in the Series 2012A-B Certificates (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in minimum denominations of \$5,000 and integral multiples thereof (“Authorized Denominations”) by or through participants in the DTC system (“DTC Participants”). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, prior redemption, transfers, the receipt of notices and other communications with respect to the Series 2012A-B Certificates and various other matters by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2012A-B CERTIFICATES – DTC Book-Entry Form.” Reference herein to the registered owners (the “Owners”) of the Series 2012A-B Certificates means Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment. The Series 2012A-B Certificates evidence proportionate interests in the Base Rentals payable by the City under the 2012A-B Lease and certain other Revenues under the 2012A-B Indenture as, when, and if the same are received by the Trustee, including: (1) all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to the 2012A-B Lease, including annually budgeted and appropriated Base Rentals, Prepayments, Purchase Option Prices and Net Proceeds, but not including Additional Rentals; (2) any portion of the proceeds of the Series 2012A-B Certificates deposited with the Trustee in the Base Rentals Fund established by the 2012A-B Indenture (the “Base Rentals Fund”); and (3) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the 2012A-B Indenture (except the Rebate Fund). The Series 2012A-B Certificates are payable solely from the Revenues. Neither the 2012A-B Lease nor the Series 2012A-B Certificates constitute a general obligation or other indebtedness of the City or a multiple fiscal year direct or indirect debt or other financial obligation of the City, nor obligate the City to make any payments beyond those appropriated for any Fiscal Year in which the 2012A-B Lease is in effect. *The City has the right to renew or not renew, and therefore terminate, the 2012A-B Lease on an annual basis.* See “THE SERIES 2012A-B CERTIFICATES – Security.”

Redemption. The Series 2012A Certificates are not subject to optional redemption. The Series 2012B Certificates are subject to optional redemption, in whole or in part, prior to maturity on any Interest Payment Date.

The Series 2012A Certificates are subject to mandatory sinking fund redemption.

The Series 2012A-B Certificates are subject to extraordinary mandatory redemption prior to their respective maturities. See “THE SERIES 2012A-B CERTIFICATES – Redemption Provisions.”

Further Information. For further information regarding the Series 2012A-B Certificates, see generally “THE SERIES 2012A-B CERTIFICATES” and “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS.”

Risks and Other Investment Considerations

The purchase and ownership of the Series 2012A-B Certificates are subject to various investment risks, including those described under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

Legal and Tax Matters

All legal matters incident to the validity, enforceability and tax-exempt status of the interest on the Series 2012A-B Certificates will be passed upon by Peck, Shaffer & Williams LLP, Denver, Colorado, and GCR, LLP, Denver, Colorado, as Special Counsel, who will deliver their opinions on the Closing Date in substantially the form attached as Appendix A to this Official Statement. Certain legal matters will be passed upon for the City by Douglas J. Friednash, Esq., City Attorney. Peck, Shaffer & Williams LLP, Denver, Colorado and GCR, LLP, Denver, Colorado, in their Special Counsel capacity, have also advised the City concerning, and have assisted in the preparation of, this Official Statement. See "LEGAL MATTERS."

In the opinion of Special Counsel, under existing law, (1) the interest portion of the Base Rentals to be paid with respect to the Series 2012A Certificates (the "2012A Interest") will be excludible from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes, (2) the 2012A Interest will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (3) to the extent the 2012A Interest is excludible from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes, such 2012A Interest is not subject to income taxation by the State of Colorado. The interest portion of the Base Rentals to be paid with respect to the Series 2012B Certificates is included in gross income of the Owners of the Series 2012B Certificates for federal and State of Colorado income tax purposes. See "TAX MATTERS" herein for a more detailed discussion. See also "APPENDIX A – PROPOSED FORM OF OPINIONS OF SPECIAL COUNSEL."

Continuing Disclosure

Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities or an obligated person for whom financial or operating data is presented in the final official statement agree to provide continuing disclosure information for the benefit of the owners of those securities. The City will execute and deliver a Continuing Disclosure Undertaking in which it will agree to annually provide to the Municipal Securities Rulemaking Board ("MSRB") certain additional financial information and operating data and to provide notice of certain enumerated events, if determined to be material. See "CONTINUING DISCLOSURE UNDERTAKING" and "APPENDIX E – PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the nature of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

Additional Information

Brief descriptions of the 2012A-B Indenture, the Trustee, the 2012A-B Lease, the Leased Property, the Series 2012A-B Certificates, the City and certain other matters are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2012A-B Certificates, copies of the documents described herein may be obtained from the Underwriter.

Forward Looking Statements

This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” 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. See “FORWARD LOOKING STATEMENTS.”

Miscellaneous

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

Information contained in this Official Statement has been obtained from sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the Trust or the affairs of the City since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between any party and the registered owners (the “Registered Owners”) or Beneficial Owners (collectively, the “Owners”) of the Series 2012A-B Certificates.

THE TRUST (AS LESSOR)

The Trust, which was originally denominated the “Denver Public Facilities Leasing Trust 2002A-B,” was formed in 2002 pursuant to the 2002A-B Indenture for the purpose of owning certain property, including the Leased Property. The Trustee, as successor trustee, will amend and restate in its entirety the 2002A-B Indenture to confirm the establishment of the Trust, to change the name of the Trust to “Denver Public Facilities Leasing Trust 2012A-B” and to provide for the ownership and lease of the Public Parking Unit as the Leased Property under the 2012A-B Lease, all for the benefit of the Owners of the Series 2012A-B Certificates.

The Trust is not intended to be, is not to be deemed, and is not to be treated as, a business trust, general partnership, investment company or joint stock company. Under the 2012A-B Indenture, the Trustee has been appointed to exercise, on behalf of the Trust, the rights and responsibilities of the Trust. Upon payment in full of the principal of and interest in the Series 2012A-B Certificates, the City will be the sole, residual beneficiary of the Trust. After the 2012A-B Indenture has been discharged as provided therein, and under circumstances and upon conditions described therein, the Trustee, on behalf of the Trust, is to transfer and convey to the City all Leased Property conveyed to the Trust. See “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS – The 2012A-B Indenture – *Defeasance*.”

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2012A-B Certificates. Neither the Trust nor the Trustee has or assumes any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

THE 2012A-B LEASE

Generally

In connection with the execution and delivery of the Series 2012A-B Certificates, the Trust and the City will enter into the 2012A-B Lease by amending and restating the 2002A Lease pursuant to which the Leased Property is currently leased to the City. The 2012A-B Lease has an initial term ending on December 31, 2012, and is subject to annual renewal and appropriation, at the sole option of the City, for a period of 9 additional one-year terms through and including December 31, 2021. The City has a right to renew or not renew (and therefore terminate) the 2012A-B Lease for each Fiscal Year during the Lease Term. The Lease Term terminates under the 2012A-B Lease if an Event of Nonappropriation occurs under the 2012A-B Lease, although the City has purchase option rights under the 2012A-B Lease. See “THE LEASED PROPERTY,” “THE SERIES 2012A-B CERTIFICATES – Security” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Rights of the City to Not Renew and to Terminate the 2012A-B Lease Annually.”

The 2012A-B Lease does not prohibit the City from entering into other lease purchase agreements with the Trust or any other lessor in respect of real or personal property. The property leased by the City under any such other lease purchase agreement would not become the Leased Property under the 2012A-B Lease. An event of default or event of nonappropriation under any other lease purchase agreement into which the City has entered or may enter does not constitute an Event of Default or Event of Nonappropriation under the 2012A-B Lease.

A summary of certain provisions of the 2012A-B Lease appears in APPENDIX B to this Official Statement.

Base Rentals

The 2012A-B Lease provides that the City will pay Tax-Exempt Base Rentals and Taxable Base Rentals to the Trustee for and in consideration of the right to possess and use the Leased Property. Base Rental payments consist of principal portions and interest portions.

Set forth below are schedules of the principal and interest portions of the Tax-Exempt Base Rentals and the Taxable Base Rentals due and payable under the 2012A-B Lease for each Fiscal Year through the final maturity date of the Series 2012A-B Certificates:

**SCHEDULE OF TAX-EXEMPT BASE RENTALS
Relating to Series 2012A Certificates**

<u>Fiscal Year</u>	<u>Base Rentals Principal Portion⁽¹⁾</u>	<u>Base Rentals Interest Portion⁽²⁾</u>	<u>Total Base Rentals</u>
2012	\$ 710,000		
2013	1,225,000		
2014	1,265,000		
2015	1,310,000		
2016	1,355,000		
2017	1,395,000		
2018	950,000		
2019	985,000		
2020	1,030,000		
2021	<u>1,085,000</u>		
TOTAL	\$11,310,000		

(1) Principal payments are due December 1 of each year, commencing December 1, 2012.

(2) Interest is payable semiannually each June 1 and December 1, commencing June 1, 2012.

**SCHEDULE OF TAXABLE BASE RENTALS
Relating to Series 2012B Certificates**

<u>Fiscal Year</u>	<u>Base Rentals Principal Portion⁽¹⁾</u>	<u>Base Rentals Interest Portion⁽²⁾</u>	<u>Total Base Rentals</u>
2012	-		
2013	1,870,000		

(1) Principal is due December 1, 2013.

(2) Interest is payable semiannually each June 1 and December 1, commencing June 1, 2012.

Additional Rentals

In addition to Base Rentals, the 2012A-B Lease provides that the City will pay Additional Rentals, which do not constitute Base Rentals or other Revenues for purposes making payments to the Owners of the 2012A-B Certificates. The term "Additional Rentals" generally refers to (1) expenses and fees of the Trust and Trustee related to the preparation of reports or records, maintenance of the Trust's existence, performance or discharge of responsibilities under the 2012A-B Lease or the 2012A-B Indenture, payment of insurance deductibles, and other fees and costs, (2) taxes, assessments (including condominium assessments, fees, charges and expenses assessed against condominium unit owners pursuant to the Condominium Declaration), insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property and (3) all other charges and costs that the City agrees to assume or pay as Additional Rentals under the 2012A-B Lease.

Purchase Option

So long as it is not in default under the 2012A-B Lease, the City has the option to purchase the Leased Property at any time during the Lease Term. The Purchase Option Price amount equals the amount payable to prepay Base Rentals sufficient to defease the Series 2012A-B Certificates, terminate the Lease Term and purchase the Leased Property in accordance with the 2012A-B Lease. Amounts on deposit in the Base Rentals Fund created under the 2012A-B Indenture will be credited toward the

applicable Purchase Option Price to be paid by the City. The City must also pay, as part of the Purchase Option Price, all fees and expenses due to the Trust and the Trustee. See "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS – The 2012A-B Lease – Purchase Option."

THE LEASED PROPERTY

The Leased Property will be owned by the Trust, which will lease the Leased Property, as lessor, to the City, as lessee, for the benefit of the Owners of the Series 2012A-B Certificates. Upon the execution and delivery of the Series 2012A-B Certificates and the refunding and defeasance of the Refunded Certificates, the Leased Property will consist solely of the Public Parking Unit, as defined in the Condominium Declaration. See "PLAN OF FINANCE."

The Cultural Center Parking Garage was constructed in 2002 and is located at the corner of 12th Avenue and Broadway in downtown Denver and consists of five parking levels and a basement level. The Leased Property is a condominium unit within the parking garage and encompasses approximately 600 parking spaces on parking levels numbered 1 through 4. The Leased Property is open to the general public and generally provides parking for users and employees of the Denver Art Museum, the Denver Public Library and other cultural facilities. Other nearby facilities include the City and County Building, the Colorado History Museum, the Denver Mint, the Denver Justice Center and the Ralph Carr Colorado Judicial Center.

The Leased Property constitutes four of the six parking levels in the parking garage. Although it has not been independently appraised for purposes of the 2012A-B Lease, the Leased Property has an insured value of approximately \$15.7 million as of the date of this Official Statement. It is not possible to predict the current or future sale or lease value of the Leased Property. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Results of Termination of the 2012A-B Lease."

THE 2012A-B INDENTURE

Under the 2012A-B Indenture, the Trustee is to deliver the Series 2012A-B Certificates and accept certain duties to act on behalf of the Owners of the Series 2012A-B Certificates in the receipt and application of amounts which become payable under the 2012A-B Lease. The Trust is to be created under the 2012A-B Indenture for the purpose of owning the Leased Property and, in turn, leasing the Leased Property to the City pursuant to the 2012A-B Lease, all for the benefit of the Owners of Series 2012A-B Certificates. A summary of certain provisions of the 2012A-B Indenture appears in APPENDIX B to this Official Statement.

PLAN OF FINANCE

Generally

The net proceeds of the Series 2012A-B Certificates will be used by the Trust to refund and defease the Refunded Certificates and release certain real property, other than the Leased Property, from the 2002A Lease and other existing lease purchase agreements. In addition to the Public Parking Unit, a private parking condominium unit within the Denver Cultural Center Parking Garage and a portion of a parking garage in Denver's Cherry Creek neighborhood are subject to such existing lease purchase agreements entered into in connection with the execution and delivery of the Refunded Certificates. Upon execution and delivery of the Series 2012A-B Certificates, all property other than the Public Parking Unit will be released from the applicable lease purchase agreements and acquired by the City.

The Leased Property, consisting solely of the Public Parking Unit, will remain subject to the 2012A-B Lease.

Net proceeds of the Series 2012A-B Certificates also will be used to pay certain expenses incurred in connection with the execution and delivery of the Series 2012A-B Certificates.

Defeasance of Refunded Certificates

Proceeds from the sale of the Series 2012A-B Certificates will be used to purchase securities and provide cash deposits to be deposited into the related base rentals funds to pay the principal of and interest on all of the outstanding Refunded Certificates when due through their redemption dates. The Certificates of Participation Series 2002A (Tax-Exempt) will be redeemed on December 1, 2012, the Certificates of Participation Series 2002B (Taxable) will be redeemed on February 21, 2012*, and the Certificates of Participation Series 2003A will be redeemed on December 1, 2013, in all cases at prices equal to the principal amount of the outstanding Refunded Certificates plus accrued interest, without premium.

Causey Demgen & Moore Inc., an independent arbitrage consulting firm, will verify, as of the date of execution and delivery of the Series 2012A-B Certificates and based on information provided to them, the mathematical accuracy of schedules provided to them showing anticipated receipts from the securities and cash deposits to be held in the separate base rentals funds accounts for the Refunded Certificates and showing that such receipts are sufficient to pay, when due, the principal of and interest with respect to the Refunded Certificates. No opinion will be expressed as to the assumptions provided to such firm or as to the exemption from taxation of interest on the Refunded Certificates.

Funds and Accounts Created under the 2012A-B Indenture

As further described in “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Indenture – *Certain Funds Created under the 2012A-B Indenture*,” the 2012A-B Indenture provides for the maintenance by the Trustee of certain funds, including a Base Rentals Fund, a Rebate Fund, a Costs of Execution and Delivery Fund and a Refunding Transaction Fund. The Trustee will deposit all Revenues into the 2012A-B Trust Base Rentals Fund, and such deposits will be allocated between the 2012A Base Rentals Account or the 2012B Base Rentals Account in accordance with the 2012A-B Indenture. Moneys in both Base Rentals Accounts are to be used solely for the payment of the principal of and interest on the Series 2012A-B Certificates.

SOURCES AND USES OF PROCEEDS

The following sources and uses of funds are anticipated in connection with the sale of the Series 2012A-B Certificates:

* Preliminary, subject to change.

Sources*	
Principal Amount of the Series 2012A Certificates	\$11,310,000
Principal Amount of the Series 2012B Certificates	1,870,000
Net Original Issue Premium/Discount	_____
Total Sources	\$ _____
Uses*	
Refunding Transaction Fund Deposits ⁽¹⁾	
Costs of Execution and Delivery of Series 2012A-B Certificates ⁽²⁾	_____
Total Uses	\$ _____

⁽¹⁾ See "PLAN OF FINANCE – Defeasance of Refunded Certificates."

⁽²⁾ Includes legal fees, fees of the Trust, Trustee fees, Financial Advisor fees, other costs of execution and delivery of the Series 2012A-B Certificates and Underwriter's Discount. See "UNDERWRITING."

THE SERIES 2012A-B CERTIFICATES

The Series 2012A-B Certificates are being issued in the aggregate principal amounts set forth on the cover and inside page hereof, and are to be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), securities depository for the Series 2012A-B Certificates. Individual purchases are to be made in book entry form in authorized denominations. Purchasers, as Beneficial Owners, will not receive certificates evidencing their ownership interest in the Series 2012A-B Certificates.

The Series 2012A-B Certificates will be executed and delivered by the Trustee solely as fully registered certificates of participation in the denomination of \$5,000 or integral multiples thereof. The Series 2012A-B Certificates are dated, mature and bear interest as described on the cover and inside cover page hereof. For a schedule of the Base Rentals relating to the Series 2012A-B Certificates, see "THE 2012A-B LEASE – Base Rentals."

Security

Additional Certificates. The 2012A-B Indenture permits the execution and delivery by the Trustee of Additional Certificates on a parity with the Series 2012A-B Certificates. See "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Indenture – *Additional Certificates.*"

Base Rentals; Payment of Series 2012A-B Certificates. The Series 2012A-B Certificates are payable annually solely from Base Rentals payable under the 2012A-B Lease and certain other limited funds. The City is required to pay Tax-Exempt Base Rentals and Taxable Base Rentals at the times and in the amounts sufficient to pay the principal of and interest coming due on the outstanding Series 2012A Certificates and the Series 2012B Certificates, respectively. The City may determine not to renew, and therefore terminate its obligations under, the 2012A-B Lease on an annual basis. See "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Nonappropriation.*" See also "THE LEASED PROPERTY – Base Rentals" and

* Preliminary, subject to change.

“RISKS AND OTHER INVESTMENT CONSIDERATIONS – Right of the City to Not Renew and to Terminate the 2012A-B Lease Annually” and “– Results of Termination of the 2012A-B Lease.”

Pursuant to the 2012A-B Indenture, the Trust is to own and lease the Leased Property to the City for the benefit of the Owners of the Series 2012A-B Certificates. See “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Indenture – *Events of Default and Remedies*” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Enforceability of Remedies.”

The Series 2012A-B Certificates evidence proportionate interests in the right of the Trust to receive Base Rentals under the 2012A-B Lease and other Revenues. The Series 2012A-B Certificates are payable solely from Revenues as, when and if the same are received by the Trustee. The 2012A-B Lease and the Series 2012A-B Certificates do not constitute a mandatory charge or requirement of the City in any ensuing Fiscal Year beyond the then current Fiscal Year, do not constitute or give rise to a general obligation or other indebtedness of the City within the meaning of any constitutional or statutory debt limitation and do not constitute a multiple fiscal year direct or indirect City debt or other financial obligation whatsoever. The Series 2012A-B Certificates do not directly or indirectly obligate the City to renew the 2012A-B Lease from Fiscal Year to Fiscal Year or to make any payments beyond those budgeted and appropriated for the City’s then current Fiscal Year.

Payment of Principal and Interest

While the Series 2012A-B Certificates remain in book entry only form, payments to Beneficial Owners are governed by the rules of DTC as described below under “Book Entry Form.” If DTC ceases to act as securities depository for the Series 2012A-B Certificates, payment of the principal of and interest on the Series 2012A-B Certificates is to be made as provided in the 2012A-B Indenture.

Book Entry Form

The Series 2012A-B Certificates are being executed and delivered in book entry form only and, while the Series 2012A-B Certificates remain in book entry form, the Owners of the Series 2012A-B Certificates are not entitled to receive physical delivery of their Series 2012A-B Certificates.

DTC 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 securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates.

DTC’s “Direct Participants” include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2012A-B Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A-B Certificates on DTC's records. The ownership interest of each actual Beneficial Owner of Series 2012A-B Certificates 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, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012A-B Certificates will be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. *Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012A-B Certificates except in the event that use of the book-entry system for the Series 2012A-B Certificates is discontinued.*

To facilitate subsequent transfers, all Series 2012A-B Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2012A-B Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A-B Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A-B Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices are to be sent to Cede & Co. If less than all of the Series 2012A-B Certificates 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.

Principal and interest payments on the Series 2012A-B Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. 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 Trust, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee. Disbursement of such payments to Direct Participants shall be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2012A-B Certificates at any time by giving reasonable notice to the Trustee or the City. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2012A-B Certificates would be required to be printed and delivered. The Trust, upon the written direction of the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2012A-B Certificates would be required to be printed and delivered.

The foregoing information concerning DTC and DTC's book-entry system has been obtained from sources that are believed to be reliable, but none of the Trust, the Trustee, the Underwriter or the City takes any responsibility for the accuracy thereof.

Transfer and Exchange

While the Series 2012A-B Certificates remain in book entry only form, transfers of ownership by Beneficial Owners may be made as described above under "Book Entry Form." In the event that DTC ceases to act as securities depository for the Series 2012A-B Certificates, transfers may be effected as provided in the 2012A-B Indenture.

Redemption Provisions

Optional Redemption. The Series 2012A Certificates are not subject to optional redemption prior to their respective maturities.

In the event the City exercises its right to prepay Taxable Base rentals as provided in the 2012A-B Lease, the Series 2012B Certificates are subject to optional redemption, in whole or in part, in integral multiples of \$5,000 on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. In the event of a prepayment in part of Taxable Base Rentals and redemption in part of the Series 2012B Certificates, the Trustee will recalculate the schedule of Taxable Base Rentals due under the Series 2012A-B Lease.

Mandatory Sinking Fund Redemption. The Series 2012A Certificates are subject to mandatory sinking fund redemption prior to maturity, in part, by lot, at 100% of the principal amount thereof plus interest accrued to the redemption date, on the following dates and in the following amounts:

<u>Mandatory Sinking Fund</u>	
<u>Redemption Date (December 1)</u>	<u>Principal Amount</u>

The remaining \$ _____ of the Series 2012A Certificates maturing on December __, 20 __, shall be paid upon presentation and surrender at maturity.

Extraordinary Mandatory Redemption. The Series 2012A-B Certificates (and any other Certificates, if any) are required to be called for extraordinary mandatory redemption following termination of the 2012A-B Lease due to (a) an Event of Nonappropriation, (b) an Event of Lease Default or (c) the failure by the Trustee, at the direction of the City, to repair or replace the Leased Property if: (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty; (2) title to, or the temporary or permanent use of, the Leased Property, or any portion thereof, has been taken by eminent domain by any governmental body; (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent; or (4) title to or the use of all or any portion of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds from any insurance, performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, are insufficient to pay in full the cost of repairing or replacing the Leased Property and the City does not appropriate sufficient funds for such purpose. If

called for redemption, as described herein, the Series 2012A-B Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the 2012A-B Lease, otherwise received and other moneys then available under the 2012A-B Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may exercise, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to costs and expenses as provided in the 2012A-B Indenture, without any further demand or notice, shall exercise, all or any combination of Lease Remedies as provided in the 2012A-B Lease, and the Series 2012A-B Certificates are to be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates. See "APPENDIX B – The 2012A-B Lease – Remedies on Default" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Enforceability of Remedies."

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Series 2012A-B Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are to be allocated proportionately among the Series 2012A-B Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Series 2012A-B Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys are to be paid to the City as an overpayment of the Purchase Option Price in respect of the Leased Property. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee is entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES, INCLUDING THE SERIES 2012A-B CERTIFICATES, ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT IS DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, INCLUDING THE SERIES 2012A-B CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUST, THE TRUSTEE OR THE CITY.

Partial Redemption

If less than all of the Series 2012A-B Certificates are to be redeemed, the Series 2012A-B Certificates to be redeemed shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any Series 2012A-B Certificate of denomination greater than \$5,000 as representing that number of separate Series 2012A-B Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such Series 2012A-B Certificate by \$5,000. Upon surrender of any Series 2012A-B Certificate for redemption in part, the Trustee shall execute and deliver to the Owner thereof, at no expense of the Owner, a new Series 2012A-B Certificate or Certificates of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

Notice of Redemption

Whenever Series 2012A-B Certificates are to be redeemed, the Trustee is required to, not less than 30 and not more than 60 days prior to the redemption dates (except for Extraordinary Mandatory Redemption, notice of which is required to be immediate), mail notice of such redemption to all Owners of all Series 2012A-B Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid. Any notice of redemption will (1) identify the Series 2012A-B Certificates to be redeemed, (2) specify the redemption date and the redemption price, (3) in the event the Series 2012B Certificates are being optionally redeemed, state that the City has given notice of its intent to exercise its option to prepay Taxable Base Rentals under the 2012A-B Lease, (4) state that such redemption is subject to the deposit of the funds on or before the stated redemption date, and (5) state that on the redemption date the Series 2012A-B Certificates called for redemption will be payable at the corporate trust office of the Paying Agent, and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Series 2012A-B Certificate Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Series 2012A-B Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the 2012A-B Indenture.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE SERIES 2012A-B CERTIFICATES ARE SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2012A-B CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2012A-B CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2012A-B CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED. THE FOLLOWING DOES NOT PURPORT TO BE AN EXHAUSTIVE LISTING OF RISKS AND OTHER CONSIDERATIONS WHICH MAY BE RELEVANT TO INVESTING IN THE SERIES 2012A-B CERTIFICATES. IN ADDITION, THE ORDER IN WHICH THE FOLLOWING INFORMATION IS PRESENTED IS NOT INTENDED TO REFLECT THE RELATIVE IMPORTANCE OF SUCH RISKS.

Right of the City to Not Renew and to Terminate the 2012A-B Lease Annually

The City is required to pay Base Rentals and Additional Rentals under the 2012A-B Lease only if City Council appropriates funds therefor in each Fiscal Year and such funds are subject to an Encumbrance during such year. Although the City is contractually obligated to include Base Rentals and Additional Rentals in each budget submitted for City Council consideration, the City is not obligated to levy taxes or apply its general resources beyond appropriated funds for any Fiscal Year. The City may decide not to renew the 2012A-B Lease at any time during the Lease Term, in which event the 2012A-B Lease will terminate under its terms and, unless the City previously has exercised its purchase option, the Trust will retain ownership of the Leased Property free and clear of the 2012A-B Lease. There is no penalty to the City if it does not renew the 2012A-B Lease other than the loss of use of the Leased Property. See "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Nonappropriation.*"

The likelihood that the 2012A-B Lease will continue in effect until the Series 2012A-B Certificates are paid is dependent upon factors that are beyond the control of the Owners of the Series 2012A-B Certificates. These factors include but are not limited to (1) the City's continuing need for

facilities such as the Leased Property and (2) the City's continuing ability to generate sufficient funds from sales taxes, property taxes and other sources to pay the 2012A-B Lease obligations in particular and the City's other obligations in general. Payment of the principal of and interest on the Series 2012A-B Certificates upon the occurrence of an Event of Lease Default or an Event of Nonappropriation will be dependent upon (1) the value of the Leased Property in a liquidation proceeding instituted by the Trustee or (2) any rental income from leasing (to others) the Leased Property. See "THE LEASED PROPERTY."

As described under "APPENDIX C – LEGAL MATTERS – State Constitutional Revenue, Spending and Debt Limitations," the Colorado Constitution was amended in 1992 ("TABOR") resulting in the imposition of various fiscal limits and requirements on the City, including a limitation on any increase in the City's fiscal year spending and tax revenues from one year to the next. Because payments made by the City under the 2012A-B Lease will constitute current fiscal year spending by the City and may be made, at least in part, from sales tax revenues and property tax revenues, any requirement that the City reduce its spending or refund such taxes or other revenues to comply with TABOR could increase the risk that the City will not continue the Lease Term from one Fiscal Year to the next.

Results of Termination of the 2012A-B Lease

The 2012A-B Lease is subject to termination upon the occurrence of an Event of Nonappropriation or an Event of Lease Default. If, on or before the last day of each Fiscal Year during the Lease Term, the City does not budget and appropriate monies sufficient to pay all Base Rentals and reasonably estimated Additional Rentals coming due under the 2012A-B Lease for the ensuing Fiscal Year, an "Event of Nonappropriation" is deemed to have occurred. See "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Base Rentals and Additional Rentals*" and "*– Nonappropriation*" for a discussion of the results of an Event of Nonappropriation and the ability of the Trustee to waive, under certain circumstances, the effects of the occurrence of an Event of Nonappropriation without notice to or the consent of the Owners of the Series 2012A-B Certificates. In addition, an "Event of Lease Default" occurs if the City fails to make payments from funds which have been appropriated or if the City breaches any of its other obligations under the 2012A-B Lease.

If the 2012A-B Lease is terminated because an Event of Nonappropriation or an Event of Lease Default has occurred, the City is required to vacate or surrender possession of all the Leased Property (1) by March 1 of the Renewal Term in respect of which an Event of Nonappropriation occurs (in the case of an Event of Nonappropriation) or (2) within 60 days after notice by the Trustee (in the case of an Event of Lease Default). Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Trustee's Lease Remedies include the ability to sell or lease the Leased Property. See "APPENDIX B – The 2012A-B Lease – *Remedies on Default*." Pursuit of Lease Remedies may be a time-consuming process and may entail various legal as well as economic risks. Proceeds realized from Lease Remedies, net of the expense of pursuing such Lease Remedies, may not be sufficient to pay the principal of and interest on the Series 2012A-B Certificates when due.

The City may also terminate the 2012A-B Lease as a result of certain events described herein in "APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Damage, Destruction and Condemnation*."

The Net Proceeds derived from a transfer or lease of the Leased Property or the exercise of other Lease Remedies, along with other monies then held by the Trustee under the 2012A-B Indenture (with certain exceptions as provided in the 2012A-B Lease and the 2012A-B Indenture), are required to be used to redeem the Series 2012A-B Certificates and any Additional Certificates to the extent of such monies.

See “THE SERIES 2012A-B CERTIFICATES – Redemption Provisions – *Extraordinary Mandatory Redemption.*”

The Leased Property consists of certain real property improvements that may not be easily converted to alternate uses. A potential purchaser of the Series 2012A-B Certificates should not assume that it will be possible to transfer or lease (to others) the Leased Property after the termination of the 2012A-B Lease (1) for an amount equal to the aggregate principal amount of the Series 2012A-B Certificates then Outstanding plus accrued interest thereon or (2) within a time period that would prevent a default in the timely payment of the principal of and interest on the Series 2012A-B Certificates. If the Series 2012A-B Certificates are redeemed subsequent to a termination of the Lease Term for an amount less than the aggregate principal amount thereof and accrued interest thereon, no Owner of any Series 2012A-B Certificates has any further claim for payment against the Trustee or the City.

The Leased Property is to be insured by policies of property insurance and title insurance as described in “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Insurance.*” In the event of the damage to, destruction of, or the discovery of a defect in construction or a title defect with respect to, the Leased Property, any amounts from such insurance policies constitute Net Proceeds, which are to be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property. If Net Proceeds, whether from such insurance policies or other sources, are insufficient to repair or replace the Leased Property, the City may (i) repair or replace the Leased Property by paying Additional Rentals, to the extent such amounts have been specifically appropriated by the City, for costs in excess of the amount of such Net Proceeds, (ii) utilize such proceeds in order to purchase the Leased Property in accordance with the 2012A-B Lease or (iii) terminate its 2012A-B Lease obligations with respect to the Leased Property by failing to appropriate sufficient funds in amount sufficient to proceed under either clause (i) or (ii). See “APPENDIX B – DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – The 2012A-B Lease – *Damage, Destruction and Condemnation.*”

Enforceability of Remedies

A termination of the 2012A-B Lease as a result of an Event of Nonappropriation or an Event of Lease Default will give the Trustee the right to take possession of and to dispose of the Leased Property, in accordance with the provisions of the 2012A-B Lease and the 2012A-B Indenture. Proceeds of such liquidation are required to be applied to the redemption of the Series 2012A-B Certificates. Net proceeds may not be sufficient to fully pay the Series 2012A-B Certificates. See “THE SERIES 2012A-B CERTIFICATES – Redemption Provisions – *Extraordinary Mandatory Redemption.*”

The enforceability of the 2012A-B Lease, the 2012A-B Indenture and the Series 2012A-B Certificates is subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors’ rights generally and liens securing such rights, if any, the police and condemnation powers of the State and its political subdivisions, including the City, and judicial discretion. In addition, the application of zoning and land use requirements and regulations of the City could adversely affect the ability of the Trustee to lease or dispose of the Leased Property. Because of the delays inherent in enforcing the remedies of the Trustee upon the Leased Property through the courts, a potential purchaser of the Series 2012A-B Certificates should not anticipate that the remedies of the Trustee could be accomplished rapidly. Any delays in resolving the Trustee’s claim to possession of or title to the Leased Property may result in delays in the payment of the Series 2012A-B Certificates.

As a Colorado political subdivision with condemnation powers, the City may be able to assert various claims to possession of the Leased Property that may be superior to the Trustee’s rights to possess

and transfer the Leased Property under the 2012A-B Lease and the 2012A-B Indenture. The City has not waived, and may not be able to waive, such claims.

Effects on the Series 2012A-B Certificates of an Event of Nonappropriation or an Event of Lease Default

Special Counsel will not render any opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to transfers of Series 2012A-B Certificates subsequent to a termination of the 2012A-B Lease by reason of an Event of Nonappropriation or an Event of Lease Default. If the Series 2012A-B Lease is terminated by reason of an Event of Nonappropriation or an Event of Lease Default, there is no assurance that the Series 2012A-B Certificates may be transferred without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Counsel will render no opinion as to the treatment for federal or state income tax purposes of any amounts received by the Owners of the Series 2012A-B Certificates subsequent to an Event of Nonappropriation or an Event of Lease Default. There is no assurance that amounts received by the Owners of the Series 2012A-B Certificates as interest subsequent to an Event of Nonappropriation or an Event of Lease Default will be excludable from gross income for purposes of federal income taxation or exempt from State income taxes.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P's") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "A", "BBB" and "BBB-", respectively, to the Series 2012A-B Certificates. Each rating reflects only the views of the rating agency assigning such rating, and explanations of the methodology used by the respective rating agencies and the significance of each such rating may be obtained from such rating agency. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Series 2012A-B Certificates.

LITIGATION

There is no litigation now pending, to the knowledge of the City officials responsible for the execution and performance of the 2012A-B Lease, which questions the validity of the 2012A-B Indenture or the 2012A-B Lease or of any proceedings of the City taken with respect to the execution, delivery and performance thereof. See also "APPENDIX C – THE CITY – LITIGATION" for a description of certain outstanding litigation.

TAX MATTERS

The following discussion is a summary of the opinions of Peck, Shaffer & Williams LLP and GCR, LLP, referred to in this section as Special Counsel, to be rendered on the tax status of the interest portion (the "Interest") of the Base Rentals to be paid with respect to the Series 2012A-B Certificates and of certain federal and State income tax considerations that may be relevant to prospective purchasers of the Series 2012A-B Certificates

The Series 2012A Certificates

The information under this subheading applies solely to the Series 2012A Certificates.

General. In the opinion of Special Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming continued compliance of the City with certain covenants designed to meet the requirements of Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), the interest portion of the Base Rentals to be paid with respect to the Series 2012A Certificates (the “2012A Interest”) will be excludible from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes. Special Counsel is also of the opinion that the 2012A Interest will not be a specific item of tax preference under Section 57 of the Code for purposes of the federal individual or corporate alternative minimum taxes. Furthermore, Special Counsel is of the opinion that under existing law and to the extent the 2012A Interest is excludible from gross income for federal income tax purposes, such 2012A Interest is not subject to income taxation by the State.

The form of opinion expected to be delivered by Special Counsel is set forth in “APPENDIX A – PROPOSED FORM OF OPINIONS OF SPECIAL COUNSEL.”

The Code imposes various restrictions, conditions and requirements relating to the qualification of the 2012A-B Lease, which underlies the Series 2012A Certificates, as a so-called “tax-exempt bond” with respect to the 2012A Interest. The City has covenanted to comply with certain restrictions designed to ensure that the 2012A Interest will not be includable in gross income of the Owners of the Series 2012A Certificates for federal income tax purposes. Failure to comply with these covenants could result in the 2012A-B Lease with respect to the 2012A Interest not qualifying as a tax-exempt bond, and thus the 2012A Interest being includable in gross income of the Owners of the Series 2012A Certificates for federal income tax purposes, and such inclusion may be required retroactively to the date of execution and delivery of the Series 2012A Certificates. The opinion of Special Counsel assumes compliance with these covenants. However, Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of execution and delivery of the Series 2012A Certificates may adversely affect the tax status of the 2012A Interest.

Certain requirements and procedures contained or referred to in the 2012A-B Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2012A Certificates) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Special Counsel expresses no opinion as to the status of the 2012A-B Lease or the 2012A Interest if any such change occurs or action is taken or omitted upon the advice or approval of bond or special counsel other than Peck, Shaffer & Williams LLP and GCR LLP.

Although Special Counsel is of the opinion that the 2012A Interest will be excludible from gross income for federal and Colorado income tax purposes, the ownership or disposition of the Series 2012A Certificates, or the accrual or receipt of the 2012A Interest, may otherwise affect an Owner’s federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Special Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Owner or potential Owner is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Series 2012A Certificates on the tax liabilities of the individual or entity.

For example, although Special Counsel is of the opinion that the 2012A Interest will not be a specific item of tax preference for the federal alternative minimum tax, corporations are required to include all tax-exempt interest in determining “adjusted current earnings” under Section 56(c) of the

Code, which may increase the amount of any alternative minimum tax owed by such corporation. Receipt of tax-exempt interest, ownership or disposition of the Series 2012A Certificates may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Series 2012A Certificates may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the Owner of Series 2012A Certificates in a state other than Colorado or being subject to tax in a state other than Colorado may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2012A Certificates. See “Changes in Federal and State Tax Law” below.

Original Issue Discount. Series 2012A Certificates that are being initially offered and sold to the public at a discount (“OID”) from the amounts payable at maturity thereon are referred to under this heading as “Discount Certificates.” OID is the excess of the stated redemption price of a certificate at maturity (the face amount) over the “issue price” of such certificate. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of certificates of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each certificate will accrue over the term of the certificate. The amount accrued will be based on a single rate of interest, compounded semiannually (the “yield to maturity”) and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Certificate at its issue price owns it is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Certificate. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludible from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Certificate is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Certificates should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Certificate has not received cash attributable to such original issue discount in such year.

Owners of Discount Certificates should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Certificates other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Original Issue Premium. “Acquisition Premium” is the excess of the cost of a certificate over the stated redemption price of such certificate at maturity or, for certificates that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2012A Certificates shown on the cover hereof being offered and sold at a price of more than 100% (collectively, the “Premium Certificates”) are being initially offered and sold to the public with Acquisition Premium.

For federal income tax purposes, the amount of Acquisition Premium on the Premium Certificates must be amortized and will reduce the owner's adjusted basis in that Premium Certificate. The amount of any Acquisition Premium paid on the Premium Certificates that must be amortized during any period will be based on the "constant yield" method, using the original owner's basis in such Premium Certificates and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis. However, no amount of amortized Acquisition Premium on the Premium Certificates may be deducted in determining an owner's taxable income for federal income tax purposes.

If Premium Certificates are callable prior to their stated maturity, the required amortization period for the Acquisition Premium will depend on which call dates produce the greatest diminution in the yield for the holder. For Premium Certificates that are not callable prior to their stated maturity date, the maturity date will determine the amortization period.

Owners of any Premium Certificates, both original purchasers and any subsequent purchasers, should consult their own tax advisors as to the actual effect of any Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Tax Covenants. The Trust and the City make various covenants in the 2012A-B Lease, and the Trust makes various covenants in the 2012A-B Indenture, regarding compliance with the Code and the Tax Certificate in order to preserve the excludibility of the 2012A Interest from gross income of the Owners of the Series 2012A Certificates for federal income tax purposes.

The Series 2012B Certificates

The information under this subheading applies solely to the Series 2012B Certificates.

The interest portion of the Base Rentals to be paid with respect to the Series 2012B Certificates is included in gross income of the Owners of the Series 2012B Certificates for federal and State income tax purposes. If you are considering the purchase of Series 2012B Certificates, you should consult your tax advisors concerning the U.S. federal income tax consequences to you of the purchase, ownership and disposition of Series 2012B Certificates in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction.

Backup Withholding

Certain purchasers of the Series 2012A-B Certificates may be subject to backup withholding at the application rate determined by statute with respect to the interest portion of the Base Rentals paid with respect to the Series 2012A-B Certificates if the purchasers, upon execution and delivery of the Series 2012A-B Certificates, fail to supply the Trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly or, under certain circumstances, fail to provide the Trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Internal Revenue Service and to each purchaser setting forth the amount of the interest portion of the Base Rentals paid with respect to the Series 2012A-B Certificates and the amount of tax withheld thereon.

Changes in Federal and State Tax Law

From time to time legislative proposals are made in Congress and in the states, federal and state regulatory actions are announced or proposed and litigation is threatened or commenced that if enacted,

implemented or resolved in a certain manner could alter or otherwise affect the federal or state tax matters discussed above or adversely affect the market value of the Series 2012A-B Certificates. It cannot be predicted how any future legislation, regulations or judicial decisions might affect the federal or state tax matters discussed above or the market value of the Series 2012A-B Certificates.

Purchasers of the Series 2012A-B Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of execution and delivery of the Series 2012A-B Certificates, and Special Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDERTAKING

The City will execute and deliver the Continuing Disclosure Undertaking at the closing for the Series 2012A-B Certificates. The Continuing Disclosure Undertaking will be executed for the benefit of the Owners of the Series 2012A-B Certificates and in order to assist the Underwriter in complying with Rule 15c2-12. Under the Continuing Disclosure Undertaking, the City annually will provide to the MSRB certain information, including audited financial results, and will provide notice of certain specified events contemplated by the Rule. The proposed form of the Continuing Disclosure Undertaking is appended to this Official Statement as APPENDIX E. The City has never failed to materially comply with any prior undertaking entered into pursuant to Rule 15c2-12. The City has continually complied with the requirements set forth in all previous continuing disclosure undertakings for issues that have been subject to Rule 15c2-12.

The specific information required to be provided by the City under the Continuing Disclosure Undertaking includes the financial information or operating data with respect to the City substantially similar to the type set forth under the heading "APPENDIX C – FINANCIAL INFORMATION CONCERNING THE CITY" and data concerning outstanding lease obligations included under the headings "APPENDIX C – DEBT STRUCTURE OF THE CITY – Certificated Lease Purchase Agreements" and any material financial information similar to the foregoing contained in the Audited Financial Statements.

Failure to perform the Continuing Disclosure Undertaking does not constitute an Event of Lease Default, but the Continuing Disclosure Undertaking does provide that in the event of a failure to perform the Continuing Disclosure Undertaking, the Trustee, on behalf of the Owners of the Series 2012A-B Certificates, has the right to seek a court order directing the City to perform its obligations thereunder.

FINANCIAL ADVISOR

Piper Jaffray & Co. (the "Financial Advisor") has served as financial advisor to the City with respect to the Series 2012A-B Certificates. The Financial Advisor has also assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and execution and delivery of the Series 2012A-B Certificates. In its role as financial advisor to the City, the Financial Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement and the Appendices hereto and is not permitted to underwrite the Series 2012A-B Certificates.

UNDERWRITING

The Series 2012A-B Certificates are being purchased by the Underwriter specified on the cover page hereof (the “Underwriter”) at a price equal to \$ _____ [(representing the aggregate principal amount of the Series 2012A-B Certificates plus an original issue premium of \$ _____, less an Underwriter’s discount of \$ _____)]. Pursuant to a Certificate Purchase Agreement entered into by and between the Trust and the Underwriter, the Underwriter agrees to accept delivery of and pay for all of the Series 2012A-B Certificates if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement, the approval of certain matters by counsel and certain other conditions.

LEGAL MATTERS

Legal matters incident to the authorization, execution and delivery of the 2012A-B Lease and the Series 2012A-B Certificates are subject to approval of legality by Peck, Shaffer & Williams LLP, Denver, Colorado and GCR, LLP, Denver, Colorado, as Special Counsel, whose opinions are expected to be delivered in the proposed form set forth in APPENDIX A hereto. Peck, Shaffer & Williams LLP, Denver, Colorado and GCR, LLP, Denver, Colorado, in their Special Counsel capacity, have also advised the City concerning, and have assisted in the preparation of, this Official Statement. Certain legal matters relating to the 2012A-B Lease will be passed upon for the City by Douglas J. Friednash, Esq., City Attorney.

FINANCIAL STATEMENTS

The general purpose financial statements of the City for the fiscal year ended December 31, 2010, included in APPENDIX D to this Official Statement, have been audited by BKD, LLP, Denver, Colorado, independent public accountants, as stated in their report appearing therein. See “APPENDIX C – FINANCIAL INFORMATION CONCERNING THE CITY – Financial Statements.”

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2012A-B Certificates, copies of the 2012A-B Indenture and the 2012A-B Lease may be obtained from the Underwriter.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between any party and the Owners of the Series 2012A-B Certificates.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2012A-B Certificates. The Trustee does not have and does not assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents, except for information concerning and obtained from the Trustee for inclusion herein.

* * *

APPENDIX A

PROPOSED FORM OF OPINIONS OF SPECIAL COUNSEL

January , 2012

City and County of Denver, Colorado, Lessee
UMB Bank, n.a., Trustee
Denver Public Facilities Leasing Trust 2012A-B, Lessor
D.A. Davidson & Co., Underwriter

Re: \$11,310,000* Refunding Certificates of Participation, Series 2012A (Public Parking Unit/Cultural Center Parking Garage – Tax Exempt) and \$1,870,000* Refunding Certificates of Participation, Series 2012B (Public Parking Unit/Cultural Center Parking Garage – Taxable), Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement No. 2012A-B (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated January __, 2012, between Denver Public Facilities Leasing Trust 2012A-B, as lessor, and the City and County of Denver, Colorado, as lessee

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the “City”) in connection with the execution and delivery by the City of the captioned annually renewable Lease Purchase Agreement No. 2012A-B dated January __, 2012 (the “2012A-B Lease”), between Denver Public Facilities Leasing Trust 2012A-B, as lessor (the “Trust”), and the City, as lessee, and the execution and delivery by UMB Bank, n.a., Denver, Colorado (the “Trustee”) of the captioned Refunding Certificates of Participation, Series 2012A (the “Series 2012A Certificates”) and Refunding Certificates of Participation, Series 2012B (the “Series 2012B Certificates,” and collectively with the Series 2012A Certificates, the “Series 2012A-B Certificates”). The Series 2012A-B Certificates are executed and delivered on this date (the “Execution and Delivery Date”) pursuant to a Declaration and Indenture of Trust (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated January __, 2012 (the “2012A-B Indenture”), executed and delivered by the Trustee. *Capitalized terms used herein have the same meanings as in the 2012A-B Lease and the 2012A-B Indenture.*

The Series 2012A-B Certificates are executed and delivered in fully registered book entry form, dated the Execution and Delivery Date, in minimum denominations of \$5,000 or any integral multiple thereof, and are initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository for the Series 2012A-B Certificates. The Series 2012A-B Certificates mature, bear interest, are subject to redemption and are payable as provided in the 2012A-B Indenture.

The Trust was originally denominated the “Denver Public Facilities Leasing Trust 2002A-B” and was created under the 2002A-B Indenture for the purpose of owning the leased property described in the 2002A-B Indenture. The 2012A-B Indenture amends, restates, replaces and supersedes in its entirety the 2002A-B Indenture, and the Trustee has entered into the 2012A-B Indenture to confirm the establishment of the Trust, to change the name of the Trust to “Denver Public Facilities Leasing Trust 2012A-B” and to provide for the ownership of the Leased Property under the 2012A-B Lease, all for the benefit of the

* Preliminary, subject to change.

City and County of Denver, Colorado, Lessee
UMB Bank, n.a., Trustee
Denver Public Facilities Leasing Trust 2012A-B, Lessor
D.A. Davidson & Co., Underwriter
January __, 2012
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Owners of the Series 2012A-B Certificates. The Series 2012A-B Certificates evidence proportionate interests in the right to receive payments of Base Rentals and other Revenues under the 2012A-B Lease.

The Series 2012A-B Certificates are payable solely from the sources described in the 2012A-B Indenture, including the Base Rentals to be paid by the City to the Trust under the 2012A-B Lease. Neither the 2012A-B Lease nor the Series 2012A-B Certificates constitutes a mandatory payment obligation of the City in any ensuing fiscal year beyond a fiscal year for which the City has specifically appropriated amounts to make payments under the 2012A-B Lease, nor directly or indirectly obligates the City beyond such fiscal year, nor constitute or give rise to a general obligation or a multiple fiscal year direct or indirect indebtedness or other financial obligation whatsoever of the City within the meaning of any constitutional, home rule charter or statutory provision.

Under the 2012A-B Lease, the City has been granted an option to purchase the Leased Property and to terminate its obligations under the 2012A-B Lease upon payment of the then applicable Purchase Option Price. In addition, the City has been granted the option to otherwise not renew, and thereby terminate its obligations under, the 2012A-B Lease for any reason, without payment of the Purchase Option Price, upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in the 2012A-B Lease.

In our capacity as special counsel, we have examined the constitution and the laws of the State of Colorado, the City's home rule charter, a certified copy of the record of proceedings of the City Council taken preliminary to the execution and delivery of the 2012A-B Lease, the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 3, 4 and 5 below, and certain other documents and closing certificates executed and delivered by the Trust, the City and the Trustee as of the date of delivery of the 2012A-B Lease, as well as such other documents as we deemed necessary in order to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the 2012A-B Lease and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. The 2012A-B Lease has been duly authorized, executed and delivered by the City and, assuming its due execution by the Trustee for the Trust, constitutes the valid and legally binding obligation of the City, enforceable against the City in accordance with its terms.

2. Assuming due execution of the 2012A-B Indenture and the Series 2012A-B Certificates by the Trustee, the Series 2012A-B Certificates evidence valid and binding proportionate interests in the rights to receive Base Rentals designated as Principal Portions and Interest Portions to be paid by the City under the 2012A-B Lease and to be paid to the Owners of the Series 2012A-B Certificates, and rights to receive certain other Revenues, which rights are enforceable against the City in accordance with the terms of the 2012A-B Lease.

City and County of Denver, Colorado, Lessee
UMB Bank, n.a., Trustee
Denver Public Facilities Leasing Trust 2012A-B, Lessor
D.A. Davidson & Co., Underwriter
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3. Under the laws and regulations of the United States of America as presently enacted and construed, the Interest Portion of Tax-Exempt Base Rentals paid by the City and received by the Owners of the Series 2012A Certificates (including any original issue discount properly allocable to such Owners) is excludible from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax, except that we express no opinion herein with respect to the effect of nonrenewal or termination of the 2012A-B Lease upon the federal income tax treatment of moneys received under the 2012A-B Lease subsequent to such nonrenewal or termination. The opinions set forth in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the execution and delivery of the 2012A-B Lease and the Series 2012A Certificates. Failure to comply with such requirements could cause the Interest Portion of Tax-Exempt Base Rentals paid by the City and received by the Owners of the Series 2012A Certificates to be includable in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the Execution and Delivery Date. The City has covenanted to comply with such requirements in the 2012A-B Lease and in a tax compliance certificate executed and delivered in connection with the execution and delivery of the 2012A-B Lease and the Series 2012A Certificates stating the reasonable expectations of the City as of the Execution and Delivery Date as to future events that are material for purposes of Sections 103 and 148 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the 2012A-B Lease and the Series 2012A Certificates. We note, however, that the Interest Portion of Tax-Exempt Base Rentals paid by the City and received by the Owners of the Series 2012A Certificates is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

4. To the extent the Interest Portion of Tax-Exempt Base Rentals paid by the City and received by the Owners of the Series 2012A Certificates is excludible from gross income for federal income tax purposes, such Interest Portion of Tax-Exempt Base Rentals paid by the City and received by the Owners of the Series 2012A Certificates is not subject to income taxation by the State of Colorado, except that we express no opinion herein with respect to the effect of nonrenewal or termination of the 2012A-B Lease upon income tax treatment by the State of Colorado of any moneys received under the 2012A-B Lease with respect to the Series 2012A Certificates subsequent to such nonrenewal or termination. We also express no opinion regarding other tax consequences arising with respect to the 2012A-B Lease and the Series 2012A Certificates under the laws of the State of Colorado or any other state or jurisdiction.

5. Interest on the Series 2012B Certificates is included in gross income for federal and State of Colorado income tax purposes. This opinion is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the Code. The opinion set forth in this paragraph is provided to support the marketing of the Series 2012B Certificates. We express no opinion herein regarding other federal, State of Colorado or local tax consequences arising with respect to the Series 2012B Certificates.

City and County of Denver, Colorado, Lessee
UMB Bank, n.a., Trustee
Denver Public Facilities Leasing Trust 2012A-B, Lessor
D.A. Davidson & Co., Underwriter
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The rights of the Owners of the Series 2012A-B Certificates and the enforceability of the 2012A-B Lease may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and to the exercise by the United States of America of powers delegated to it by the United States Constitution.

As special counsel, we are passing only upon those matters set forth in this opinion. We express no opinion herein with respect to any real estate matters or with respect to the accuracy or completeness of any documents prepared or used or statements made in connection with the offering or sale of the Series 2012A-B Certificates, or with respect to any federal or Colorado tax consequences arising from the receipt or accrual of the Interest Portion of Base Rentals paid by the City and received by the Owners of the Series 2012A-B Certificates, except those specifically addressed herein.

This opinion is rendered as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

In performing our services as special counsel, the City is our sole client in this transaction and as special counsel we have not been engaged by, nor have we undertaken to advise, any other party or to opine as to matters not specifically covered herein.

Very truly yours,

APPENDIX B

DEFINITIONS AND SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS

Set forth below are the definitions of some of the terms used in this Official Statement, the 2012A-B Lease and the 2012A-B Indenture, as well as a summary of certain provisions of the 2012A-B Lease and the 2012A-B Indenture. Reference is made to the actual provisions of the 2012A-B Lease and the 2012A-B Indenture for a complete recital of the terms defined therein and the complete provisions thereof, copies of which are available during the period of the initial offering of the Series 2012A-B Certificates from the Underwriter.

Definitions

“2002A Certificates” means the Certificates of Participation, Series 2002A (Tax-Exempt) executed and delivered pursuant to the 2002A-B Indenture to be paid in full, refunded and defeased as a part of the Refunding Transaction.

“2002A Lease” means the Build to Suit Lease Purchase Agreement No. 2002A (Tax-Exempt) for the Public Parking Unit Portion of the Denver Cultural Center Parking Garage Project dated as of May 1, 2002, between the Trust, as lessor, and the City, as lessee, as the same is amended and restated by the 2012A-B Lease, all in connection with the Refunding Transaction.

“2002A-B Indenture” means the Declaration and Indenture of Trust dated as of May 1, 2002, between Capital Asset Finance Corporation, as settlor, and The Bank of Cherry Creek, a Branch of Western National Bank, as trustee, and UMB Bank, n.a. being the successor trustee thereunder, as the same is amended and restated in the 2012A-B Indenture, all in connection with the Refunding Transaction.

“2002B Certificates” means the Certificates of Participation, Series 2002B (Taxable) executed and delivered pursuant to the 2002A-B Indenture to be paid in full, refunded and defeased as a part of the Refunding Transaction.

“2002B Lease” means the Build to Suit Lease Purchase Agreement No. 2002B (Taxable) for the Private Parking Unit Portion of the Denver Cultural Center Parking Garage Project dated as of May 1, 2002, between the Trust, as lessor, and the City, as lessee, as the same shall be paid in full and terminated as of the effective date of the 2012A-B Lease, all in connection with the Refunding Transaction.

“2012A-B Indenture” means the Declaration and Indenture of Trust (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated the date hereof entered into by the Trustee, which amends and restates in its entirety the 2002A-B Indenture, in connection with the Refunding Transaction.

“2012A-B Lease” means the Lease Purchase Agreement No. 2012A-B (Public Parking Unit/Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) dated the date hereof, between the Trust, as lessor, and the City, as lessee.

“Additional Certificates” means Additional Certificates, if any, that may be executed and delivered by the Trustee pursuant to the 2012A-B Indenture.

“Additional Rentals” means, the payment or cost of all:

- (a) (i) reasonable expenses and fees of the Trustee and/or the Trust related to the preparation of any reports or records of the Trust, including tax returns for the Trust, and maintenance of the existence of the Trust, (ii) reasonable expenses and fees of the Trust and the Trustee related to the performance or discharge of responsibilities under the provisions of the 2012A-B Lease or the 2012A-B Indenture, including the reasonable fees and expenses of any person or firm employed by the Trustee to make rebate calculations under the provisions of the 2012A-B Indenture, (iii) insurance deductible amounts in respect of insurance required to be maintained under the 2012A-B Lease if such amounts are paid by the Trust, and (iv) expenses and fees of the Trust or the Trustee incurred at the request of the City;
- (b) taxes, assessments (including condominium assessments, fees, charges and expenses as Unit Owner or Declarant as such terms are defined in the Condominium Declaration), insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the 2012A-B Lease; and
- (c) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the City shall fail to pay the same, as specifically set forth in the 2012A-B Lease) which the City agrees to assume or pay as Additional Rentals under the 2012A-B Lease.

Additional Rentals does not include Base Rentals.

“Appropriations” means the collective procedure by which the City Council specifically appropriates funds for a purpose and the City effects an Encumbrance for such purpose. The term “Appropriation” includes an initial Appropriation and any Supplemental Appropriation.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of the Tax-Exempt Base Rentals paid by the City under the 2012A-B Lease.

“Assets of the Trust” means any and all assets currently owned or hereafter acquired by the Trust, including the Leased Property and all improvements so acquired now or hereafter located thereon and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining (subject to Permitted Encumbrances) and any and all machinery owned or hereafter acquired by the Trust and used or usable in connection with any present or future operation of and now or hereafter located or installed on, under or in the Leased Property.

“Base Rentals” means collectively, the Tax-Exempt Base Rentals and the Taxable Base Rentals.

“Base Rentals Payment Dates” means the Base Rentals Payment Dates set forth in Exhibit C-1 (Base Rentals Schedule – Tax-Exempt) and Exhibit C-2 (Base Rentals Schedule – Taxable) to the 2012A-B Lease.

“Business Day” means any day, other than a Saturday or a Sunday or day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close, (b) on which the Federal Reserve System is closed or (c) on which the New York Stock Exchange is closed.

“Certificates” means the Series 2012A-B Certificates and any Additional Certificates.

“Code” means the Internal Revenue Code of 1986, as amended and the Treasury Regulations promulgated thereunder.

“Condominium Declaration” means the Condominium Declaration of the Denver Cultural Center Parking Garage dated as of May 1, 2002, and recorded on May 15, 2002 at Reception No. 2002089003, in the records of the Clerk and Recorder of the City and County of Denver, State of Colorado, as may be further amended or supplemented from time to time.

“Condominium Map” means the Condominium Map of The Denver Cultural Center Parking Garage dated May 13, 2002, and recorded on May 15, 2002 at Reception No. 2002089004, in the records of the Clerk and Recorder of the City and County of Denver, State of Colorado, as may be further amended or supplemented from time to time.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trust or the Trustee, related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance policy premiums, closing costs and other costs relating to the Leased Property, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Special Counsel, fees and disbursements of professionals and the Financial Advisor, fees and charges for preparation, execution and safekeeping of the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Series 2012A-B Certificates and are to be paid by the City as provided in the 2012A-B Lease.

“Encumbrance” means (a) the act of submitting a written request of the City to the Purchasing Director of the City and (b) the certification in writing by the Controller for the applicable Fiscal Year that (i) there is an unencumbered balance in the appropriate fund chargeable therefor sufficient to provide for the Base Rentals and the Additional Rentals, as the case may be, for the period specified in the 2012A-B Lease and (ii) such amounts have been set aside for such purposes.

“Event(s) of Indenture Default” means any event of default under the 2012A-B Indenture.

“Event(s) of Lease Default” means any event of default under the 2012A-B Lease.

“Event of Nonappropriation” means the termination and non-renewal of the 2012A-B Lease by the City, determined by the City’s exercise of its right, for any reason, to not enact by the last day of each Fiscal Year an appropriation ordinance for the ensuing Fiscal Year which includes (a) amounts authorized and directed to be used to pay all Base Rentals and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due. An Event of Nonappropriation may also occur under certain other circumstances described in the 2012A-B Lease. The term also means a notice under the 2012A-B Lease of the City’s intention to not renew and therefore terminate the 2012A-B Lease or an event described in the 2012A-B Lease relating to the exercise by the City of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an appropriation has been previously effected.

“Fiscal Year” means the City’s fiscal year, which begins on January 1 and ends December 31 of the same year.

“*Force Majeure*” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the Trust or the City in its capacity as lessee under the 2012A-B Lease.

“Initial Term” means the period which commences on the date of delivery of the 2012A-B Lease and terminates on December 31 of the same Fiscal Year.

“Interest Payment Date” means each June 1 and December 1, commencing June 1, 2012.

“Lease Balance” means the sum of the Total Aggregate Principal Portion of the Tax-Exempt Base Rentals and Taxable Base Rentals under the 2012A-B Lease, less the aggregate amount of Principal Portions of Tax-Exempt Base Rentals and Taxable Base Rentals paid or prepaid by the City pursuant to the 2012A-B Lease.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in the 2012A-B Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee, as provided in the 2012A-B Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the City may exercise its option to renew the 2012A-B Lease by effecting Appropriations of funds for the payment of Base Rentals and Additional Rentals thereunder. “Lease Term” refers to the time during which the City is the lessee of the Leased Property under the 2012A-B Lease.

“Leased Property” means the Public Parking Unit of the Parking Garage.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the 2012A-B Lease or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under any construction or other contract relating to improvements to the Leased Property, less (a) all expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other fees, expenses and payments due to the City, the Trust or the Trustee. Net Proceeds shall exclude any amounts received by the Trust or the City pursuant to Article 11 of the Condominium Declaration.

“Owners” means the Registered Owners of any Certificates and Beneficial Owners.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to the 2012A-B Indenture as of the time in question, except:

- (a) All Certificates theretofore canceled or required to be canceled under the 2012A-B Indenture;
- (b) Certificates in substitution for which other Certificates have been executed and delivered under the 2012A-B Indenture;
- (c) Certificates which have been redeemed as provided in the 2012A-B Indenture;

(d) Certificates for the payment or redemption of which provision has been made in accordance with the 2012A-B Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

(e) Certificates deemed to have been paid pursuant to the 2012A-B Indenture.

“Parking Garage” means the Denver Cultural Center Parking Garage.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to the 2012A-B Indenture.

“Permitted Encumbrances,” with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent or liens which may remain unpaid pending contest pursuant to the provisions of the 2012A-B Lease; (b) the 2012A-B Lease, the 2012A-B Indenture, any related fixture filing and any liens arising or granted pursuant to the 2012A-B Lease or the 2012A-B Indenture; (c) utility, access and other easements and rights of way, restrictions and other matters affecting title which the Manager of Public Works of the City represents will not impair the effective use or interfere with the operation of the Leased Property, including rights or privileges in the nature of easements, licenses, permits and party wall and other agreements and rights-of-way as provided in the 2012A-B Lease; and (d) the Condominium Declaration, the Condominium Map and other existing easements, covenants, restrictions, liens and encumbrances listed on the title insurance policies delivered in respect of the Leased Property, as shown on Exhibit B to the 2012A-B Lease and any other encumbrances agreed to by the City and the Trust.

“Prepayment” means any amount paid by the City pursuant to the provisions of the 2012A-B Lease as a prepayment of the Base Rentals due thereunder.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal with respect to Tax-Exempt Base Rents and Taxable Base Rents set forth in 2012A-B Lease, including Principal Portion as stated for each Base Rentals Payment Date and Principal Portion if referencing all Principal Portions remaining to be paid in the aggregate through the Lease Term.

“Purchase Option Price” means the amount payable on any date, at the option of the City, to prepay Base Rentals sufficient to defease the 2012A-B Certificates, terminate the Lease Term and purchase the Leased Property, as provided in the 2012A-B Lease.

“Public Parking Unit” means the condominium unit portion of the Parking Garage described as the Public Parking Unit in the Condominium Declaration and Condominium Map and on Exhibit A to the 2002B Lease, constituting the leased property under the 2002A Lease and the Leased Property under the 2012A-B Lease.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any year and terminating on or before December 31 of the same year as provided in the 2012A-B Lease.

“Revenues” means (a) all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to the 2012A-B Lease including, but not limited to, all Base Rentals, Prepayments, Purchase Option Prices and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Base Rentals Fund; and (c)

any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the 2012A-B Indenture (except for moneys and securities held in the Rebate Fund).

“Series 2012A Certificates” means the Refunding Certificates of Participation, Series 2012A (Tax-Exempt) dated their date of execution and delivery, executed and delivered pursuant to the 2012A-B Indenture, the proceeds of which are to be used by the Trust to accomplish the Refunding Transaction.

“Series 2012B Certificates” means, the Refunding Certificates of Participation, Series 2012B (Taxable) dated their date of execution and delivery, executed and delivered pursuant to the 2012A-B Indenture, the proceeds of which are to be used by the Trust to accomplish the Refunding Transaction.

“Series 2012A-B Certificates” means collectively, the Series 2012A Certificates and the Series 2012B Certificates.

“Taxable Base Rentals” means the rental payments payable by the City during the Lease Term, which constitute payments payable by the City for and in consideration of the right to possess and use the Leased Property as set forth in the 2012A-B Lease and relating to the 2012B Certificates. The term “Taxable Base Rentals” does not include Additional Rentals.

“Tax-Exempt Base Rentals” means the rental payments payable by the City during the Lease Term, which constitute payments payable by the City for and in consideration of the right to possess and use the Leased Property as set forth in the 2012A-B Lease to and relating to the 2012A Certificates. The term “Tax-Exempt Base Rentals” does not include Additional Rentals.

“Trust” means the trust created under the 2002A-B Indenture and confirmed under the 2012A-B Indenture and designated “Denver Public Facilities Leasing Trust 2012A-B.”

“Trustee” means UMB Bank, n.a., in its capacity as Trustee of the Trust and for the benefit of the Owners of the Series 2012A-B Certificates and any Additional Certificates, under the 2012A-B Indenture, and its successors and assigns.

“Trust Estate” means collectively, (a) the Assets of the Trust and (b) all of the right, title and interest of the Trust in and to the 2012A-B Lease, including all Revenues as defined in this 2012A-B Indenture.

The 2012A-B Lease

Lease Term. The Lease Term commences on the date of execution and delivery of the 2012A-B Lease. The Initial Term terminates on December 31, 2012. The 2012A-B Lease may be renewed, solely at the option of the City, for the number of Renewal Terms set forth in the 2012A-B Lease. The Lease Term terminates upon the earliest of: (a) the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs (except that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the 2012A-B Lease); (b) the conveyance of the Leased Property under the 2012A-B Lease to the City upon payment of the Purchase Option Price in respect of Leased Property or the payment of all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the City, in respect of the Leased Property; or (c) the occurrence of an uncured Event of Lease Default and termination of the 2012A-B Lease by the Trustee.

Termination of the Lease Term terminates all unaccrued obligations of the City under the 2012A-B Lease and the City’s rights of possession under the 2012A-B Lease (except to the extent of the holdover

provisions and except for any conveyance under the purchase option provisions). All obligations of the City accrued prior to such termination continue until the Trustee agrees that such accrued obligations have been satisfied.

Budget and Appropriations Procedures. The City's Manager of Finance, the Manager's designee or other officer of the City at any time charged with the responsibility of formulating budget proposals is directed in the 2012A-B Lease to include in the annual budget proposals submitted to the City Council, in any year in which the 2012A-B Lease is in effect, items for all payments required for the ensuing Renewal Term until such time, if any, as the City may determine to not renew and terminate the 2012A-B Lease.

Base Rentals and Additional Rentals. Under the 2012A-B Lease, the City is to pay Base Rentals for which an Appropriation or Supplemental Appropriation has been effected by the City, directly to the Trustee during the Initial Term and any Renewal Term. The City receives credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in a Base Rentals Fund created under the 2012A-B Indenture and are available to pay Base Rentals.

The 2012A-B Lease provides that the City may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating the 2012A-B Lease in whole and purchasing the Leased Property, as further provided in the 2012A-B Lease. Subject to the Approval of Special Counsel, the City may also, at any time during the Lease Term, (1) prepay any portion of the Tax-Exempt Base Rentals or the Taxable Base Rentals due under the 2012A-B Lease in respect of the Leased Property and (2) in connection with such prepayment, recalculate the Tax-Exempt Base Rentals or the Taxable Base Rentals set forth in the 2012A-B Lease. The City is required to give the Trustee notice of its intention to exercise its purchase option or prepayment right not less than 35 days in advance of the date of purchase or prepayment and to deposit with the Trustee by not later than the date of such exercise or prepayment an amount equal to the Purchase Option Price due on the selected date for payment of the Purchase Option Price or the applicable amount of Base Rentals to be prepaid on the selected prepayment date.

The City acknowledges in the 2012A-B Lease that, upon receipt by the Trustee of Base Rentals, the Trustee is to deposit the amount of such Base Rentals in the Base Rentals Fund pursuant to the 2012A-B Indenture.

Nonappropriation. If the City gives notice that it intends to not renew the 2012A-B Lease or the City does not effect an Appropriation or Supplemental Appropriation, on or before December 31 of each Fiscal Year, or of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term, an Event of Nonappropriation is deemed to have occurred; subject, however, to the 2012A-B Lease provisions summarized below:

(a) If the Trustee does not receive notice or evidence that an Appropriation has been effected by the City on or before December 31 of a Fiscal Year, then the Trustee is to declare an Event of Nonappropriation on the first Business Day of the January following such Fiscal Year or the Trustee is to make such declaration on any earlier date on which the Trustee receives official written notice from the City that the 2012A-B Lease will not be renewed or on which the Trustee determines that a Supplemental Appropriation has not been effected by the City with respect to any Base Rentals remaining to be paid in the then current Lease Term.

(b) The Trustee is to waive any Event of Nonappropriation which is cured by the City within 21 days of the receipt by the Trustee of the notice described in (a) above, by a duly

effected Appropriation or Supplemental Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the 2012A-B Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time following the 21-day period referred to in (b) above.

If, during the Initial Term or any Renewal Term, any Additional Rentals become due which were not included in a duly effected Appropriation or Supplemental Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation is deemed to have occurred, upon notice by the Trustee to the City to such effect (subject to waiver by the Trustee as described above).

If an Event of Nonappropriation occurs, and except as described in the immediately following sentence, the City is not obligated to make payment of the Base Rentals or Additional Rentals or any other payments under the 2012A-B Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs. Except as limited by certain other provisions of the 2012A-B Lease, the City continues to be liable for Base Rentals and Additional Rentals allocable to any period during which the City continues to occupy, use or retain possession of the Leased Property.

Subject to the holdover provisions of the 2012A-B Lease, the City is required in all events to vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred. After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

Upon the occurrence of an Event of Nonappropriation, (1) the Trustee is entitled to exercise all remedies set forth in the 2012A-B Lease, (2) the Trustee is entitled to all moneys then being held in all funds created under the 2012A-B Indenture to be used as described therein and (3) all property, funds and rights acquired by the Trustee upon the termination of the 2012A-B Lease by reason of an Event of Nonappropriation are to be held by the Trustee as set forth in the 2012A-B Indenture.

Holdover Tenant. If the City fails to vacate the Leased Property after termination of the 2012A-B Lease, with the written permission of the Trustee, the City is deemed a holdover tenant on a month-to-month basis. Any holding over by the City without the written permission of the Trustee is considered to be at sufferance.

Title to the Leased Property. Except for personal property purchased by the City at its own expense, title to the Leased Property and any and all additions, modifications and replacements is in the name of the Trust until the Trustee has exercised Lease Remedies or until the Leased Property is conveyed as provided in the 2012A-B Lease notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of any Event of Lease Default; (c) the occurrence of any event of damage, destruction or condemnation, or any construction, manufacturing or design defect or title defect; or (d) the violation by the Trust of any provision of the 2012A-B Lease.

Maintenance of Leased Property. Subject to its right to not appropriate and as otherwise provided in the 2012A-B Lease, the City agrees that, at all times during the Lease Term it will (a) perform, or cause to be performed, all maintenance obligations of the owner of the Public Parking Unit

under the Condominium Declaration, (b) maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and (c) will from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The City may cause such activities to be performed by or through the owners association created under the Condominium Declaration or by any other means in the sole discretion of the City's Manager of Public Works and Manager of General Services. Neither the Trust nor the Trustee has any maintenance responsibility or any responsibility for making any additions, modifications or replacements to the Leased Property.

Modification of the Leased Property; Installation of Furnishings and Machinery of the City.

The City is permitted to make substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense. These become the property of the Trust subject to, and are included under the terms of, the 2012A-B Lease and the 2012A-B Indenture. Such substitutions, additions, modifications and improvements may not damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental or proprietary functions of the City (except to the extent of permitted subleasing). The Leased Property, as improved or altered, may be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The City may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property remains the sole property of the City in which neither the Trust nor the Trustee has any interests. However, title to any such machinery, equipment, and other tangible property which becomes permanently affixed to the Leased Property is required to be in the Trust, subject to the 2012A-B Indenture, and is required to be included under the terms of the 2012A-B Lease and the 2012A-B Indenture, if the Trustee reasonably determines that the Leased Property would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Insurance. The City is required, at no own expense to the Trust, to cause property insurance to be carried and maintained, or, at the City's option, shall self-insure with respect to the Leased Property in an amount equal to (a) the Lease Balance or (b) the estimated replacement cost of the Leased Property, whichever is greater. The City may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other property as well, as long as the blanket insurance policies comply with the requirements of the 2012A-B Lease. Each property damage insurance policy required by the 2012A-B Lease is to be written or endorsed so as to show the Trustee and the Trustee as loss payee.

To the extent not otherwise provided by the Condominium Declaration, the City is required, at its own expense, to cause commercial general liability insurance for the 2012A-B Lease to be carried and maintained or, at the City's option, shall self insure in connection with the use and possession of the Leased Property. Such coverage is to be in amounts not less than the limits of liability per occurrence set by the Colorado Governmental Immunity Act, as amended, for claims to which the defense of sovereign immunity applies. The commercial general liability insurance required may be by blanket insurance policies. Any such commercial general liability insurance policy shall be written or endorsed to show the Trustee as an additional insured.

The City, at its own expense, is to cause worker's compensation insurance to be procured and maintained covering the City's employees working in or on the Leased Property. Such insurance, if issued by a private carrier, is to contain a provision that such coverage may not be canceled without at least 30 days' prior written notice or, in the event of nonpayment of premiums, ten days' prior written

notice, to the City and the Trustee. The worker's compensation insurance required by the 2012A-B Lease may be by blanket insurance policy or policies. The City may self insure worker's compensation insurance so long as such self insurance (a) is approved by the Colorado Department of Labor's Division of Worker's Compensation and (b) the self insurance fund is held in a trust fund created for this purpose.

Each property and liability policy, other than worker's compensation, is required to contain a provision to the effect that the insurance company may not cancel the policy without at least 30 days' prior written notice or, in the event of nonpayment of premiums, ten days' prior written notice, to the City and the Trustee. If the City receives such notice of cancellation, it is to immediately notify the Trust and the Trustee.

The 2012A-B Lease provides that the Trustee will obtain an owner's title insurance policy in respect of the Leased Property under which the Trust's ownership interest in the Leased Property is insured, in an aggregate amount no less than the original Lease Balance and subject only to Permitted Encumbrances.

Granting of Easements. To the extent not otherwise provided by the Condominium Declaration, as long as no Event of Nonappropriation or Event of Default has happened and is continuing, the Trustee, on behalf of the Trust, shall, upon the request of the City (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements with respect to the Leased Property (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the 2012A-B Lease and any security interest or other encumbrance created hereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to the Leased Property, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the Manager of General Services and the Manager of Public Works requesting such grant, agreement or release and stating that such grant, agreement or release will not impair the effective use or interfere with the operation of the Leased Property.

Damage, Destruction and Condemnation. If, (a) the Leased Property is destroyed (in whole or in part), or damaged by fire or other casualty, (b) title to, or the temporary or permanent use of the Leased Property or the estate of the City or the Trust in the Leased Property is taken by eminent domain by any governmental body or by any person, firm or entity acting under governmental authority, (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or (d) title to or the use of the Leased Property is lost by reason of a defect in title thereto, then the City is obligated to continue to pay the amounts budgeted and appropriated for Base Rentals and Additional Rentals, subject to the City's right not to appropriate such funds.

To the extent not otherwise provided for in the Condominium Declaration, the City and the Trustee, to the extent Net Proceeds are within their respective control and are related to the Leased Property, are required to cause the Net Proceeds to be deposited in a separate trust fund. All Net Proceeds so deposited are to be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Trustee or the City upon receipt of requisitions acceptable to the Trustee signed by the Manager of General Services and the Manager of Public Works of the City.

The balance of any Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed are to be used by the City to (a) add to, modify or alter

the Leased Property or (b) prepay Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under the 2012A-B Lease, or (c) accomplish a combination of (a) and (b). Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds is the property of the Trust, subject to the 2012A-B Lease, and is to be included as part of the Leased Property under the 2012A-B Lease.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required by the 2012A-B Lease, the City may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the City are available for payment of such cost, any cost in excess of the amount of the Net Proceeds, and the City agrees that, if by reason of any such insufficiency of such Net Proceeds, the City shall make any payments pursuant to the provisions of this paragraph, the City shall not be entitled to any reimbursement therefor from the Trust or the Trustee, nor shall the City be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, payable under the 2012A-B Lease; or

(b) apply such Net Proceeds to the payment of the Purchase Option Price in accordance with the 2012A-B Lease, or an appropriate portion thereof. In the event of an insufficiency of such Net Proceeds for such purpose, the City shall, subject to the limitations of the 2012A-B Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price for which such Net Proceeds have been received (as certified to the Trustee by the City); and in the event such Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the City in the same manner as set forth in the 2012A-B Lease; or

(c) if the City does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the City's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

Purchase Option. The City has the option to purchase the Leased Property, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is not continuing. The City may exercise its options on any date by complying with one of the conditions set forth in the 2012A-B Lease. The City is required to give the Trustee notice of its intention to exercise its options not less than 35 days in advance of the date of exercise and to deposit the related Purchase Option Price with the Trustee on or before the date on which the purchase and conveyance is to occur. If the City exercises its option to purchase the Leased Property, any amount then on hand in the Base Rentals Fund is required to be applied toward the payment of the applicable Purchase Option Price to be paid by the City. If the City has given notice to the Trustee of its intention to purchase the Leased Property, but has not deposited the amounts with the Trustee on the date specified in such notice, the City is required to continue to pay Base Rentals which have been specifically appropriated by the City for such purpose as if no such notice had been given.

Assignment and Subleasing by the City. The 2012A-B Lease may not be assigned by the City for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the City, without the necessity of obtaining the consent of the Trust, the Trustee or any of the Owners of the Series 2012A-B Certificates, subject to each of the following conditions: (a) the Leased Property may be subleased, in whole or in part, only to an agency, department or political subdivision of the State or, with Approval of Special Counsel, to another entity or entities; (b) the 2012A-B Lease and the obligations of the City thereunder, at all times during the Lease Term, remain obligations of the City and the City maintains its direct relationships with the Trust and the Trustee, notwithstanding any sublease; and (c) the City furnishes or causes to be furnished to the Trustee a copy of any sublease agreement.

Events of Lease Default. Any one of the following is an “Event of Lease Default” under the 2012A-B Lease:

(a) failure by the City to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the City for such purpose, during the Initial Term or any Renewal Term, within five Business Days of the date on which they are due; or

(b) subject to the holdover tenant provisions of the 2012A-B Lease, failure by the City to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or

(c) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the 2012A-B Lease, other than as referred to in (a) or (b), for a period of 45 days after written notice, specifying such failure and requesting that it be remedied is received by the City from the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration; however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not withhold its consent to an extension of such time if, in the Trustee’s reasonable judgment, corrective action can be instituted by the City within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of the 2012A-B Lease are subject to the following limitations: (a) the City is obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the City for such purpose, only during the Lease Term, except as otherwise expressly provided in the 2012A-B Lease; and (b) if, by reason of *Force Majeure*, the City or the Trust is unable in whole or in part to carry out any agreement on their respective parts contained in the 2012A-B Lease other than the City’s agreement to pay the Base Rentals and Additional Rentals due under the 2012A-B Lease, the City or the Trust will not be deemed in default during the continuance of such inability. The City and the Trust each agree, however, to remedy, as promptly as legally and reasonably possible, the causes preventing the City or the Trust, as the case may be, from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances are entirely within the discretion of the City.

Remedies on Default. Whenever any Event of Lease Default has happened and is continuing beyond any applicable cure period, the Trustee, on behalf of the Trust, may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the City to vacate and surrender possession of the Leased Property which vacation and surrender the City agrees to complete within 60 days from the date of such notice ;

(b) sell, trade-in, repossess or liquidate the Leased Property or any part thereof in any lawful manner;

(c) lease or sublease the Leased Property or sell an assignment of any interest the Trust has in the Leased Property;

(d) recover from the City: (1) the portion of Base Rentals and Additional Rentals for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable under the 2012A-B Lease, during any period in which the City continues to occupy, use or possess the Leased Property; and (2) Base Rentals and Additional Rentals which have been specifically appropriated by the City for such purpose, which would otherwise have been payable by the City under the 2012A-B Lease during the remainder, after the City vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the 2012A-B Lease and the 2012A-B Indenture.

Limitations on Remedies; No Remedy Exclusive. A judgment requiring a payment of money may be entered against the City by reason of an Event of Lease Default only as to the City's liabilities for Base Rentals and Additional Rentals which have been specifically appropriated by the City for such purpose. A judgment requiring a payment of money may be entered against the City by reason of an Event of Nonappropriation only to the extent that the City fails to vacate and surrender possession of the Leased Property as required by the 2012A-B Lease, and only for Base Rentals and Additional Rentals for the period of such failure.

No remedy conferred upon or reserved to the Trustee on behalf of the Trust is exclusive and every remedy is cumulative and in addition to every other remedy given under the 2012A-B Lease or existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The 2012A-B Indenture

Certain Funds Created under the 2012A-B Indenture. The 2012A-B Indenture provides for the establishment of a Base Rentals Fund (within which separate special accounts are created, denominated as the "2012A Base Rentals Account" and the "2012B Base Rentals Account"), a Costs of Execution and Delivery Fund, a Rebate Fund and a Refunding Transaction Fund. Any income from the investment of these funds is to be applied by the Trustee as provided in the 2012A-B Indenture.

Additional Certificates. So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the 2012A-B Indenture.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Series 2012A-B Certificates to provide moneys to pay: (a) the costs of making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property; or (b) for the purpose of refunding or refinancing all or any portion of Outstanding

Series 2012A-B Certificates. In such case, the Costs of Execution and Delivery of the Additional Certificates, deposits to a related reserve fund or account, if any, and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included as agreed by the Trustee, on behalf of the Trust.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee: (a) originally executed counterparts of the related supplemental 2012A-B Indenture and amendment to the 2012A-B Lease; (b) a written opinion of Special Counsel, acceptable to the Trustee, to the effect that: (i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; (ii) the exclusion of interest from gross income for federal income tax purposes on Outstanding Series 2012A-B Certificates, including any Additional Certificates theretofore executed and delivered, will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and (iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default nor cause any violation of the covenants or representations in the 2012A-B Indenture or in the 2012A-B Lease; (c) written directions from the underwriter or placement agent with respect of the Additional Certificates, together with written acknowledgment of the City, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

Each Additional Certificate executed and delivered pursuant to the 2012A-B Indenture is to evidence a proportionate interest in the assignment of the rights to receive the Revenues under the 2012A-B Indenture and is to be ratably secured with all Outstanding Certificates and in respect of all Revenues is to be ranked *pari passu* with such Outstanding Series 2012A-B Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

Application of Revenues and Other Moneys. The Base Rentals payable under the 2012A-B Lease and other Revenues are to be paid directly to the Trustee. The Trustee is to deposit all Revenues and other payments received on account of the 2012A-B Lease immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date.

Events of Indenture Default. Each of the following events is an Event of Indenture Default under the 2012A-B Indenture:

- (a) the occurrence of an Event of Nonappropriation; or
- (b) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default, the Trustee is to give notice thereof to the Owners of the Certificates. The Trustee may waive any Event of Nonappropriation as described under "The 2012A-B Lease – *Nonappropriation*" above.

Remedies. If any Event of Indenture Default occurs and is continuing, the Trustee may enforce for the benefit of the Owners of the Certificates each and every right of the Trust as the owner of the Leased Property and as the lessor under the 2012A-B Lease. In exercising such rights of the Trust and the rights given the Trustee under the 2012A-B Indenture, the Trustee may take such action as, in its judgment, would best serve the interests of the Owners of the Certificates, including calling the Certificates for extraordinary mandatory redemption prior to their maturity in the manner and subject to

the provisions of the 2012A-B Indenture and exercising the Lease Remedies provided in the 2012A-B Lease.

If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, is required to, in its own name and in the name of the Trust: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trust as owner of the Leased Property and as lessor under the 2012A-B Lease and the 2012A-B Indenture and to enforce the provisions of the 2012A-B Indenture and any collateral rights thereunder for the benefit of the Owners of the Certificates; or (b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Certificates.

Except as otherwise provided in the 2012A-B Indenture, the Owners of a majority in aggregate principal amount of the Certificates have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee, provided that such direction does not conflict with any rule or law or with the 2012A-B Indenture or unduly prejudice the rights of minority Owners of Certificates.

No Owner of Certificates has any right to pursue any remedy unless: (a) the Trustee has been given written notice of an Event of Indenture Default; (b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates have requested the Trustee, in writing, to exercise the powers granted to the Trustee or pursue such remedy in its or their name or names; (c) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities; and (d) the Trustee has failed to comply with such request within a reasonable time.

Application of Moneys in Event of Indenture Default. Notwithstanding anything in the 2012A-B Indenture to the contrary, any moneys received, collected or held by the Trustee as a result of action taken to remedy an Event of Indenture Default, and any other moneys held as part of the Trust Estate, are to be applied in the following order:

(a) To the costs, fees, liabilities and advances of the Trustee, including but not limited to counsel fees and expenses, and disbursements of the Trustee with interest thereon at the prime rate then in effect with the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

(b) To the payment of costs and expenses of the Trust, including but not limited to counsel fees, incurred in connection with the Event of Indenture Default;

(c) To the payment of interest then owing on the Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one over another or of any installment of interest over any other installment of interest; and

(d) To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another;

The surplus, if any, is to be paid to the City.

Certain Duties of the Trustee. The Trustee is required, within 30 days after it receives written notice of the occurrence thereof, to give written notice by first-class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the City, unless such defaults have been remedied. Notwithstanding the foregoing, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Owners. The Trustee is not required to take notice of or be deemed to have notice of any Event of Indenture Default unless it has actual knowledge thereof or has been notified in writing of such default by the Owners of at least 25% in principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the City to provide full information as to the performance of any covenant under the 2012A-B Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the 2012A-B Lease and the Leased Property.

If any Event of Default has occurred and is continuing, the Trustee is required to exercise such of the rights and powers vested in it by the 2012A-B Indenture and is to use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of its own affairs in exercising any rights or remedies or performing any of its duties under the 2012A-B Indenture, provided that if in the opinion of the Trustee such action may tend to involve expense or liability, it is not obligated to take such action unless it is furnished with indemnity satisfactory to it.

Resignation or Removal of Trustee. The Trustee may resign and be discharged of the trusts created by the 2012A-B Indenture by written resignation filed with the Manager of Finance not less than 60 days before the date when it is to take effect, provided that such notice of such resignation is required to be mailed to each Owner of each Outstanding Certificate. Such resignation takes effect only upon the appointment of and acceptance by a successor trustee.

The Trustee may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by an instrument appointing a successor to the Trustee, executed by the Owners of a majority in principal amount of the Certificates then Outstanding and filed with the Trustee and the City. Such removal takes effect only upon the appointment of and acceptance by a successor Trustee.

The Trustee. The Trustee is liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith; provided the Trustee was not negligent in ascertaining the pertinent facts. The Trustee may exercise any powers under the 2012A-B Indenture and perform any duties required of it through attorneys, agents, officers, receivers or employees, and shall be entitled to the advice or opinion of counsel concerning all matters involving the Trust and the Trustee's duties thereunder.

The Trustee is to be indemnified and held harmless by the Owners from and against any and all liabilities or notifications of potential liability, penalties, fines, forfeitures, demands, claims, causes of action, suits, costs and expenses, including the cost of defense and settlement, and other reasonable attorneys' fees relating to the 2012A-B Lease, the Leased Property and the 2012A-B Indenture (collectively, the "liability"), including, but not limited to, such liability as may arise or be claimed to arise because of any action taken by the Trustee under certain provisions of, or any action or inaction taken by the Trustee under, the 2012A-B Indenture, the 2012A-B Lease or otherwise in connection with the Series 2012A-B Certificates or such liability as may arise under any federal, state or local laws and regulations. Such indemnification shall apply regardless of the fault or negligence of the Trustee in acquiring, holding or managing the Leased Property constituting any portion of the Trust Estate, but shall not extend to any liability which arises out of any grossly negligent or reckless act or omission of the

Trustee. Payment by the Trust of amounts due under this indemnification shall be an expense of the Trust Estate.

The Trustee makes no representation as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee), or as to the validity or sufficiency of the 2012A-B Indenture or of the Series 2012A-B Certificates. The Trustee shall not be accountable for the use or application of any Series 2012A-B Certificates or the proceeds thereof by the Owner thereof, or of any money paid to or upon the order of the City under any provision of the 2012A-B Lease.

The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers hereunder or otherwise with respect to the Leased Property.

Supplemental Indentures. The Trustee may, with the written consent of the City, but without the consent of, or notice to, the Owners, enter into such indentures or agreements supplemental to the 2012A-B Indenture for any one or more or all of the following purposes: (a) to grant additional powers or rights to the Trustee; (b) to make any amendments necessary or desirable to obtain or maintain a rating from any rating agency rating the Certificates; (c) to authorize the execution and delivery of Additional Certificates pursuant to the terms of the 2012A-B Indenture; (d) to preserve or protect the excludability from gross income for federal income tax purposes of interest evidenced and represented by the Certificates; or (e) for any purpose not inconsistent with the terms of the 2012A-B Indenture or to cure any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained in the 2012A-B Indenture, or to make such other provisions in regard to matters arising under the 2012A-B Indenture which are not inconsistent with the provisions of the 2012A-B Indenture and which do not adversely affect the interests of the Owners of the Certificates.

With respect to matters other than those described in the paragraph immediately above, the 2012A-B Indenture may be amended by a supplemental indenture approved by the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, except with respect to (1) the principal or interest payable upon any Outstanding Certificates, (2) the Interest Payment Dates, the dates of maturity or the redemption provisions of any Outstanding Certificates, and (3) provisions of the 2012A-B Indenture whereby the 2012A-B Indenture or the 2012A-B Lease may be supplemented or amended.

Amendment of 2012A-B Lease. The Trustee and the City have the right to amend the 2012A-B Lease, without the consent of the Certificate Owners for one or more of the following purposes: (a) to add covenants of the Trust or the City or to grant additional powers or rights to the Trustee; (b) to make any amendments necessary or desirable to obtain or maintain a rating from any rating agency of the Certificates; (c) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as may be authorized under the 2012A-B Lease; (d) to make additions to Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with the 2012A-B Indenture; (e) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals and, in turn, interest evidenced and represented by the Certificates, or (f) for any purpose not inconsistent with the terms of the 2012A-B Indenture or cure any ambiguity or to correct or supplement any provision contained in the 2012A-B Indenture which may be defective or inconsistent with any other provision contained therein or in the 2012A-B Lease, or to make such other provisions in regard to matters or questions arising under the 2012A-B Lease which are not inconsistent with the existing provisions thereof and which do not adversely affect the interests of the Owners of the Series 2012A-B Certificates.

If the Trustee or the City proposes to amend the 2012A-B Lease in such a way as would adversely affect the interests of the Owners of the Certificates, the Trustee is to notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates. However, the Trustee may not, without the unanimous consent of the Owners of all Certificates, consent to any amendment which would (1) decrease the amounts payable in respect of the 2012A-B Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the 2012A-B Lease.

Defeasance. When the principal or redemption price (as the case may be) of, and interest on, all of the Certificates executed and delivered under the 2012A-B Indenture have been paid or provision has been made for payment of the same, together with the compensation of the Trustee and all other sums payable hereunder relating to such Certificates, the right, title and interest of the Trustee ceases and the Trustee, on direction of the City, is to (1) release the 2012A-B Indenture and the 2012A-B Lease, (2) execute such documents to evidence such releases as may be reasonably required by the City, (3) if the City has satisfied all of its obligations under the 2012A-B Lease, convey the Leased Property to the City as provided in the 2012A-B Lease, (4) turn over to the City all balances then held by the Trustee in the Funds or Accounts except for amounts held in the Rebate Fund, and (5) the Trust is to be terminated, subject to the survival of any rights of the Trustee to be held harmless, or to insurance proceeds or other amounts due. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment is to be considered made are to be selected by lot by the Trustee or in such equitable manner as the Trustee may determine.

Provision for the payment of the Certificates is deemed to have been made when the Trustee holds in the Base Rentals Fund (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Federal Securities) in an amount sufficient to make all payments specified above, or (2) Federal Securities maturing on or before the date or dates when the payments with respect to the Certificates become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all such payments, or (3) any combination of such cash and such Federal Securities the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all such payments.

Unclaimed Money to be Returned. So long as the Trust and the City are not in default with respect to the terms and conditions contained in the 2012A-B Indenture, the Certificates or the 2012A-B Lease, any moneys deposited with the Trustee to be used for the payment of principal, premium (if any), or interest on the Certificates and remaining unclaimed by the Owners of the Certificates for a period of six years after the final due date of any Certificate, whether the final date of maturity or the final redemption date, subject to any escheat laws shall, upon the written request of the City, be paid to the City, without liability for interest thereon, and such Owners may thereafter look only to the City for payment and then only (a) to the extent of the amounts so received by the City from the Trustee without interest thereon, (b) subject to the defense of any applicable statute of limitations and (c) subject to the City's appropriation of such payment. After payment by the Trustee of all of the foregoing, if any moneys are then remaining under the 2012A-B Indenture, the Trustee is to pay such moneys to the City as an overpayment of Base Rentals.

* * *

APPENDIX C

THE CITY

This Appendix provides certain information concerning the City and County of Denver, Colorado (the “City”), as Lessee under the 2012 Lease.

GENERAL AND ADMINISTRATIVE INFORMATION

General Information

The City is located on the front range of the Rocky Mountains in the north-central part of the State of Colorado. The City is the capital of the State and is the service, retail, financial, transportation and distribution center of the Rocky Mountain region. Over 2.8 million people, representing more than half of the population of the State currently reside in the Denver metropolitan area.

Organization

The City was originally incorporated by a special act passed at the first session of the Legislative Assembly of the Territory of Colorado, adopted and approved on November 7, 1861. The State Constitution was adopted by the people of the State on March 14, 1876, and the Territory was admitted into the Union as a state by proclamation of President Grant on August 1, 1876. Article XX was added to the State Constitution at the State’s general election in November 1902. The City was reorganized thereunder as the consolidated municipal government known as the City and County of Denver and exists as a “home-rule” city under the City Charter adopted by the qualified electors of the City on March 29, 1904, as amended from time to time. The City is a single governmental entity performing both municipal and county functions.

Government

The City Charter establishes a “strong-mayor” form of government. The Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to three consecutive terms. The legislative powers of the City are vested in the City Council, except as otherwise provided in the City Charter. The City Council consists of thirteen members, two of whom are elected on an at-large basis and eleven of whom are elected by districts, all for four-year terms with a three-consecutive-term limit. Seven members constitute a quorum, and the vote of seven members is necessary to adopt any ordinance or resolution. Ordinances passed by the City Council are subject to a qualified veto by the Mayor (except certain ordinances concerning charter amendments or conventions). The Mayor’s veto may be overridden by the vote of nine Council members.

The currently elected officials of the City are as follows:

Michael B. Hancock	Mayor
Dennis J. Gallagher	Auditor
Albus Brooks	Councilmember – District 8
Charles V. Brown, Jr.	Councilmember – District 6
Jeanne Faatz	Councilmember – District 2
Christopher Herndon	Councilmember – District 11
Robin Kneich	Councilmember – At-Large
Peggy A. Lehmann	Councilmember – District 4
Paul Lopez	Councilmember – District 3
Judy H. Montero	Councilmember – District 9
Chris Nevitt	Councilmember and President – District 7
Deborah Ortega	Councilmember – At-Large
Jeanne Robb	Councilmember – District 10
Susan Shepherd	Councilmember – District 1
Mary Beth Susman	Councilmember – District 5
Debra Johnson	Clerk and Recorder, <i>Ex-Officio</i> Clerk

The City Auditor is responsible for internal audits of the City and, with the Audit Committee, oversees the audit of the City's comprehensive annual financial report. The Auditor is elected every four years and is limited to three terms. The current City Auditor is Dennis J. Gallagher.

On November 7, 2006, the electors of the City passed amendments to the City Charter which authorized the creation of a Department of Finance and the appointment of a Manager of Finance to serve as the chief financial officer of the City. Under the amendments and effective January 1, 2008, the Manager of Finance replaced the Manager of Revenue on the Mayor's cabinet and became responsible for the management of the City's debt and financial obligations and the appointment of the treasurer and assessor. Responsibilities for issuance of payments, payroll and other general accounting functions historically provided by the City Auditor were transferred to the Department of Finance. Cary Kennedy is the Manager of Finance and Ex Officio Treasurer, acting as the chief financial officer of the City. Powers to conduct financial and now performance audits are carried out by the City Auditor in the office's strengthened audit capacity.

The Clerk and Recorder is responsible for performing all the duties of the City Clerk as provided for in the City Charter and City ordinances, as well as the duties of the Public Trustee and the County Clerk and Recorder provided by the State Constitution and statutes, with the exception of those relating to the registration of motor vehicles. The Clerk and Recorder also has oversight of the Election Division. The Clerk and Recorder is elected every four years and is limited to three terms. The current Clerk and Recorder is Debra Johnson.

As of December 1, 2011, the appointed members of the Mayor's cabinet were the following individuals:

Cary Kennedy	Deputy Mayor, Manager of Finance/ <i>Ex-Officio</i> Treasurer
Adrienne Benavidez	Manager of the Department of General Services
Laurie Dannemiller	Manager of the Department of Parks and Recreation
Kim Day	Manager of the Department of Aviation
George Delaney	Manager of the Department of Public Works
Doug Linkhart	Manager of the Department of Environmental Health
Alex Martinez	Manager of the Department of Safety
Penny May	Manager of the Department of Human Services
Molly Urbina	Manager of Community Planning and Development
Douglas J. Friednash, Esq.	City Attorney

In addition to the members of the cabinet, Janice Sinden, the Chief of Staff, has a significant advisory role in formulating policy.

The City Charter provides that a vacancy in the office of Mayor is to be filled by a special election except that, if the vacancy occurs within the final six months of a term of office, the acting Mayor, determined as described below, is to discharge the duties of the Mayor for the unexpired portion of the term. Prior to the special election or for the remainder of the unexpired portion of the term, in the event a vacancy occurs in the office of the Mayor, the City Charter provides for succession to such office by the Deputy Mayor, who is to resign and become acting Mayor. If the Deputy Mayor refuses or is unable to serve as acting Mayor, the President of the City Council is to resign as President and become acting Mayor. If the President of the Council refuses or is unable to serve as acting Mayor, the City Council is to elect one of their number as acting Mayor.

The City Charter also establishes the Denver Water Department, which is under the control of a five-member, nonpartisan Board of Water Commissioners (the “Water Board”), and vests the complete charge and control of the City’s water system and plant in the Water Board. All revenues of the water system are accounted for in the Water Works Fund, disbursements from which are controlled by the Water Board. Members of the Water Board are appointed by the Mayor for six-year overlapping terms.

The City has also created enterprises to account for wastewater management, the Department of Aviation, environmental services and City-owned golf courses, and has created a number of independent legal entities to own, manage or perform various functions for and on behalf of the City. See also APPENDIX D – BASIC FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010.

FINANCIAL INFORMATION CONCERNING THE CITY

The City’s obligations pursuant to the 2012A-B Lease are payable, subject to annual appropriation, from any available funds of the City. The following sets forth certain financial information concerning the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions and regulations which could adversely affect the City’s ability to satisfy its obligations under the 2012A-B Lease. See “RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS.”

Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments (“GAAP”). The accounts of the City are organized on the basis of Funds or

account groups, each of which is considered a separate accounting entity. Such Funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another Fund. See “General Fund” below. For a description of the City’s various other Funds and account groups, see Note I(C) to the City’s 2010 financial statements in Appendix D to this Official Statement.

Financial Statements

The basic financial statements of the City for the year ending December 31, 2010, included in APPENDIX A to this Official Statement have been audited by BKD LLP (“BKD”), independent public accountants, as stated in their report appearing herein. The agreement between the City and BKD relating to provision of audit services provides that the City is not required to obtain BKD’s consent for the inclusion of financial statements in the City’s offering documents. Accordingly, the consent of BKD to the inclusion of APPENDIX A was not sought or obtained. BKD has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of this report and BKD should not be considered to be associated with the Official Statement in any manner.

Financial statements of the City for fiscal years ending on or prior to December 31, 2010 are available for inspection at the Department of Finance, 201 West Colfax, Department 1004, Denver, Colorado 80202, or on the City’s website (denvergov.org) under the Controller’s webpage. The information presented on the City’s website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

General Fund

The General Fund is the principal operating fund of the City. Information contained in this section has been derived from the annual financial reports of the City, the General Fund budget for the years 2010 and 2011 and information prepared by the Department of Finance.

Major Revenue Sources. The major revenue sources for the City’s General Fund are sales and use taxes and the City’s property tax. Other revenue sources include intergovernmental revenues, charges for services, franchise fees and other taxes. The City Charter provides that the Manager of Finance shall collect taxes in the same manner and at the same time as State taxes are collected. All laws of the State for the assessment and collection of general taxes, including laws for the sale of property for taxes and the redemption thereof shall apply, except as modified by the City Charter.

Sales and Use Taxes. The City’s general sales and use tax is the largest source of revenue to the General Fund, historically accounting for approximately one-half of all General Fund revenues.

As of December 1, 2011, the general sales tax was a fixed-rate (3.62%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. Collection of the 0.12% sales tax increase commenced January 1, 2007. Additionally, there are separate sales tax surcharges for short-term car rental, prepared food and beverages and aviation fuels. A portion of these charges is used for debt service payments. The general use tax is a fixed-rate (3.62%) tax imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis.

Revenues derived from 3.50% of the sales and use tax are credited to the General Fund, while the revenues derived from the remaining 0.12% are restricted to funding increased access to and quality of preschool programs for City residents, and therefore may not be used for General Fund purposes.

In addition to the general sales and use tax, the City imposes a lodger's tax at the rate of 10.75% on the price of hotel, motel and similar temporary accommodations in the City. The City also imposes sales tax surcharges on short-term car rentals, prepared food and beverages and aviation fuel. Automotive vehicles hired, rented or leased for 30 days or less are taxed at a rate of 7.25%, of which the revenues from 3.75% of such tax are credited to the General Fund. Food or drink served by or furnished in restaurants is taxed at a rate of 4%, of which the revenues from 3.5% of such tax are credited to the General Fund. The sale of aviation fuel is taxed at the rate of 4¢ per gallon, and one-half of the proceeds derived from this tax is credited to the General Fund.

Only a portion of the food and drink tax, automobile rental tax and lodgers' tax is reflected in the General Fund's Sales and Use Tax category; the remainder is pledged to certain excise tax revenue bonds and recorded in other funds.

The specific tax rates described above are summarized in the following table:

GENERAL FUND SALES AND USE TAX RATES

<u>Taxation of Certain Goods or Services</u>	<u>City Tax Rate</u>
Non-exempt retail sales, lease or rentals of tangible personal property and on certain services	3.62% ⁽¹⁾
Prepared food and drink	4.0%
Aviation fuel	\$0.04/gallon
Automobile rental for thirty (30) days or less	7.25%
Lodging for thirty (30) days or less	10.75%

(1) Includes 0.12% City sales tax dedicated to increasing access to and quality of preschool programs for City residents.

Sales and use taxes are accounted for on a combined basis. The following table sets forth the City's sales and use tax collections for the past ten years.

**CITY AND COUNTY OF DENVER
GENERAL FUND SALES AND USE TAX REVENUES
2000 – 2010
(\$ In Thousands)**

<u>Year</u>	<u>Revenues⁽¹⁾</u>	<u>Percent Change⁽¹⁾</u>
2000	\$393,550	13.15%
2001	388,171	(1.37)
2002	375,334	(3.31)
2003	366,627	(2.32)
2004	361,988	(1.27)
2005	389,731	7.66
2006	397,163	1.91
2007	418,177	5.29
2008	430,928	3.05
2009	387,838	(10.00)
2010	409,817	5.67

⁽¹⁾ The revenues and percent changes reflect increases including audit collections.

Source: Department of Finance.

Ad Valorem Property Taxes. Ad valorem property taxes represent the second largest source of revenue to the General Fund. Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of exempt property include property used for religious or charitable purposes and property owned by governmental entities.

The General Fund net property tax mill levy was as follows for the related tax collection years: 9.323 mills for 2007; 6.306 mills for 2008; 6.389 mills for 2009; 5.867 mills for 2010; and 6.174 mills for taxes being collected in 2011. In collection years 2008, 2009, 2010 and 2011, the City applied additional mills of 2.285, 2.350, 2.170 and 2.281, respectively, to the City’s Capital Improvement Project Fund (the “CIP Fund”) instead of its General Fund. The City has in turn redirected the occupational privilege tax (the “OPT”) previously credited to the CIP Fund to the General Fund. These actions were designed to create greater stability in General Fund Revenues due to the historically more predictable OPT revenues. Further, these actions take into account the temporary mill levy rate reductions as needed to comply with State Constitutional revenue and spending limitations. It is anticipated that the 2011 General Fund mill levy will be set at 9.867. This amount includes a 2.648 mill which will be applied to the Capital Improvement Fund instead of the General Fund. See “LEGAL MATTERS--Constitutional Revenue, Spending and Debt Limits.”

Assessment of Property. The City’s assessed valuation is established by the Assessor of the City, except for public utility property which is assessed by the Administrator of the State Division of Property Taxation (the “State Administrator”). Ad valorem property taxes are levied on the assessed value of taxable real and personal property, which is determined based on specified percentages of the statutory actual value, as determined by the Assessor or the State Administrator. The applicable percentages currently are 7.96% for residential property, 87.5% for producing oil and gas property and 29% for all other property. The statutory actual value is not intended to represent current market value but, with certain exceptions, is determined by utilizing values as determined from manuals published by the State Administrator and from data developed by the Manager of Finance, *Ex Officio* Assessor, based on evidence collected from the marketplace.

The following table sets forth the State property appraisal method for assessment years 2002 through 2011.

STATE PROPERTY APPRAISAL METHOD

<u>Collection Year</u>	<u>Assessment Year</u>	<u>Value Calculated as of</u>	<u>Based on the Market Period</u>
2002	2001	July 1, 2000	January 1, 1999 to June 30, 2000
2003	2002	July 1, 2000	January 1, 1999 to June 30, 2000
2004	2003	July 1, 2002	January 1, 2001 to June 30, 2002
2005	2004	July 1, 2002	January 1, 2001 to June 30, 2002
2006	2005	July 1, 2004	January 1, 2003 to June 30, 2004
2007	2006	July 1, 2004	January 1, 2003 to June 30, 2004
2008	2007	July 1, 2006	January 1, 2005 to June 30, 2006
2009	2008	July 1, 2006	January 1, 2005 to June 30, 2006
2010	2009	July 1, 2008	January 1, 2007 to June 30, 2008
2011	2010	July 1, 2008	January 1, 2007 to June 30, 2008

As of January 1, 1985, the State General Assembly was required to determine the percentage of the aggregate Statewide valuation for assessment that is attributable to residential real property. For each subsequent year, the General Assembly was and is required to redetermine the percentage of the aggregate Statewide valuation for assessment that is attributable to each class of taxable property, after adding any increased valuation for assessment attributable to new construction and increased oil and gas production. For each year in which there is a change in the level of value, the General Assembly is required to adjust the assessed valuation ratio for residential real property as necessary to maintain the previous year's percentage of aggregate Statewide valuation attributable to residential real property. The Colorado General Assembly set the residential real property assessed valuation ratio at 7.96% of its statutory actual value for assessment years 2003 through 2009. In December 2009, the Colorado Legislative Council (the research division of the Colorado General Assembly) projected that the residential assessment rate will remain at 7.96% through levy year 2012. This projection is only an estimate, however, and is subject to change. For assessment years 2001 and 2002, residential real property was valued for assessment at 9.15% of its statutory actual value. For assessment years 1997 through 2000, residential real property was valued for assessment at 9.74% of its statutory actual value. All other taxable property (with certain specified exceptions) has had an assessed valuation ratio throughout these tax years of 29% of statutory actual value.

Property Taxes. Property taxes are due January 1 of each year. They may be paid in full on or before April 30 or in two equal installments, the first due February 28 and the second due June 15. The first half becomes delinquent after the last day of February. The second half becomes delinquent after June 15. If the entire tax is paid at one time on or before April 30, no interest is charged.

Delinquent general property taxes draw interest where the following circumstances exist. If the first installment is not paid by the last day of February, penalty interest accrues at the rate of 1% per month from March 1 until June 16, or to the date of payment if such installment is paid prior to June 16. After June 15, the entire tax becomes delinquent and accrues interest at the rate of 1% per month until the date of payment, which penalty interest is in addition to any penalty interest which may have accrued on the same taxes prior to June 16. If the full amount of taxes is paid in a single payment after the last day of April, interest is added to the full amount of taxes due in the amount of 1% per month and accrues from the first day of May until the date of payment.

The Treasurer is empowered to sell at public auction property upon which levied taxes remain unpaid, after due process of law. Tax lien sales are held in November of the year in which the taxes become delinquent. All tax certificates not sold to buyers at the annual tax lien sale are bid on by the City. Property that thereby becomes the property of the City or another taxing entity is removed from the tax rolls. Three years after the date of sale, a tax deed may be issued by the Treasurer for unredeemed tax certificates.

The City Charter imposes a tax limit of 15 mills for all general municipal purposes. This limit does not apply to taxes levied for the payment of general obligation bonded indebtedness, to fund the City's Social Services Fund, to provide for fire and police pensions, to fund a City program for the developmentally disabled or taxes levied pursuant to a voter authorized 2.5 mill levy increase for deferred capital maintenance. State case law permits the City to impose an additional General Fund levy for functions ordinarily performed by counties in the State. Current State statutes limiting mill levies imposed by counties do not apply to the City.

The following table summarizes the statutory actual and assessed valuation of property in the City, taxes levied and collected by the City for general purposes and the amounts and percentages delinquent for the last five assessment years.

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**PROPERTY VALUATIONS, TAX LEVIES AND COLLECTIONS
LAST FIVE YEARS**

ACTUAL AND ASSESSED VALUATION:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
	(\$ in millions)				
Statutory Actual Valuation (est.) ⁽¹⁾	<u>\$66,999</u>	<u>\$ 74,348</u>	<u>\$ 78,564</u>	<u>\$ 82,844</u>	<u>\$ 83,151</u>
Assessed Valuation:					
Real Property – Land	\$ 2,348	\$ 3,145	\$ 3,042	\$ 3,434	3,546
Real Property – Improvements	5,221	5,952	6,191	6,944	6,839
Personal Property	715	780	792	813	739
Public Utilities	<u>751</u>	<u>784</u>	<u>838</u>	<u>822</u>	<u>836</u>
Total Assessed Valuations ⁽²⁾	<u>\$ 9,035</u>	<u>\$ 10,660</u>	<u>\$ 10,863</u>	<u>\$ 12,012</u>	<u>\$ 11,960</u>
Total Assessed Valuation					
Percentage Change ⁽³⁾	1.0%	17.9%	1.9%	10.58%	(0.44)%
LEVIES AND COLLECTIONS:⁽⁴⁾	(\$ in thousands)				
Taxes Levied:	<u>\$ 194,857</u>	<u>\$ 242,269</u>	<u>\$ 239,658</u>	<u>\$ 254,135</u>	<u>\$ 258,519</u>
Total Collections	\$ 192,164	\$ 238,425	\$ 233,164	\$ 249,884	N/A
Percent of Original Levy					
Total Collections to Date:	99.31%	99.10%	98.07%	98.33%	N/A

- (1) Colorado statutes establish property valuation methods with actual valuation representing estimated appraisal value before the respective assessment ratios are applied. In general, an income and expense value is used for commercial property, and market value is used for residential property.
- (2) This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to the Denver Urban Renewal Authority (“DURA”) and are not retained by the City.
- (3) Changes in assessed valuations for the years shown are due in part to changes in the years used to compute values which occur every two years and adjustments attributable to a legislative extension of time permitted for appeals of assessed valuations.
- (4) Column headings show the years for which property taxes have been assessed and levied. Taxes shown in a column are actually collected in the following year.

Sources: Department of Finance; Office of the County Assessor.

Occupational Privilege Tax. The OPT is levied on each employee earning \$500 or more per month who performs services within the City for an employer for any period of time and on each non-exempt employer operating within the City for any period of time. Proceeds are used to partially compensate for the City’s services as an employment center. Prior to 2008, 50% of the revenues from the OPT were credited to the General Fund and 50% of such revenues were credited to the CIP Fund. Effective Fiscal Year 2008, 100% of the revenues from the OPT are credited to the General Fund in exchange for a portion of property taxes that historically were deposited to the General Fund, being reallocated to the CIP Fund. OPT revenues accounted for approximately 2.7% of total General Fund revenues in 2007 and accounted for approximately 5.0% of total General Fund revenues in 2008, 2009 and 2010, due to this change.

Other Revenue Sources. Other amounts collected by the City and accounted for in the General Fund include the lodgers’ tax, the automobile ownership tax, franchise fees and the telecommunications business tax. The lodgers’ tax is levied on the purchase price of hotel, motel and similar temporary

accommodations in the City. The automobile ownership tax is levied on all motor vehicles registered with the City's Division of Motor Vehicles and is based on the age and value of the vehicle. Franchise fees include the utility franchise fee imposed upon Xcel Energy for its franchise to serve customers in the City and the franchise fee imposed on Comcast for operation of its cable television franchise within the City. The telecommunications business tax is imposed on providers of local exchange telecommunication service based upon the number of customer accounts.

Charges for services is another major revenue source for the City's General Fund. General Fund agencies bill individuals, businesses and other City funds for various services, supplies and materials. Charges vary depending upon cost and are assessed to the individual or entity benefiting from the provision of a specific service, supply or material.

Intergovernmental revenues received by the City include State grants and other revenues. Various highway taxes and fees collected by the State are shared with local governments including the City. The State-imposed cigarette tax is also shared with the City and included in intergovernmental revenues.

General Fund Reserve Policy. The City's overall objective is to achieve structural balance between operating revenues and expenditures. Due to the fluctuating nature of both revenues and service demands without advance notice, the City believes it is financially prudent to have reserve funds and maintains a policy for their use. The City has several reserves in the General Fund to address unforeseen revenue shortfalls or unanticipated expenditures. The specific reserves include: (a) an annual contingency reserve of 2% of total expected General Fund expenditures; (b) unrestricted fund balance targeted at 15% (but required to be at least 10%) of annual General Fund expenditures; and (c) the state TABOR emergency reserve, which is 3% of all covered funds. For more information regarding TABOR, see "LEGAL MATTERS--Constitutional Revenue, Spending and Debt Limitations."

Major Expenditure Categories. The General Fund accounts for all expenditures normally associated with basic municipal functions. Expenditures under the General Fund include general government, public safety, public works, health, parks and recreation, culture and entertainment and community development. The largest portion of the 2011 budget (49.5%) was allocated to public safety, which is primarily responsible for administering police, fire and sheriff's department services.

Historical General Fund Financial Information

The following tables set forth a five year comparative history of the General Fund.

**CITY AND COUNTY OF DENVER
GENERAL FUND BALANCE SHEET
For the years ending December 31, 2006–2010
(\$ in thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Cash and cash equivalents	\$ 91,178	\$ 94,691	\$ 94,089	\$ 28,021	\$72,894
Cash on hand	2	2	30	34	31
Receivables (net of allowances for uncollectibles):					
Taxes	128,385	113,616	117,668	116,253	123,142
Notes	--	25	25	23	70
Accounts	11,494	14,292	13,737	19,760	18,929
Accrued interest	1,537	1,111	781	542	515
Due from other funds	26,711	289	31,596	44,001	--
Interfund receivable	97	30,977	215	224	23,752
Prepaid items and other assets	1	--	861	--	453
Restricted assets:					
Cash and cash equivalents	<u>42,608</u>	<u>40,817</u>	<u>21,001</u>	<u>20,207</u>	<u>19,952</u>
TOTAL ASSETS	<u>\$301,512</u>	<u>\$295,820</u>	<u>\$280,003</u>	<u>\$229,065</u>	<u>\$259,738</u>
LIABILITIES					
Vouchers payable	\$ 13,135	\$ 13,576	\$ 10,672	\$10,639	\$12,284
Accrued liabilities	10,177	12,168	19,160	21,781	25,520
Due to other funds	3,413	2,776	3,450	3,873	31
Deferred revenue	89,131	71,706	75,252	79,552	82,757
Advance	--	3	--	--	151
TOTAL LIABILITIES	<u>\$115,856</u>	<u>\$100,229</u>	<u>\$108,554</u>	<u>\$115,845</u>	<u>\$123,677</u>
FUND BALANCE					
Reserved for emergency use	\$ 19,663	\$ 20,101	--	--	--
Reserved for encumbrances	14,635	--	--	--	--
Reserved for prepaid items and other assets	22,544	20,716	\$ 21,001	\$20,230	20,475
Unreserved:					
Undesignated	<u>128,814</u>	<u>154,774</u>	<u>150,448</u>	<u>92,990</u>	<u>115,586</u>
TOTAL FUND BALANCE	<u>\$185,656</u>	<u>\$195,591</u>	<u>\$171,449</u>	<u>\$113,220</u>	<u>\$136,061</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$301,512</u>	<u>\$295,820</u>	<u>\$280,003</u>	<u>\$229,065</u>	<u>\$259,738</u>

Source: City and County of Denver's Comprehensive Annual Financial Reports, 2006-2010.

CITY AND COUNTY OF DENVER GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2006-2010
(\$ in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Taxes:					
Property	\$ 75,158	\$ 79,232	\$ 62,703 ⁽¹⁾	\$ 64,396 ⁽¹⁾	80,913 ⁽¹⁾
Sales and Use	397,163	418,177	430,928	387,838	409,817
Other	51,760	73,531	80,284	72,123	74,757 ⁽¹⁾
Licenses and Permits	26,123	28,094	27,763	23,229	28,571
Intergovernmental Revenues	31,527	32,861	32,107	31,955	28,378
Charges for Services	120,694	107,519	137,160 ⁽¹⁾	138,563 ⁽¹⁾	145,667
Investment Income	11,571	18,717	11,692	4,512	6,476
Fines and Forfeitures	34,246	34,253	38,416	41,389	44,322
Other Revenues	<u>7,863</u>	<u>11,165</u>	<u>8,663</u>	<u>11,863</u>	<u>10,194</u>
TOTAL REVENUES	<u>\$756,105</u>	<u>\$803,549</u>	<u>\$829,716</u>	<u>\$775,868</u>	<u>\$829,095</u>
EXPENDITURES					
Current:					
General Government	\$165,154	\$156,040	\$175,817	\$165,897	\$165,018
Public Safety	374,829	400,469	423,136	429,718	431,060
Public Works	73,463	84,310	81,710	79,506	75,962
Health	41,745	41,783	42,438	43,750	42,924
Parks and Recreation	45,210	47,003	49,516	46,183	41,800
Culture and Entertainment	29,780	31,386	32,531	32,222	30,203
Community Development	--	17,499	17,209	16,343	14,918
Obligation Retirement	--	3,308	4,425	2,071	800
TOTAL EXPENDITURES	<u>\$730,181</u>	<u>\$781,798</u>	<u>\$826,782</u>	<u>\$815,690</u>	<u>\$802,685</u>
Excess of Revenues Over Expenditures	<u>\$ 25,924</u>	<u>\$ 21,751</u>	<u>\$ 2,934</u>	<u>(\$39,822)</u>	<u>\$ 26,410</u>
OTHER FINANCING SOURCES (USES)					
Other	106	14	9,784	1,594	2,590
Operating Transfers In	24,725	32,333	30,731	30,577	37,963
Operating Transfers Out	<u>(43,668)</u>	<u>(44,163)</u>	<u>(67,591)</u>	<u>(50,578)</u>	<u>(44,122)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$(18,838)</u>	<u>\$(11,816)</u>	<u>\$(27,076)</u>	<u>\$(18,407)</u>	<u>\$(3,569)</u>
Net Change in Fund Balances	7,086	9,935	(24,142)	(58,229)	(22,841)
Fund Balance – January 1	<u>178,570</u>	<u>185,656</u>	<u>195,591</u>	<u>171,449</u>	<u>113,220</u>
FUND BALANCE – December 31	<u>\$185,656</u>	<u>\$195,591</u>	<u>\$171,449</u>	<u>\$113,220</u>	<u>\$136,061</u>

¹ From 2008 through 2010, all of the occupational privilege tax collected was deposited into the General Fund in exchange for sending an equivalent amount of property taxes to the Capital Improvement Fund.

Source: City and County of Denver's Comprehensive Annual Financial Reports, 2006-2010.

Management Discussion of Recent Financial Results

Rather than relying on tax increases, the City maintains a policy of managing General Fund resources to the level of funds available by reallocating resources selectively to initiate new services, eliminating cash deficits in other funds and maintaining year-end unrestricted General Fund balances equal to at least 15% of estimated expenditures.

2007. The City's economy continued to grow, albeit at a slower pace than 2006, reflecting the national economical trends. Sales and use tax revenues were 5.29% higher in 2007 as compared with 2006. The City also saw higher than average growth in lodging tax, due in large part to construction of several new hotels in the downtown area. Operating expenditures were under budget due to efforts by departments to save money to ease pressures on the 2008 budget. The General Fund balance remained at a level equal to at least 15% of 2007 expenditures.

2008. In the first half of 2008, the economies in Denver and Colorado showed signs of slowing but continued to do better than the economy nationwide, outperforming national unemployment, inflation and home price estimates. The City's overall General Fund revenues grew 3.26% between 2007 and 2008. Sales and use tax revenues were 3.05% higher in 2008 as compared to 2007.

2009. Total General Fund revenues in 2009 were 0.9% below the revised projections and declined 6.4% from 2008 levels. Actual 2009 sales and use tax collections were 10% lower than 2008. The City implemented a series of cost saving strategies to reduce its 2009 General Fund expenditures. These strategies included identifying additional operational savings, personnel review sessions prior to filling vacant positions, four employee furlough days, concessions from uniformed employees' bargaining agreements, and the partial use of fund balance reserves, consistent with the City's financial policies. The budget plan was designed to minimize layoffs whenever possible and maintain core services.

2010. Sales and use tax collections for 2010 were 5.7% higher than 2009. Additionally, the City contributed a one-time use of excess fire pension mill levy funds in an amount of \$18 million to the General Fund. The fire pension mill levy funds are typically used to pay for the City's contribution towards the Old and New Hire Fire Pension Plans and the unfunded liability that exists for the Old Hire Pension Plan. There was no required contribution towards the unfunded liability on the Old Hire Fire Pension Plan in 2010, allowing these funds to be spent on General Fund fire operating costs. See "RETIREMENT PLANS." With this contribution, total General Fund revenues increased by 6.9% over 2009. With respect to expenditures, City departments saved over \$30 million from the original 2010 budget. This was done through both permanent savings such as reducing positions and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, decreased 2.3% from 2009.

Budget Policy

The City Charter establishes a fiscal year for the City that begins on January 1 and ends on December 31 (the "Fiscal Year"). Before the third Monday in October of each Fiscal Year, the Mayor submits an operating and capital budget for the ensuing Fiscal Year to the City Council for its approval. The City Council may accept the budget with a majority vote or may vote to override all or any part of the Mayor's budget with a two-thirds majority vote. After the budget is approved (no later than the second Monday in November), the Mayor is empowered to administer the operating and capital budget for the next Fiscal Year. If the City Council fails to adopt a budget by the required date, the proposed budget, together with any amendments approved by the City Council, becomes the official budget.

The budget proposed by the Mayor may not include expenditures in excess of estimated opening balances and anticipated revenues. In addition, the General Fund budget is required by the City Charter to include a year-end closing balance, which may only be expended upon a two-thirds majority vote of the City Council during that Fiscal Year but may be considered income for the ensuing Fiscal Year. A contingency reserve of no less than 2% of total estimated General Fund expenditures is also required to be included in the budget. In addition, a constitutionally mandated emergency reserve equal to 3% of fiscal year spending excluding debt service is also required to be included in the budget. Revenues in excess of those projected, or an opening balance larger than projected, is added to the contingency reserve.

Budget Summary and Comparison

The following tables set forth a summary and comparison, expressed in dollars and in percentages, of the City's General Fund actual results for Fiscal Year 2010, revised Budget for Fiscal Year 2011, and adopted budget for Fiscal Year 2012. See also "APPENDIX D – BASIC FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010."

GENERAL FUND BUDGET SUMMARY
Prepared in Budgetary Format
(\$ in thousands)

	2010 Actual Results	2011 Revised Budget	2012 Adopted Budget
REVENUES			
Taxes	\$565,424	\$576,992	\$628,919
Licenses and Permits	28,574	29,461	28,219
Intergovernmental revenues	28,442	26,438	27,274
Charges for Services	148,789	158,645	154,078
Investment Income	5,041	3,714	4,174
Fines and Forfeitures	48,186	56,206	59,590
Other Revenue	<u>46,304</u>	<u>38,230</u>	<u>6,085</u>
TOTAL FINANCIAL SOURCES	\$870,761	\$889,686	\$908,339
EXPENDITURES			
General Government	\$200,713	\$217,856	\$217,035
Public Safety	428,257	443,314	460,591
Public Works	75,648	82,162	85,291
Health	43,124	43,726	43,827
Parks and Recreation	41,871	46,507	46,840
Cultural Activities	29,056	30,959	32,105
Transfers to other City Funds	29,250	32,619	40,727
Reserve for Merit	-	-	4,700
Estimated Unspent Appropriations	-	(18,900)	(17,500)
Additional Cuts in Operating Expenditures	-	(14,662)	14,662
General Fund Contingency	<u>-</u>	<u>17,794</u>	<u>18,622</u>
TOTAL EXPENDITURES BUDGET	\$847,920	\$881,376	\$932,237
TOTAL EXPENDITURES/USE OF RESOURCES			
Excess (Deficit) Financial Resources	22,841	8,310	(23,898) ¹
Adjustment in Undesignated Reserves	(245)	-	-
Undesignated Fund Balance - January 1	92,990	115,586	123,895
Undesignated Fund Balance - December 31	\$115,586	\$123,895	\$ 99,996

¹ Represents amount realized from 2011 expenditure saving and one time revenue subsequently utilized in 2012 budget. The original 2011 budget projected a December 31 Undesignated Fund Balance of \$94.117 million, which is 10.5% of expenditures. The 2012 budget projects a December 31 Undesignated Fund Balance of \$99.996 million, which is 10.7% of expenditures.

Source: City Finance Department and the 2012 Mayor's Budget dated October 2011, as adopted by City Council on November 14, 2011.

GENERAL FUND BUDGET SUMMARY
2010 ACTUAL RESULTS, 2011 REVISED BUDGET AND 2012 BUDGET
 (by percentage)

	<u>2010 Actual</u> <u>Results</u>	<u>2011 Revised</u> <u>Budget</u>	<u>2012 Adopted</u> <u>Budget</u>
Revenues			
Taxes	64.9%	64.9%	69.2%
Licenses and Permits	3.3	3.3	3.1
Intergovernmental revenues	3.3	3.0	3.0
Charges for Services	17.1	17.8	17.0
Investment Income	0.6	0.4	0.5
Fines and Forfeitures	5.5	6.3	6.6
Other Revenue	<u>5.3</u>	<u>4.3</u>	<u>.7</u>
TOTAL FINANCIAL SOURCES	100.0%	100.0%	100.0%
EXPENDITURES			
General Government	23.7%	24.7%	23.3%
Public Safety	50.5	50.3	49.4
Public Works	8.9	9.3	9.1
Health	5.1	5.0	4.7
Parks and Recreation	4.9	5.3	5.0
Cultural Activities	3.4	3.5	3.4
Transfers to other City Funds	3.4	3.7	4.4
Reserve for Merit	-	-	0.5
Estimated Unspent Appropriations	-	-2.1	-1.9
Additional Cuts in Operating Expenditures	-	-1.7	-
General Fund Contingency	<u>-</u>	<u>2.0</u>	<u>2.0</u>
TOTAL EXPENDITURES BUDGET	100.0%	100.0%	100.0%

Source: City Finance Department and the 2012 Mayor's Draft Budget dated September 15, 2011, adopted by City Council on November 14, 2011.

Management Discussions of Original 2011 Budget, Revised 2011 Budget and 2012 Adopted Budget

Original 2011 Budget. The 2011 Budget, adopted in November 2010, assumed gradual improvement in the economy for 2011, enabling modest growth of the many revenue streams negatively impacted by the economy in 2008 and 2009. Compared to the 2010 Revised Budget, total 2011 General Fund revenues were projected to increase 0.7% while sales tax revenues, which represent approximately 50% of the total General Fund revenues, were estimated to grow by approximately 2.9%. Total General Fund expenditures for 2011 were projected to be \$896.2 million, an increase of 5.7% from the 2010 actual expenses and an increase of 3.16% from 2009 actual expenses.

Revised 2011 Budget. Based on actual revenue tracking through June 2011, a Revised 2011 Budget draft (the "Revised 2011 Budget") has been prepared for consideration by the City Council contemporaneously with their review of the draft 2012 Budget. In the Revised 2011 Budget, the total General Fund revenues projection has been revised upward by \$18.2 million, a 2.09% increase over 2010 actual General Fund revenues. Additionally, the City is expected to contribute to the General Fund a one-time use of excess fire pension mill levy funds in an amount of \$10 million. The fire pension mill levy funds are used to pay for the City's contribution towards the Old and New Hire Fire Pension Plans and the unfunded liability that exists for the Old Hire Fire Pension Plan. There was a lower contribution required

towards the unfunded liability on the Old Hire Fire Pension Plan in 2011, allowing these funds to be spent on General Fund fire operating costs. Core sales and use tax revenues (excluding sales tax adjustments, audits and certain other one-time modifications) are projected to grow 4.0% compared to actual 2010 sales and use tax collections.

The Revised 2011 Budget also decreased total General Fund expenditures by approximately \$14.8 million from the original 2011 Budget. During the period from 2009-2011, the City closed a budget deficit of \$346 million, equal to approximately 13% of each year's operating budget. This was done through a combination of methods including: revenue enhancements, operational savings (staff reductions and supply/service reductions), compensation savings (wage freezes and furloughs), and use of reserves. An additional \$100 million deficit is now being closed through the end of 2012.

2012 Adopted Budget. Total General Fund revenues in 2012 are projected to grow 2.1% over the revised 2011 projections. However, the projected increase in General Fund revenues would have been 3.25% without the one-time use of excess fire pension mill levy funds as discussed above in 2011. Sales and use tax is projected to grow 3.5% in 2012. Total General Fund expenditures in 2012 are projected to grow 5.76% over the 2011 revised projections. This growth is primarily attributed to utility and maintenance cost increases for city facilities, fleet replacement and personnel cost increases. The proposed 2012 budget includes raises outlined in current collective bargaining agreements as well as merit increases for Career Service employees. The merit increases for Career Service employees have been placed in a reserve and a decision to provide the merit increase will be made in 2012. If merit increases are provided, the cost of the increase is off-set by five proposed furlough days in 2012. General Fund expenditures will also be reduced as a result of the reduction of 90 budgeted positions in 2012, a 1.3% Full Time Employee decrease.

General Fund reserves in 2012 are projected to finish the year at 10.7% of expenditures or \$99 million up from 10.5% in 2011. This is the first year in three years the city plans on adding to fund balance since the economic downturn in 2009.

Investment Policy

The City Charter regulates the investment of City funds. In accordance with the City Charter, the Manager of Finance, acting as Chief Financial Officer, is responsible for the management of the investment of City funds. The Manager of Finance is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

See also Note III(A) to the City's 2010 financial statements in Appendix D to this Official Statement.

Insurance

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except workers' compensation, in the General Fund.

Retirement Plans

Substantially all of the general employees of the City are covered under the Denver Employees Retirement Plan ("DERP"); however, employees of the police department, fire department, and the Denver Water Board are covered by separate retirement systems. The information included in this section relating to DERP and other retirement plans covering City employees relies on information produced by such plans and their independent accountants and actuaries. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the retirement plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future. See "FORWARD LOOKING STATEMENTS" and "Notes H and I to the City's Basic Financial Statements of the City, for the Fiscal Year Ended December 31, 2010 attached hereto as APPENDIX A.

City Employees. DERP is a defined benefit plan. Its purpose is to provide retirement benefits to qualified members of the City and County of Denver and Denver Health and Hospital Authority. DERP has separate legal standing and has no financial responsibility to the City. The assets of DERP are funds held in trust by DERP for the exclusive purpose of paying pension and post-retirement health benefits to eligible members.

The Denver Health and Hospital Authority ("DHHA") was established in 1996, and effective January 1, 1997, DHHA made contributions to DERP on behalf of its employees who were members of DERP.

DERP membership consisted of the following as of December 31, 2009 and 2010:

Denver Employees Retirement Plan Membership

	2009	2010
Retirees and beneficiaries currently receiving benefits	7,416	7,606
Terminated employees entitled to benefits but not yet receiving such benefits	3,326	3,343
Current employees:		
Vested	5,864	5,912
Non-vested	<u>2,750</u>	<u>2,491</u>
TOTAL	<u>19,356</u>	<u>19,352</u>

DERP provides retirement benefits plus death and disability benefits. Employees who retire at or after age 65 (or age 55 if the sum of age plus credited service is 75 or more for employees hired prior to July 1, 2011) (or age 60 if the sum of age plus credited service is 85 or more from employees hired after July 1, 2011) entitled to a retirement benefit in an amount equal to from 1.5% to 2.0% of their average monthly salary, for each year of credited service, payable monthly for life. The average salary is based on the employee's highest salary in a 36-consecutive-month period of credited service. Employees with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit. Benefit and contribution provisions are established by the City Council which acts upon the recommendation of DERP's governing board as accompanied by an independent actuarial analysis.

DERP's funding policy provides for annual employer contributions at rates determined by an independent actuary, which, when expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Beginning January 1, 2005, the City employees' contribution was changed from 2.0% to 2.5% and the City's contribution was changed from 8.0% to 8.5% of the salary of covered employees. As of January 1, 2011, the combined total contribution rate increased to 15.0% of salary. The City's contribution increased to 9.5% and the City employees' contribution increased to 5.5%. As of December 31, 2010, the total net plan assets were 1,802,143,029.¹ Per DERP's independently audited 2010 Comprehensive Annual Financial Report, as of January 1, 2010, the most recent valuation, 88.4% of the plan's accrued liabilities were covered by valuation assets.

Other Post Employment Benefits. In addition to the retirement benefits cited above, the City provides health insurance to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit benefit for the retirees. The City's contribution toward the implicit rate subsidy is based on pay-as-you-go financing for the retirees.

DERP retirees are responsible for 100% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension provides monthly health insurance premium reduction of \$12.50 per year of service for retired participants under the age of 65 and \$6.25 per year of service for retirees 65 and older. Per DERP's independently audited 2010 Comprehensive Annual Financial Report, as of January 1, 2010, the most recent valuation, 63.8% of the plan's accrued liabilities were covered by valuation assets.

(1) Source: Denver Employees Retirement Plan (unaudited).

Fire and Police Pension Plans. All full-time fire fighters and police officers in the classified service of the City hired on or after April 8, 1978 (“New Hires”) participate in the Statewide Defined Benefit Plan (“New Hire Plan”), a cost-sharing multiple-employer public employee retirement system. The New Hire Plan is administered by the Fire and Police Pension Association (“FPPA”). Full-time City firefighters and police officers in the classified service hired prior to April 8, 1978 (“Old Hires”) participate in the City’s Old Hire Pension Plans, unless the Old Hires elected to become covered by the New Hire Plan before March 1, 1981. Both the Old Hire Police Pension Plan (the “Old Hire Police Plan”) and the Old Hire Firefighters Pension Plan (the “Old Hire Fire Plan” and collectively with the Old Hire Police Plan, the “Old Hire Plans”) are affiliated with FPPA, and the FPPA manages investments, and administers the contributions to, and distributions from, these Old Hire Plans. Denver’s Police Pension and Relief Board and the Trustees of the Firefighters Pension Fund administer various other matters relating to the Old Hire Plans.

New Hire City police officers and firefighters in the classified service contribute to the plans at a rate of 8% of base salary, and the City contributes a matching 8% of salary to the New Hire Police and Firefighters Pension Plan. For the years ending December 31, 2010, 2009, and 2008 the City contributed a combined amount of \$13,367,000, \$13,387,000 and \$12,443,683 respectively, in connection with the New Hire Plan. As of the January 1, 2010 actuarial report, under current law benefits and assuming no cost of living adjustments, the New Hire Plan is funded at 100%.

The City is required to pay a minimum of \$27,894,000 to the Old Hire Plans each year until there is no longer any actuarial liability. The City’s contributions to the Old Hire Plans for the years ended December 31, 2010, 2009 and 2008 were \$22,384,000, \$16,417,000 and \$30,135,266, respectively. Contributions in 2009 and 2010 were under the required amount because the funding level for the Old Hire Fire Plan had been met. Because of impacted asset values due to the economic slowdown, contributions to the Old Hire Fire Plan will again be required in 2011. As of January 1, 2010, the Old Hire Police Plan and Old Hire Fire Plan were funded at 85% and 76%, respectively.

The Water Board Retirement Plan. The Water Board Retirement Plan (the “Water Board Plan”) is a defined benefit, single-employer, and non-contributory plan covering substantially all permanent full-time employees of the Water Board. The Water Board Plan benefits are integrated with Social Security benefits.

DEBT STRUCTURE OF THE CITY

General

The City Charter provides that bonds, other securities and other similar obligations may be made by ordinance.

As discussed below in “LEGAL MATTERS – State Constitutional Revenue, Spending and Debt Limitations,” prior voter approval is required for the creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the City (excluding enterprises within the meaning of TABOR) without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years, except for refinancing at a lower interest rate or adding new employees to existing pension plans. In addition, the City Charter provides that no general obligation bonds (being bonds backed by the full faith and credit of the City and payable from ad valorem property taxes and other general revenues) may be issued until the question of issuing the bonds has been submitted to a vote of the qualified electors of the City and a majority of those voting upon the question by ballot vote in favor thereof.

General Obligation Bonds

General. General obligation bonds are backed by the full faith and credit of the City and are payable from ad valorem property taxes and other general revenues. Except for refunding bonds issued to achieve savings, Denver voters must approve general obligation debt prior to issuance. As of December 31, 2011, the City will have outstanding general obligation bonds in the aggregate principal amount of \$941,484,000, which does not include accrued interest of \$4,734,478 on compound interest bonds. In addition, there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of \$23,825,000. The Water Board bonds are paid solely from the revenues of the utility and do not apply to the City's general obligation bonded debt limit.

At the Better Denver Election, the City's voters approved a 2.5 mill levy increase for capital maintenance and the eight general obligation Better Denver Ballot Questions authorizing debt in the aggregate amount of \$549,730,000. The City has issued debt in the aggregate principal amount of \$492,606,795 pursuant to the Better Denver Election authorization, and there remains an additional \$60,660,000 of authorized but unissued Better Denver Election debt. The City anticipates issuing additional bonds over the next few years in order to fund the projects authorized at the Better Denver Election.

Under the City Charter general obligation bonded debt, excluding bonds issued by the Denver Water Board, is subject to a limitation of 3% of the actual value of taxable property within the City.

At a special municipal election held in the City on November 5, 2002, a majority of the registered electors of the City approved an amendment to the City Charter that would remove the authority of the Denver Water Board to issue general obligation bonds secured by property taxes within the City. Under the amendment to the City Charter, the Denver Water Board may issue revenue bonds that are payable solely from the net revenues of the Denver Water Board. The Charter amendment allows for Denver Water Board revenue bonds to be used to refund outstanding general obligation bonds issued for the benefit of the Denver Water Board, but does not require them to be used for such purpose.

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Outstanding Bonds. The following table lists the City's outstanding general obligation bonded debt anticipated as of December 31, 2011.

OUTSTANDING GENERAL OBLIGATION DEBT
(\$ in thousands)

<u>Issue</u>	<u>Amount Outstanding 12/31/11</u>
General Obligation Various Purpose Bonds (Denver Mini-Bond Program), Series 1999A ⁽¹⁾	\$ 3,134
General Obligation Denver Art Museum Bonds, Series 2002	25,220
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	5,340
General Obligation Medical Facilities Bonds, Series 2003B	78,260
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	57,675
General Obligation Justice System Facilities Bonds, Series 2006	109,565
General Obligation Justice System Facilities Bonds (Denver Mini- Bond Program), Series 2007 ⁽²⁾	8,861
General Obligation Justice System Facilities Bonds, Series 2008	151,305
General Obligations Better Denver and Zoo Bonds, Series 2009A	85,900
General Obligation Various Purpose Bonds, Series 2009B	9,900
General Obligation Better Denver Bonds, Series 2010A	35,840
General Obligation Better Denver Build America Bonds, Series 2010B	312,055
General Obligation Better Denver Bonds, Series 2010D	41,975
General Obligation Better Denver Bonds, Series 2011A	<u>16,455</u>
Subtotal	<u>941,484</u>
General Obligation Water Bonds ⁽³⁾	<u>23,825</u>
 TOTAL:	 <u>\$965,309</u>

(1) Amount excludes \$2,552,429 of compound interest on the Series 1999A bonds.

(2) Amount excludes \$2,182,048 of compound interest on the Series 2007 bonds.

(3) The Denver Water Board has irrevocably committed to pay the principal of and interest on all water bonds from revenues derived from the City's Water System.

Source: City Department of Finance.

Debt Margin. The following table sets forth the computation of the anticipated general obligation debt margin of the City (other than bonds issued by the Denver Water Board) as of December 31, 2011.

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN

(\$ in Thousands)

TOTAL ESTIMATED ACTUAL VALUATION – December 31, 2011	<u>\$74,784,651</u>
Maximum general obligation debt, limited to 3% of total valuation	2,243,540
Less outstanding bonds chargeable to limit	<u>941,484</u>
LEGAL DEBT MARGIN – December 31, 2011	<u>\$1,302,056</u>

Selected Debt Ratios. The following table sets forth certain debt ratios based on the City's anticipated actual and assessed valuations and general obligation bonded debt as of December 31, 2011.

**SUMMARY OF
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
(\$ in thousands)**

Total Direct General Obligation Bonded Debt	\$965,309
Less General Obligation Water Bonds	<u>23,825</u>
Net Direct General Obligation Bonded Debt	941,484
 Overlapping General Obligation Bonded Debt ⁽¹⁾	 <u>1,012,160</u>
 Net Direct and Overlapping General Obligation Bonded Debt	 1,953,644
 Actual Valuation	 \$74,784,651
Assessed Valuation ⁽²⁾	\$10,180,355

DEBT RATIOS

	<u>Actual Valuation</u>	<u>Assessed Valuation</u>	<u>Per Capita⁽³⁾</u>
Total Direct G.O. Bonded Debt	1.29%	9.48%	\$1,608
Net Direct G.O. Bonded Debt	1.26	9.25	1,569
Net Direct and Overlapping G.O. Bonded Debt ⁽¹⁾	2.61	19.19	3,255

- (1) The overlapping general obligation debt represents the outstanding general obligation debt of School District No. 1.
- (2) This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City.
- (3) Based upon a 2010 population estimate of 600,158.

Sources: Department of Finance; Office of the County Assessor; Denver Regional Council of Governments.

Certificated Lease Purchase Agreements

The City has utilized lease purchase transactions whereby an independent lessor sells Certificates of Participation ("COPs") which represent proportionate interests in the lessor's right to receive rentals and revenues paid by the City pursuant to lease purchase agreements executed to facilitate the financing of certain public capital projects. Neither the lease purchase agreements nor the COPs constitute general obligations or other indebtedness of the City within the meaning of any constitutional, statutory, or Charter debt limitations. Under its various lease purchase agreements, the City has the right to appropriate or not appropriate the rental payments due for the then current fiscal year. In the event of nonappropriation, the respective lease purchase agreement terminates and the related COPs are then payable solely from the proceeds received by the trustee for the benefit of the owners of the COPs from specified remedies. If appropriated for the applicable fiscal year, the City has the obligation to pay the related lease agreement rentals for that fiscal year.

COPs have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Anticipated Principal outstanding on these transactions as of December 31, 2011 is summarized in the following table.

**SCHEDULE OF CERTIFICATED LEASE PURCHASE TRANSACTIONS
AND RELEASE DATES**

Series	Outstanding Principal Amount (as of December 31, 2011)	Leased Property	Date Lease Property Scheduled to be Acquired
1995A	\$ 160,000	City Office Building for Information and other City Departments	January 1, 2014
2002A-B	10,575,000	Denver Cultural Center Parking Garage	December 1, 2021 ⁽¹⁾
2003A	2,570,000	Cherry Creek North Parking Garage	December 1, 2017 ⁽¹⁾
2003B	42,925,000	Buell Theatre, Jail Dorm Building	December 1, 2023
2005A	32,240,000	Human Services Campus	May 1, 2020
2008A1-A3	254,145,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,510,000	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	21,855,000	Central Platte Campus	December 1, 2030
2010B	<u>31,530,000</u>	Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2021
TOTAL	\$413,510,000		

¹ Leased property other than the Public Parking Unit will be acquired by the City upon refunding and defeasance of the Refunded Certificates. See "PLAN OF FINANCE" and "USE OF PROCEEDS."

Source: Department of Finance.

Non-Certificated Lease Purchase Agreements. As of December 31, 2011 the City anticipates it will be the lessee under various other capitalized lease obligations for the lease purchase of real property and equipment outstanding in the principal amount of \$15,911,900¹. At the end of the final term of such leases, the City expects to own the real property and equipment that is the subject of such leases.

Local Public Improvement Bonds

Certain alley paving, street paving, sidewalk paving, sanitary sewer, and storm sewer improvements in various areas of the City are financed through the issuance of local public improvement bonds. Local public improvement districts are created by ordinance, and on completion all or a portion of the cost of the public improvements is assessed proportionately against all property benefited.

The City Charter provides that any money remaining to the credit of a local improvement district after payment of all outstanding bonds shall be transferred to a special surplus and deficiency fund, and whenever there is a deficiency in any local improvement district to meet payment of outstanding bonds, it is to be paid out of said fund. The City has also contributed to the surplus and deficiency fund from time to time. As of December 31, 2011, there were no local public improvement bonds outstanding, and the balance in the Surplus and Deficiency Fund was \$431,362[confirm].

Revenue Bonds

The City has outstanding certain enterprise and excise tax revenue bonds payable from specifically pledged revenues, excluding ad valorem taxes. As of December 31, 2011, the City's Airport Enterprise (the "Airport Enterprise") anticipates it will have \$3,778,695,000 of airport system revenue bonds outstanding, including capital appreciation bonds. Of this total, there are fixed-payment swaps hedging variable rate mode debt totaling \$1,516,670,000.

In April 2002, the City, on behalf of the Wastewater Management Division of its Department of Public Works (the "Wastewater Enterprise"), issued enterprise revenue bonds in the aggregate principal amount of \$30,700,000. As of December 31, 2011, it is anticipated that \$20,350,000 will remain outstanding. Wastewater Enterprise intends to refund these bonds in early 2012 and issue additional bonds to fund improvements for its Stormwater Division.

As of December 31, 2011, the City will have outstanding excise tax revenue and excise tax refunding bonds in the amount of \$249,140,000, the majority of which proceeds were used for the 2004 expansion of the Colorado Convention Center. All excise tax revenue bonds, except for refunding bonds at a lower interest rate, require prior elector approval under the State Constitution.

In March 2006, the City created a Golf Enterprise as a Division of its Department of Parks and Recreation (the "Golf Enterprise"), and issued on behalf of the Enterprise revenue bonds in the aggregate principal amount of \$7,365,000. As of December 31, 2011, \$4,900,000 of such bonds are anticipated to remain outstanding. The proceeds of the issue were used to acquire, improve and equip certain of the City's public golf facilities.

Denver Urban Renewal Authority Contingent and Discretionary Payments

The Denver Urban Renewal Authority ("DURA") has issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1 (the "Series 2010B-1 DURA Bonds") in the aggregate

¹ Source: Department of Finance.

principal amount of \$100,740,000. The Series 2010B-1 DURA Bonds are secured by certain tax increment revenues (the "DURA Pledged Revenues") and a debt service reserve fund (the "DURA Series 2010B-1 Reserve Fund") in the initial amount of \$6 million. The Series 2010B-1 DURA Bonds are scheduled to be outstanding until December 1, 2025.

In order to support the redevelopment activities funded by the Series 2010B-1 DURA Bonds, the City has entered into a Services Agreement, dated April 1, 2010 (the "2010 Services Agreement") with DURA in which the City's Manager of Finance has agreed to request that the City Council consider appropriating funds to replenish the DURA Series 2010B-1 Reserve Fund to the extent that DURA Pledged Revenues are not sufficient to pay the principal and interest on the Series 2010B-1 DURA Bonds in any year and amounts are withdrawn from the DURA Series 2010B-1 Reserve Fund. In any year, the City's Manager of Finance is not obligated to seek an appropriation which would exceed the maximum annual debt service payments due on the Series 2010B-1 DURA Bonds and will not exceed \$12 million annually. The City Council's decision to appropriate such funds is to be by ordinance without compulsion and solely in the City Council's discretion. No principal or interest payments have yet become due under the Series 2010B-1 DURA Bonds. Accordingly, the City Council has never been requested to appropriate funds under the 2010 Services Agreement. DURA has agreed to repay amounts appropriated by the City with interest, subject to senior DURA financial commitments.

Denver Union Station Project Authority Contingent and Discretionary Payments

The City is cooperating with the Regional Transportation District ("RTD"), the Colorado Department of Transportation ("CDOT") and the Denver Regional Council of Governments ("DRCOG") to finance and construct a multi-modal hub for the region's transit system at the Denver Union Station site (the "DUS Project"). The City created the Denver Union Station Project Authority ("DUSPA"), a Colorado nonprofit corporation and instrumentality of the City, for the purpose of financing, owning, constructing, operating and maintaining the DUS Project. In order to finance the transportation elements of the DUS Project, DUSPA negotiated loans (collectively, the "DOT Loans") with the U.S. Department of Transportation to fund the DUS Project. The DOT Loans are secured by an indenture (the "DOT Indenture") which provides for debt service reserve funds (the "DOT Reserve Funds") to be drawn upon in the event that DUSPA does not make required payments when due under the DOT Loans. In consideration of the benefits to be derived by the City as a result of the completion of the DUS Project, the City has entered into a Contingent Commitment and Services Agreement, dated February 9, 2010 (the "Contingent Commitment Agreement"), with DUSPA and the trustee under the DOT Indenture pursuant to which the City has agreed, subject to annual appropriation, to replenish one of the DOT Reserve Funds up to an amount agreed upon within the DOT Indenture (but in no event greater than \$7.15 million) in the event of a draw on such fund. The City Council's decision to appropriate such funds is by ordinance without compulsion and solely in the City Council's discretion. DUSPA is required under the terms of the Contingent Commitment Agreement to reimburse the City for the amount of its payments thereunder with interest, subject to prior DUSPA financial commitments.

LEGAL MATTERS

Constitutional Revenue, Spending and Debt Limitations

In 1992, the voters of the State approved an amendment to the State Constitution known as the "Taxpayer's Bill of Rights" ("TABOR"), which limits the powers of public entities to borrow, tax and spend.

TABOR requires voter approval prior to the creation by the City of any multiple-fiscal year debt or other financial obligation, subject to certain exceptions including refinancing at a lower interest rate.

TABOR limits the total amount of property taxes that may be levied, collected and retained by the City for all purposes to the total amount of such property taxes collected in the preceding year, adjusted for inflation and local growth, unless a “revenue change” is approved by the voters. TABOR also requires voter approval in advance of any property tax mill levy above that for the prior year. The voter approval also permits the City to increase its property tax revenue up to the amount of any debt service funded by such revenue. Revenues other than property tax revenues are limited only as a function of the spending limitation described below.

The voter approval received by the City at the Better Denver Election permits the City to increase its property tax revenue up to the amount of any debt service funded by such revenue. Revenues other than property tax revenues are limited only as a function of the spending limitation described below.

TABOR also limits the total amount of expenditures and reserve increases (excluding changes in debt service payments) that may be made by the City for all purposes to the total amount thereof made in the preceding year, adjusted for inflation and local growth, unless the voters approve a “revenue change.” Under TABOR, the creation of bonded debt increases and retiring or refinancing bonded debt lowers, fiscal year spending. If revenues collected by the City in excess of the spending limit are required to be refunded, they must be refunded during the next calendar year. TABOR contains the provision that voters may approve an entity to retain excess revenues.

TABOR contains the provision that voters may authorize a public entity to retain excess revenues that would otherwise need to be repaid to the taxpayers. In November 2000, Denver voters authorized an exemption from the TABOR revenue limits for all non-tax revenues received by the City in fiscal year 1999 and thereafter. Denver voters approved an additional TABOR waiver in November 2005, which authorizes the City to retain and spend non-property tax revenues in excess of the TABOR “excess revenues cap” for ten fiscal years beginning in 2005 and ending in 2015. The “excess revenue cap” is determined by the highest excess revenue for any given year during the preceding ten fiscal year period for years 2005 through 2015. In November 2007, Denver voters also authorized an exemption from the TABOR revenue limits for the revenues collected from a 2.5 mill levy increase approved for capital maintenance expenditures.

Ballot questions seeking voter approval for such TABOR matters may be submitted only at State general elections, biennial local district elections or on the first Tuesday in November of odd-numbered years.

Litigation

The City is party to numerous pending lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. Generally, the City is self-insured, except for the City’s Airport System and the City’s theaters and arena facilities. For Fiscal Year 2011, the City Attorney’s office has received an appropriation of approximately \$5.56 million, for payment of claims and judgments for items not covered by existing insurance. The City considers these amounts sufficient to provide for the disposition of matters which are anticipated to be finalized in 2011.

A lawsuit has also been filed against the City in the United States District Court for the District of Colorado on behalf of 850 Denver police officers. The suit alleges damages in excess of \$200 million and includes (1) claims of unpaid overtime compensation for activities performed outside scheduled work

hours such as donning and doffing police uniforms and equipment, (2) late payment of overtime, (3) improper calculation of overtime rates and (4) denial of compensatory time usage. The trial which began in November 2010 is to be conducted in phases, with the liability portion of the case anticipated to be completed some time in 2012. The City is vigorously defending against all claims. However, as with any litigation, the outcome of this complex case is impossible to predict with any accuracy.

Pursuant to State law and subject to constitutional limitations, if a monetary judgment is rendered against the City, and the City fails to provide for the payment of such judgment, the City Council must levy a tax (not to exceed 10 mills per annum) upon all of the taxable property within the City for the purpose of making provision for the payment of the judgment. The City is required to continue to levy such tax until the judgment is discharged. Such mill levy is in addition to all other mill levies for other purposes.

Governmental Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the City, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$150,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$600,000; except in such instance, no person may recover in excess of \$150,000. The City may increase any maximum amount that may be recovered from the City for certain types of injuries. However, the City may not be held liable either directly or by indemnification for punitive or exemplary damages unless the City voluntarily pays such damages in accordance with State law. The City has not acted to increase the damage limitations in the Immunity Act.

The City may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

The following is an economic and demographic overview of the Denver Metropolitan Area prepared for the City as of June 2011 by Development Research Partners.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

INTRODUCTION

The nation's economy continues to recover from the longest and deepest recession since the Great Depression. The recession that officially started in December 2007 – termed the “Great Recession” – quickly spread from primarily housing-related sectors to all areas of the economy by late 2008. The financial market turmoil jolted the already weak economy in the fall of 2008, with monthly job losses spiking to the highest level on record. Reflected in the key gauge of the nation's economic health, U.S. GDP declined four consecutive quarters beginning in late 2008 through the end of the recession in June 2009. Economic conditions generally improved by the end of 2010, led by expanded economic output and improved consumer confidence. However, the nation's rising debt levels, uncertain tax environment, and tight credit market has left consumers and businesses challenged. This continued uncertainty could keep growth at a slower pace than pre-recession levels as the nation's overall economic outlook improves.

While growth slowed in Colorado coincidentally with the nation, the state's later-than-average entry into the recession contributed to accelerated job losses that outpaced the nation. In 2009, Colorado lost 4.5 percent of its employment base, slightly more severe than the national employment decline of 4.4 percent. Although Colorado continued to shed jobs in 2010, the number of jobs gradually increased throughout the year and returned to its 2009 level in late 2010.

The Denver metropolitan area is comprised of seven counties – Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson – and strongly influences Colorado's economy, accounting for about 56 percent of the state's total population and 60 percent of its jobs. Similar to Colorado's economy, the Denver metropolitan area entered the recession later than other markets across the country and experienced significant job losses throughout the recession. The pace of job losses in 2010 was higher than the national average, declining 0.7 percent

over-the-year and was nearly 60,000 jobs shy of the pre-recession employment total. Despite significant job losses during the recession, several industry groups posted gains in average employment, including cleantech, educational services, healthcare, and government.

POPULATION

Colorado

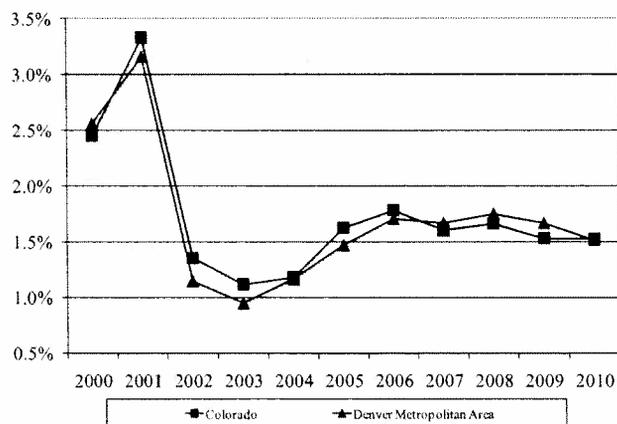
Since 1950, Colorado's population has nearly quadrupled from 1.3 million to an estimated five million in 2010. Between 2000 and 2010, Colorado added over 727,900 residents and currently ranks as the 22nd most populous state in the nation. The state's average population increase of 1.6 percent per year was over one-half percentage point above the U.S. population growth rate (0.9 percent) over the same period and ranked ninth-fastest in the nation.

Population growth depends on two components – natural increase and net migration. The first component – natural increase – is the difference between the number of births and the number of deaths. The state's rate of natural increase typically follows a stable trend, although population gains from natural increase gradually slow as the population ages. Natural increase accounted for 48 percent of the state's total population growth between 2000 and 2010.

The second component of population change is net migration and is the number of people moving into the state minus the number leaving. This component tends to be more volatile and reflects structural factors including job growth and quality of life. Between 2000 and 2010, net migration accounted for 52 percent of the state's ten-year population change.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

POPULATION GROWTH RATES



Source: U.S. Census Bureau; Colorado Division of Local Government, State Demography Office.

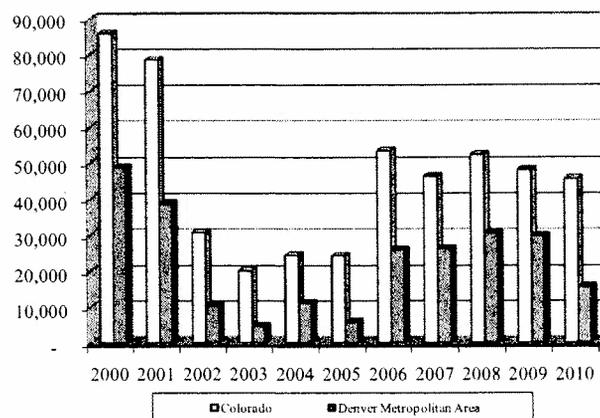
Migration trends are largely driven by economic factors such as labor market conditions, cost of living, and housing prices. Because net migration is strongly correlated with job growth, fluctuations in migration patterns are synchronized with business cycles.

Through the 2002-2003 recession, net migration represented as little as 33 percent of total population growth as limited job growth and economic pressures restricted mobility. However, as job growth returned in 2006 and 2007, the state experienced positive net migration accounting for about 57 percent of the state's population growth. The most recent net migration patterns suggest that Colorado remains an attractive destination for households and families hoping to relocate, however job markets and housing conditions continue to be a concern given the impacts of the Great Recession. As a result, net migration is currently about 53 percent of the state's total population gain.

Colorado's geographic patterns of population migration have remained relatively consistent over the last few years and have originated mainly from states with a higher cost of living and higher total job losses than Colorado. Former California residents have typically accounted for about 14 percent to 20 percent of new Colorado residents. Additionally, Texas, Arizona, Florida, and Illinois

provide Colorado with a significant number of new residents.

NET MIGRATION



Source: Colorado Division of Local Government, State Demography Office.

Denver Metropolitan Area

More than half of Colorado's new residents settle in the Denver metropolitan area. The Denver metropolitan area net migration represented 45 percent of the region's total population change between 2000 and 2010. As previously mentioned, net migration is closely linked to job growth. Such growth is particularly notable given the two nationwide recessions that occurred during the decade.

Following the statewide trend, the Denver metropolitan area's rate of natural increase has been relatively stable. Between 2000 and 2010, natural increase accounted for 55 percent of the Denver metropolitan area's total population increase over the ten-year period. Combining natural increase and net migration, the Denver metropolitan area's population growth averaged 1.5 percent per year between 2000 and 2010. The region's population growth has long surpassed the U.S. growth rate over the same period of slightly less than one percent.

Population in the Denver metropolitan area reached an estimated 2.8 million in 2010. The area's population is fairly well-distributed across all age

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

groups, but is still relatively younger than the national average. According to the U.S. Census Bureau, the median age in the Denver metropolitan area is 36.2 compared with the national median age of 36.8. Similarly, about 9.6 percent of the Denver metropolitan area's population is 65 years and older, while persons in that age group account for 12.9 percent of the population nationwide. With the aging of the "baby boom" population (those born between 1946-1964), the age group with the largest percentage increase between 2000 and 2010 was the 55-64 year-old group, growing 6.4 percent per year over the decade. The younger boomer group, ages 45-54, also grew at a strong pace.

COUNTY POPULATION (in thousands)

Area	2000	2005	2010	Avg. Annual % Change	
				2000-05	2005-10
Adams	363,857	395,384	441,603	1.7%	2.2%
Arapahoe	487,967	528,214	572,003	1.6%	1.6%
Boukler	291,288	282,910	294,567	-0.6%	0.8%
Broomfield	N/A	48,251	55,889	N/A	3.0%
Denver	554,636	559,459	600,158	0.2%	1.4%
Douglas	175,766	244,442	285,465	6.8%	3.2%
Jefferson	527,056	523,517	534,543	-0.1%	0.4%
Denver Metropolitan Area	2,400,570	2,582,177	2,784,228	1.5%	1.5%
Colorado	4,301,261	4,662,534	5,029,196	1.6%	1.5%

Note: The City and County of Broomfield was established in 2001.

Source: Colorado Division of Local Government, State Demography Office.

Within the Denver metropolitan area, Douglas and Adams Counties reported the strongest population growth rates between 2000 and 2010. According to the U.S. Census Bureau, Douglas County was the fastest-growing county in the nation during the 1990s, growing an average of 11 percent per year over the decade. While Douglas County still remains the fastest-growing county in Colorado – increasing an average of five percent per year between 2000 and 2010 – the growth rate has slowed as the county matures. Between 2000 and 2010, Douglas County population growth ranked 16th fastest among all U.S. counties.

City and County of Denver

The City and County of Denver has experienced slow, but steady growth since the early 1990s. Colorado's most populous city reached 600,200 in 2010 and grew an average of 1.4 percent per year between 2005 and 2010, after growing at a slower pace of 0.2 percent per year between 2000 and 2005. Historically, population growth rates for the City and County of Denver have been slower than its surrounding metropolitan area. Over the last decade, for example, Denver's average annual growth rate was slightly under one percent compared with 1.5 percent across the Denver metropolitan area.

Population growth rates in the City and County of Denver surpassed those of the Denver metropolitan area in 2008 and 2009. Between 2007 and 2010, the City and County of Denver added 9,900 new residents each year as its attractive educational and cultural opportunities, recreational amenities, and revitalization of many downtown neighborhoods resulted in faster-than-average migration patterns.

EMPLOYMENT

The U.S. Department of Labor prepares two monthly reports on employment. The first is a survey of households known as the Current Population Survey (CPS) that is used to estimate employment characteristics by place of residence. This "household survey" is the source of estimates for labor force, employment (including self-employment), and unemployment by county. This data is discussed in the Labor Force & Unemployment section of this report.

The second report is a survey of businesses and government agencies known as the Current Employment Statistics (CES) data series. This "establishment survey" is one of the most frequently cited, providing detailed employment, hours, and earnings data of workers by industry. Although the survey does not count the self-employed, the survey data are still some of the most closely watched and widely used economic indicators.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 11 industry “supersectors” which can be further divided into 20 broad industry groups.

Colorado

According to the CES data, Colorado nonfarm employment growth averaged 3.8 percent per year between 1990 and 2000. Annual average employment growth remained consistently high throughout the decade, adding over 690,000 jobs. Beginning in 2001, the employment situation changed due to the national recession and the fallout of the telecommunications and high-tech industries. In 2002, the state’s 1.9 percent rate of job loss represented the sharpest drop in employment since the 1940s. Over 74,000 jobs were lost during the state’s 2002-2003 recession, driven by employment declines in Colorado’s high-tech, telecommunications, and tourism-related industry sectors.

The state began a moderate economic recovery in 2004 and Colorado’s employment situation improved over the next few years. Total employment growth in the state reached 2.4 percent in 2006, its largest employment gain since 2000, and recovered the majority of jobs lost during the 2002-2003 recession. Between 2006 and 2007, Colorado’s 2.3 percent job growth rate ranked ninth among the 50 states for fastest job growth. As the national economy entered recession in late 2007, Colorado continued to add jobs and employment growth reached 0.8 percent between 2007 and 2008.

By mid-2009, Colorado job losses outpaced that of the nation, declining 4.5 percent compared with 4.4 percent, respectively. Colorado’s economy continued to shed jobs in 2010, declining 1.1 percent between 2009 and 2010. Colorado entered and exited the recession somewhat later than other states, but ultimately lost over 130,000 jobs between 2008 and 2010.

Denver Metropolitan Area

CES data are also compiled for a number of the Metropolitan Statistical Areas (MSAs) defined by the U.S. Office of Management and Budget. The Denver-Aurora-Broomfield MSA consists of ten counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties. The following data are for the Denver-Aurora-Broomfield MSA and Boulder MSA (Boulder County) combined, or an 11-county area that best represents the seven-county Denver metropolitan area discussed throughout this report.

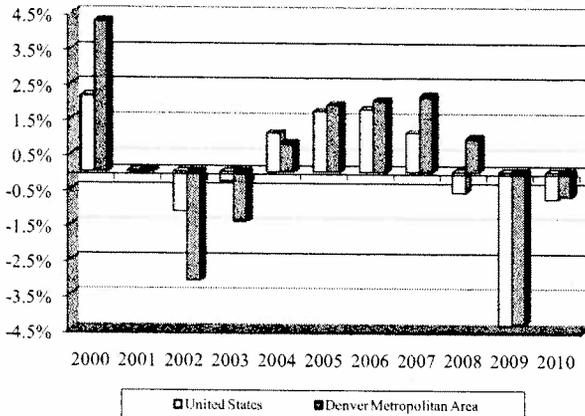
The 11-county Denver metropolitan area has a nonfarm employment base of nearly 1.4 million workers. Similar to Colorado’s experience, the recession that began in 2001 followed a period of rapid growth in the area, as the high-tech industry flourished. The area’s total nonfarm wage and salary employment growth reached over four percent in the 1990s decade, driven by double-digit growth rates in the area’s information sector. The nationwide recession then took hold, and the Denver metropolitan area, like other high-tech MSAs across the nation, was plagued with job losses.

Between 2001 and 2003, the Denver metropolitan area lost over 61,000 jobs. Economic conditions improved in 2004 and the area grew 0.8 percent over 2003 employment levels. Job growth accelerated between 2005 and 2007, peaking at 2.2 percent in 2007.

Weaknesses in the housing market and financial failures drew the Denver metropolitan area into the longest and deepest downturn since the Great Depression, slightly later than the nation. Beginning in mid-2009, the area experienced significant job losses that continued at a faster-than-average pace through the end of the year – declining 4.3 percent over the year. While the area’s employers started adding jobs through late 2010, the area still posted a 0.7 percent loss in employment in 2010. The severity of the employment declines during the Great Recession contributed to an average annual decline of 0.2 percent from 2000 to 2010.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT GROWTH RATES



Sources: U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment.

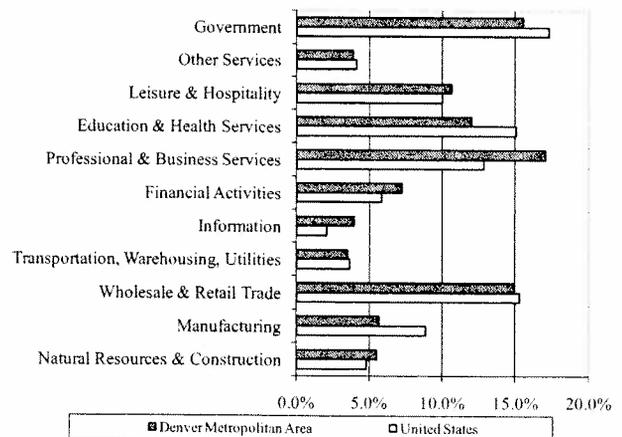
The Denver metropolitan area’s job base of nearly 1.4 million workers includes large concentrations of workers in professional and business services (17.1 percent), government (15.5 percent), and wholesale and retail trade (15 percent). Employment among these three major industry supersectors comprises nearly half of the jobs in the Denver metropolitan area. The largest of the three industries – professional and business services – includes a broad segment of businesses ranging from temporary employment and facilities services to accounting and legal services. Many of these workers are employed as consultants or contractors, and as a result, the sector’s employment tends to reflect business activity across the entire industry base.

The Denver metropolitan area nonfarm employment is divided into 11 industry supersectors, or groups of related industries as defined by the NAICS codes. Four of the 11 supersectors that posted gains in employment between 2009 and 2010 were those that tend to be population driven. The education and health services sector reported the largest percentage increase in employment (2.9 percent) followed by government (one percent). Employment in the leisure and hospitality and other services sectors increased less than one percent from 2009 to 2010.

In contrast, seven of the Denver metropolitan area’s 11 supersectors reported job losses between 2009

and 2010. Natural resources and construction employment suffered the largest percentage decline of 9.1 percent. This sector and the financial activities sector (-2.5 percent) were beset by the credit crunch and challenged real estate markets. Employment in the area’s manufacturing sector dropped 2.8 percent in 2010, driven by substantial losses in the larger durable goods sector – comprised of cars, electronics, and other long-lasting items – compared with the nondurable sector. Combined, the three sectors lost over 12,100 jobs between 2009 and 2010.

2010 EMPLOYMENT BY INDUSTRY



Sources: U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment.

Among the remaining supersectors, transportation, warehousing, and utilities and information experienced job losses of 3.4 percent over-the-year, with job losses less than one percent in wholesale and retail trade and professional and business services.

City and County of Denver

The City and County of Denver is the employment center for the Denver metropolitan area and accounts for about 32 percent of the region’s total jobs. Downtown Denver’s central business district has one of the area’s largest concentrations of office space and is home to telecommunications and information technology companies, financial and

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

legal firms, and a variety of other businesses. The most recent local data show Denver had the state's largest job base – 423,500 workers – in the third quarter of 2010. The employment base in Denver decreased an estimated 1.3 percent from 2009 to 2010 based on data for the first three quarters of each year, a loss of 5,400 jobs.

The largest employment supersectors in Denver include professional and business services (18.6 percent), government (16.4 percent), education and health services (12.5 percent), and wholesale and retail trade (11.9 percent). Five of Denver's 11 supersectors reported job growth between the third quarter of 2009 and the third quarter of 2010. Similar to the region, the largest percentage declines occurred in natural resources and construction (-6.5 percent), transportation, warehousing, utilities (-4.6 percent), and financial activities (-3.1 percent). The supersectors that added employment the fastest over this period of time include leisure and hospitality (3.9 percent), education and health services (3.9 percent), and other services (3.3 percent).

LABOR FORCE & UNEMPLOYMENT

The U.S. unemployment rate climbed for the third consecutive year in 2010, reaching its highest annual average level since 1983. Prior to entering the most recent recession, the annual unemployment rate declined steadily between 2004 and 2006, but slower job growth in 2007 kept the unemployment rate flat at 4.6 percent. As the nation's economy again entered recession in 2007, the U.S. unemployment rate averaged 5.8 percent in 2008, 9.3 percent in 2009, and 9.6 percent in 2010.

Colorado

Similar to the nation, Colorado's 2010 average annual unemployment rate reached its highest level since the early 1980s. Following the 2002-2003 recession, the state's unemployment rate surpassed six percent in 2003 and declined over the next two years. The state's unemployment rate fell below the U.S. average from 2006 through 2008, partly

because of job growth in educational and health services and the professional business services sectors. Throughout the most recent recession, Colorado's labor market remained stronger than many other markets, averaging below the national average in 2009 and 2010. Despite Colorado's job losses, the state's 2010 unemployment rate (8.9 percent) was 0.7 percentage points below the national average (9.6 percent). Still, this represented nearly 240,000 people seeking jobs.

Denver Metropolitan Area

The Denver metropolitan area's average annual unemployment rate was considerably lower than the state and national averages prior to the 2002-2003 recession and remained slightly above through 2005. From 2006 through 2008, the area's unemployment rate trended between the national and statewide averages before the recession weakened labor markets and forced many industries to trim their current workforce. As the recession took hold, the area's unemployment rate rose from 8.3 percent in 2009 to 8.8 percent in 2010. Although rates have reached some of the highest levels seen in decades, the area's unemployment rate remains below the statewide and national averages.

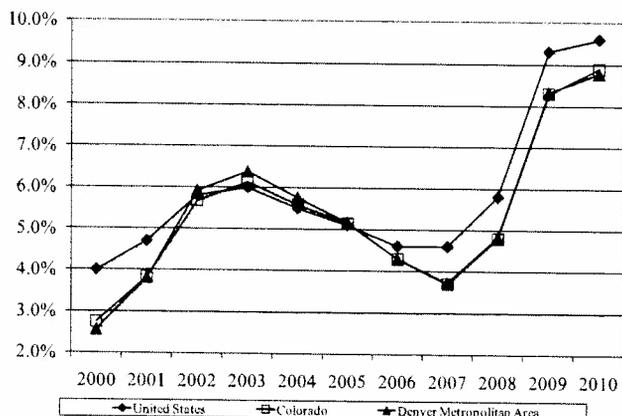
Colorado's quality of life and desirable living conditions attract workers. The movement of these workers into the state results in one of the most highly educated labor forces in the nation. This competitive advantage is important to maintaining the state's economic base, while attracting and retaining the workforce needed by businesses during challenging economic times. According to the U.S. Census Bureau's 2009 American Community Survey, Colorado has the second-highest percentage of college graduates in the nation behind Massachusetts. Educational attainment has risen in the Denver metropolitan area, where 89.3 percent of the total adult population graduated high school in 2009 compared with 89 percent in 2008. Similarly, the total adult population that has a bachelor's degree or higher increased to 39.7 percent in 2009, compared with 39.5 percent in 2008.

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City and County of Denver

The City and County of Denver is an urban center, so its unemployment rate tends to be above that of the greater Denver metropolitan area. During the 2002-2003 recession, the area's annual average unemployment rate peaked at 7.2 percent in 2003 and returned to its pre-recession level by 2007. Driven by weak labor market conditions, the area's unemployment rate surged to 9.2 percent in 2009 and reached its highest level in decades in 2010. Denver's unemployment rate increased to 9.7 percent in 2010, or a rate nearly one percentage point above the Denver metropolitan area and statewide rates.

UNEMPLOYMENT RATES



Sources: U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment.

MAJOR EMPLOYERS

Colorado's small businesses serve as an engine of economic growth and job creation. According to the U.S. Small Business Administration, 97.7 percent of the state's employer firms in 2008 were classified as small businesses, or businesses having fewer than 500 employees. Self-employment is an increasingly important source of jobs in Colorado, as the number of firms classified as non-employers which are – which are businesses with no paid employees – increased an average of 2.8 percent per year from 2000 to 2008.

Self employment and small business are vitally important to the Denver metropolitan area, though large firms have a considerable presence and offer a geographic balance in employment centers. Approximately 120 firms with 1,000 or more employees were operating in Colorado in 2008 according to the latest County Business Patterns by the U.S. Census Bureau. The majority of these large businesses were located in the Denver metropolitan area.

LARGEST PRIVATE EMPLOYERS

Company	Products/Services	Employees
1. King Soopers Inc.	Grocery	12,280
2. Wal-Mart	General Merchandise	10,770
3. HealthONE Corporation	Healthcare	9,640
4. Safeway Inc.	Grocery	9,440
5. CenturyLink	Telecommunications	7,380
6. Exempla Healthcare	Healthcare	7,320
7. Lockheed Martin Corporation	Aerospace & Defense Related Systems	7,220
8. Centura Health	Healthcare	6,370
9. Kaiser Permanente	Healthcare	5,870
10. Target Corporation	General Merchandise	5,350
11. DISH Network	Satellite TV & Equipment	4,690
12. United Airlines	Airline	4,500
13. Wells Fargo Bank	Financial Services	4,400
14. University of Denver	University	4,310
15. The Children's Hospital	Healthcare	4,270
16. IBM Corporation	Computer Systems & Services	4,200
17. University of Colorado Hospital	Healthcare, Research	4,000
18. Republic Airways Holdings, Inc. (Frontier Airlines)	Airline Holding Company	3,760
19. United Parcel Service	Parcel Delivery	3,620
20. Comcast Corporation	Telecommunications	3,500

Source: Development Research Partners, April 2011.

Nine companies headquartered in Colorado were included on the 2011 *Fortune 500* list. The companies are DISH Network (193rd), Qwest Communications (209th), Liberty Media (224th), Liberty Global (255th), Newmont Mining (260th), Ball (300th), DaVita (359th), CH2M Hill (422nd), and Western Union (431st). It should be noted that Qwest Communications no longer operates as a separate company since recently closing its merger with Louisiana-based CenturyLink Inc. While

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Denver will remain a regional headquarters for the combined company, the company's headquarters will be in Monroe, Louisiana, the current home of CenturyLink. The employment impacts in the Denver metropolitan area as a result of the merger are currently unknown.

Air Methods was recognized on *Forbes'* October 2010 list of the 100 best small public companies. To qualify for the list, companies must have 12-month sales between \$5 million and \$1 billion and a stock price of at least \$5 per share. Overall rankings were based on companies' return on equity plus several measures of profit and sales growth in the past 12 months and over the past five years.

Sixteen Colorado companies made the 2010 *Inc.* list of the 500 fastest-growing private companies nationwide and an additional 112 companies made the 2010 *Inc.* list of the 5,000 fastest-growing private companies. The companies included on the list represent a cross-section of industries, from telecommunications to financial services, advertising, construction, and clean energy.

Private sector businesses account for a majority of employment in the Denver metropolitan area, but the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consists of 14,200 federal government employees, 23,400 state government employees, and 31,800 employees in local government entities including Denver Public Schools (13,600 employees) and the City and County of Denver (12,000 employees).

INTERNATIONAL TRADE

Denver International Airport serves as a catalyst for economic growth, linking the Denver metropolitan area to businesses nationwide and around the world. The airport is home to about 15 commercial airlines – the largest of which are United Airlines, Southwest, and Frontier Airlines – that provide scheduled nonstop service from Denver to more than

160 domestic and international destinations. The airport posted record-level passenger traffic totaling 52.2 million in 2010, making it the fifth-busiest airport in North America and 10th busiest worldwide based on total passenger counts.

The Denver metropolitan area is located 346 miles west of the geographic center of the nation, serving as a natural hub for cargo operations. The area's location on the 105th meridian – the exact midpoint between Tokyo and Frankfurt – allows local companies the ability to conduct business with both countries in the same business day. Additionally, the area's unique geographic location in the Mountain time zone makes it the largest area in the U.S. to offer one-bounce satellite uplinks, providing companies with real-time connections to six of seven continents in one business day. About eight cargo airlines and more than 15 major and national carriers provide an extensive freight network at Denver International Airport, which offers close proximity to I-70, one of the country's primary east/west commerce routes. The airport's cargo assets are well-equipped, handling nearly 690 tons of cargo per day in 2010.

The Denver metropolitan area is also well positioned midway between Canada and Mexico, which are partners under the North American Free Trade Agreement (NAFTA). Shipments to Canada and Mexico accounted for about 33 percent of the state's total exports in 2010. While Canada and Mexico remain the state's largest trading partners, several other countries including China, Japan, and traditional Western European markets – the Netherlands, Germany, and the United Kingdom – accounted for over 26 percent of Colorado's total exports in 2010.

The global economy had considerable momentum between 2004 and 2006, which led to strong increases in the growth of U.S. and Colorado exports. Despite an overall rise in U.S. exports prompted by favorable global market conditions, the value of Colorado's exports began to decline as the next recession fast approached. Colorado exports fell 23.9 percent between 2008 and 2009, slightly worse

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than the 18 percent drop in U.S. exports for the same period. However, improved economic activity in 2010 led to a 13.7 percent growth in the state's exports.

Colorado's export portfolio relies heavily on computers, electronics, and semiconductors, all goods that are more likely to be manufactured overseas. The following five industries account for more than two-thirds of Colorado's total exports:

- ◆ Computers and electronic products (27 percent of total export value; up 14 percent between 2009 and 2010).
- ◆ Processed foods (15 percent of total export value; up 30 percent in 2010).
- ◆ Chemicals (12 percent of total export value; down 7 percent in 2010).
- ◆ Machinery (10 percent of total export value; up 19 percent in 2010).
- ◆ Miscellaneous manufactured commodities (6 percent of total export value; up 18 percent in 2010).

It is important to note that the composition of Colorado's export portfolio has shifted over time. The largest component of the state's export portfolio – computers and electronic products – accounts for about 27 percent of the state's total export dollars, thus the status of the high-tech industry has a major influence on Colorado's international trade. In years prior to the 2001 recession, the computers and electronics manufacturing industry accounted for as much as 60 percent of Colorado's total exports to the world. The declining contribution of Colorado's computers and electronic products sector reflects both the tech-bust of the early-2000s and the nation's shrinking manufacturing base.

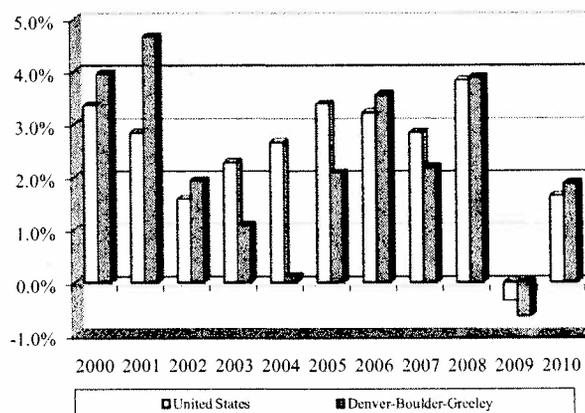
INFLATION

Inflation in the Denver metropolitan area has often exceeded the national average. In 2001, a surge in energy prices and stronger-than-average job and wage growth resulted in a 4.7 percent increase in the Denver metropolitan area inflation rate as measured

by the Denver-Boulder-Greeley Consumer Price Index (CPI). Following the 2001 recession, inflation tracked national trends more closely as job growth in the Denver metropolitan area occurred at a more restrained pace. In 2008, rising energy prices pushed inflation in the Denver metropolitan area to its highest point since 2001, rising 3.9 percent compared with the U.S. average annual inflation rate of 3.8 percent.

The national economy began to deflate in 2009 for the first time in more than half a century as a slump in demand pushed energy and food prices lower. Following the national downtrend, the Denver-Boulder-Greeley CPI fell 0.6 percent, the first decline reported since data collection for this region began in 1965. However, concerns about inflation returned in 2010. The Denver-Boulder-Greeley CPI increased 1.9 percent in 2010, driven by home and fuel price increases from their recessionary lows. At the national level, prices increased an average of 1.6 percent in 2010.

INFLATION RATES



Source: U.S. Department of Labor, Bureau of Labor Statistics.

The CPI is a measure of the average change in prices for a representative basket of goods and services purchased by households. The U.S. Bureau of Labor Statistics classifies the CPI basket of goods and services into eight major categories consisting of food and beverages, housing, apparel, transportation, medical care, recreation, education and

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communication, and other goods and services. Prices for housing, recreation, transportation, and other goods and services grew at a faster pace in the Denver metropolitan area than the national average in 2010. Prices for apparel, education and communication, food and beverages, and medical care increased at a slower pace compared with the U.S. average.

INCOME

Colorado

Colorado personal income growth rates have fluctuated considerably over the past decade. Prior to the 2001 recession, growth rates exceeded the U.S. average, driven by strong growth in the state's telecommunications and technology sectors. Following the nationwide trend, Colorado personal income growth slowed dramatically as the nation entered recession in 2001. Annual personal income growth improved through 2007, reaching a peak growth rate of 8.2 percent in 2006 driven by expansions in the state's energy sector. After rising 4.7 percent in 2008, Colorado personal income fell 2.1 percent in 2009 while income nationwide fell 1.7 percent as a result of wage cuts, job losses, and declining asset values. This was the first full-year decline in personal income in Colorado since 1938 and the first full-year decline in national personal income since 1949.

Colorado's higher-than-average population growth and other demographic factors have influenced the state's total personal income and per capita personal income trends. Statewide personal income posted moderate gains in 2010, increasing 2.3 percent compared with three percent growth nationwide. Even after slower growth, Colorado's 2010 per capita personal income of \$42,802 still represented 105 percent of the U.S. average.

Denver Metropolitan Area

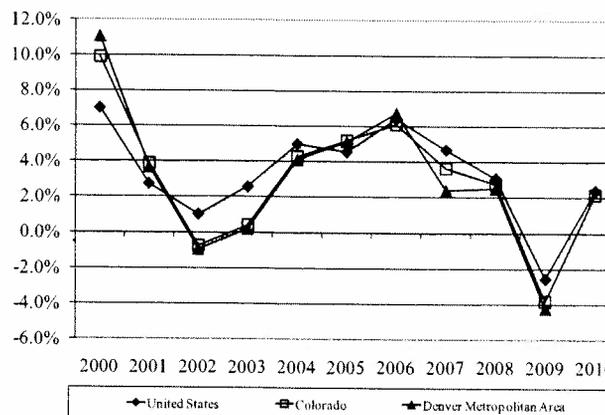
Data on the Denver metropolitan area's personal income and per capita personal income are only available through 2009. The 2002-2003 slowdown in

per capita personal income was more pronounced for the Denver metropolitan area than for the nation. Consistent with statewide trends, growth in per capita personal income resumed between 2003 and 2007, averaging 4.6 percent per year. Between 2007 and 2008, per capita personal income growth (\$48,940) slowed to 2.5 percent; more so than in Colorado (2.8 percent) or the nation (3.1 percent). The Denver metropolitan area's later entry into the recession resulted in a 4.2 percent decline in per capita personal income to \$46,868 in 2009. Per capita personal income was still about 120 percent of the national average.

City and County of Denver

At \$51,630, 2009 per capita personal income in the City and County of Denver ranked second highest in the Denver metropolitan area in 2009. Across the Denver metropolitan area, per capita personal income declined in all counties in 2009 as a result of the region's recession. After increasing 4.2 percent in 2008, per capita personal income in the City and County of Denver declined 4.6 percent in 2009. Despite declining per capita personal income, the area's per capita personal income was still 130 percent of the national average.

PER CAPITA PERSONAL INCOME GROWTH
RATES



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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The Denver metropolitan area average annual salary was \$52,675 for the four quarters ending the third quarter of 2010, a 2.5 percent increase from the average for the same period in 2009. The average annual salary in the City and County of Denver for the period ending in the third quarter of 2010 was \$57,105, representing a 2.1 percent increase from the same period in 2009.

RETAIL TRADE

Personal consumption expenditures account for about 70 percent of the total value of all goods and services produced in the U.S. Commonly referred to as consumer spending, these expenditures are a key component of retail activity. During the 2001 recession, consumer spending remained strong – a pattern unlike most past recessions when consumer spending typically declined – driven by investment in the housing sector and spending in non-automotive housing durables. Beginning in 2006, rising fuel and grocery costs contributed to a slowdown in retail sales. After growing 2.2 percent in 2006, U.S. retail sales slowed to 0.4 percent in 2007 after adjustment for inflation.

As one of the deepest recessions gripped the nation, consumers and small businesses cut spending dramatically. Between the peak in retail activity in December 2007 and the bottom in April 2009, U.S. retail sales decreased by over \$40 billion, or 10.8 percent. However, the combination of “cash-for” incentives, tax credits, and an improved job market revived U.S. retail sales in late 2009 and early 2010. The increase in U.S. retail sales of 4.9 percent in 2010 after adjustment for inflation was primarily driven by growth in durable goods such as automobiles, electronics, home furnishings, and furniture. While consumers spent more in 2010, U.S. retail sales did not return to the levels reported prior to the recession.

Colorado

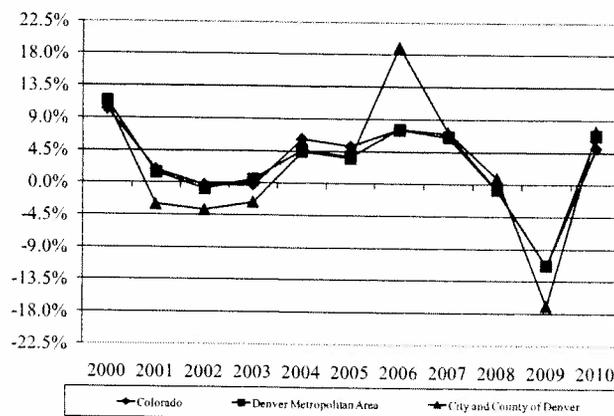
Wage growth and steady employment buoyed Colorado retail trade sales through 2007. After increasing a nominal 7.6 percent (not inflation-

adjusted) in 2006, retail trade sales slowed to 6.9 percent in 2007. Retail trade sales began to fall in mid-2008 as consumers cut spending due to high debt levels and increasing fuel and food prices trimmed household budgets for other items. Still, a steep decline did not occur until early 2009 as the credit crisis and declining consumer confidence tempered spending. That year, Colorado retail trade sales declined 11.3 percent from 2008, the steepest annual decline on record. Retail trade sales started to grow through 2010, increasing 5.1 percent over 2009; however, gains were relatively modest and driven by federal stimulus in some months.

Denver Metropolitan Area

Similar to Colorado, declining consumer confidence and limited job and income growth during the recession had significant impacts on retail trade sales in the Denver metropolitan area. Mirroring statewide trends, Denver metropolitan area retail trade sales fell 0.8 percent in 2008 and 11.3 percent in 2009, reflecting sluggish consumer activity and a deteriorating job market. Although consumers remained concerned about incomes and jobs, retail trade sales increased 6.8 percent in 2010.

RETAIL TRADE SALES GROWTH



Note: The large increase in retail trade sales in the City and County of Denver in 2006 was due to geographic revisions in the data series and may not accurately reflect actual activity.

Source: Colorado Department of Revenue.

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Retail trade sales include business and consumer purchases from retailers and from food and drink establishments. The largest category of retail trade sales in the Denver metropolitan area is food and beverage stores. Sellers of motor vehicle and auto parts, general merchandisers/warehouse, and restaurants and drinking establishments were the next largest contributors to the region's total retail trade sales.

Sales in each of the categories across the region rose in 2010, ranging from +1.4 percent in general merchandisers/warehouse and furniture and furnishings retailers to +15.6 percent for service stations. Similar to the nation, the region's higher gasoline prices led to the 15.6 percent increase in service station sales in 2010.

DENVER METROPOLITAN AREA RETAIL TRADE SALES BY CATEGORY (in \$millions)

Industry	2009	2010	Change**
Retail Trade:			
Motor Vehicle and Auto Parts	\$6,203	\$6,868	10.7%
Furniture and Furnishings	\$1,224	\$1,241	1.4%
Electronics and Appliances	\$1,166	\$1,306	12.0%
Building Materials / Nurseries	\$2,397	\$2,510	4.7%
Food/Beverage Stores	\$7,274	\$7,708	6.0%
Health and Personal Care	\$1,264*	\$1,346*	-----
Service Stations	\$1,934	\$2,236	15.6%
Clothing and Accessories	\$1,949	\$2,111	8.3%
Sporting/Hobby/Books/Music	\$1,329	\$1,372	3.3%
General Merchandise/Warehouse	\$5,860	\$5,944	1.4%
Misc. Store Retailers	\$1,369	\$1,448	5.8%
Non-Store Retailers	\$1,079*	\$1,182*	-----
Total Retail Trade	\$34,137	\$36,517	7.0%
Food / Drinking Services	\$4,743	\$4,995	5.3%
TOTAL	\$38,880	\$41,512	6.8%

*Retail trade sales by industry do not add to total retail trade sales due to data suppression.

**Data not inflation-adjusted.

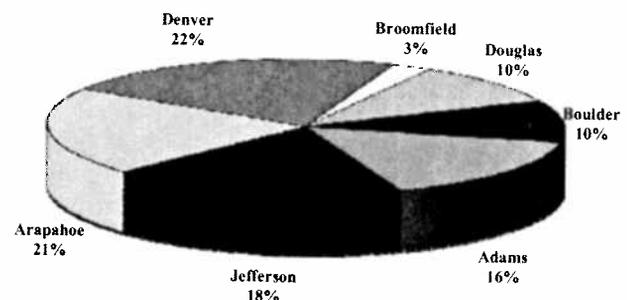
Source: Colorado Department of Revenue.

Additionally, the combination of consumers' willingness to spend and stronger consumer confidence contributed to rising sales for retailers of electronics and appliances (+12.0 percent) and clothing and accessories (8.3 percent). In spite of rising gas prices, the region's automobile sales increased (10.7 percent) over-the-year as deep discounts contributed to an increase in new car sales.

City and County of Denver

Retail trade sales in the City and County of Denver comprised the largest share (22 percent) of total Denver metropolitan area sales in 2010. All counties in the Denver metropolitan area reported an increase in retail trade sales between 2009 and 2010, with the largest increases occurring in Arapahoe County (+8.6 percent), followed by Douglas County (+8.0 percent), the City and County of Denver (+7.5 percent), and Adams County (+7.3 percent). The increase in retail sales activity suggests stronger consumer confidence.

DISTRIBUTION OF 2010 RETAIL TRADE SALES BY COUNTY



Source: Colorado Department of Revenue.

RESIDENTIAL REAL ESTATE

The housing market has historically been a significant contributor to economic recovery. Indeed, the housing component of U.S. GDP has positively contributed to economic growth within

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two years following economic recessions over the last 30 years. Following the ebb and flow of business cycles, U.S. homeownership rates increased five percentage points from the mid-1990s to its peak of almost 70 percent in 2004 and 2005 as a result of a strong real estate market. Beginning in 2006, a nationwide housing correction caused homeownership rates to decline through 2010 (66.9 percent), the lowest reported since 1999. Similar to the nation, Colorado's rate fell from 71.3 percent in 2003 to 68.5 percent in 2010 as slow home sales and foreclosures forced a number of households into rental properties.

Residential Home Prices

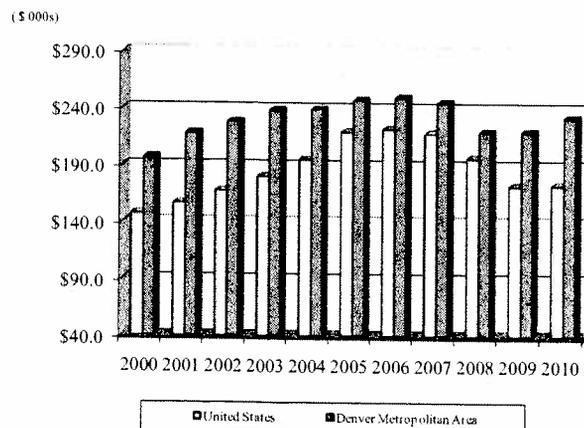
Colorado – like many other states – was exposed to the collapse of the housing market, rising unemployment, and tight credit. However, the state fared better than other markets across the nation as housing price fluctuations were less rampant in the years preceding the recession. Additionally, the aftermath of the “tech-boom” during the late 1990s kept home price growth subdued. These factors kept prices more stable in Colorado. Similar to statewide trends, the Denver metropolitan area's strong population growth and diverse industry mix led to relatively stable housing prices compared with other metropolitan areas across the nation.

Median home prices reflect the point where half of the existing homes sold for more and half sold for less. Data released by the National Association of Realtors reports that between 2007 and 2009, the U.S. median home price depreciated an average of 11.1 percent per year. By contrast, median home prices in the Denver metropolitan area depreciated an average of 5.3 percent per year over the same period. While the fall in home prices during the recession placed a significant burden on homeowners, lower prices and interest rates boosted affordability in the Denver metropolitan area. Additionally, the first-time homebuyers' tax credits boosted 2010 housing activity. In 2010, Denver's median home price was \$232,400, up 5.7 percent from the 2009 median and about five percentage points above the U.S. home price growth rate over

the same period. The Denver-Aurora-Broomfield MSA was one of 78 markets – just over half of total metropolitan areas surveyed – reporting an increase in median home price between the fourth quarters of 2009 and 2010.

A number of other indices show similar trends in the Denver metropolitan area's housing market. Data from MetroList show the Denver metropolitan area's average sales price for existing single-family homes rose to \$235,000 in 2010, an increase of 7.3 percent over 2009. The Federal Housing Finance Agency's Home Price Index suggests that fourth quarter 2010 home prices in the Denver metropolitan area had increased 3.7 percent over-the-year.

MEDIAN HOME PRICES



Source: National Association of REALTORS.

While a variety of sources suggest that home prices in the Denver metropolitan area improved in 2010, other price measures show a different trend. The S&P Case-Shiller Home Price Index for Denver trended downward beginning in July 2010 and remained negative for the rest of the year. This figure varies considerably from the price appreciation evident in the median home prices data previously mentioned, partly because the price measures themselves are fundamentally different. The S&P Case-Shiller Indices, for example, match each home sold with a previous sale for that property. Additionally, the S&P Indices include the resale of foreclosed homes which tend to sell at a

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significant discount relative to other properties. As a result, the S&P Indices may be somewhat biased on the downside.

Foreclosures

Foreclosures in the Denver metropolitan area hit historically high levels during the recession. During the years leading up to the recession, foreclosures were primarily driven by the failure of sub-prime loans. The Denver metropolitan area's foreclosure inventory – while declining – remained near historic highs in 2010. The region's public trustees reported a total of 23,393 filings for the year, or an 11.8 percent decrease from 2009 filings. The 2010 total, however, was 23 percent higher than 2006 foreclosure filings and nearly double the 2004 foreclosure filings. Across the region, Adams County, Broomfield County, and the City and County of Denver reported the largest declines in 2010 foreclosure activity. Notably, foreclosures in the City and County of Denver declined nearly 18 percent over the year, and filings in Adams and Broomfield Counties declined 13.4 percent and 13.2 percent, respectively.

While foreclosure activity seems to be stabilizing, the lack of credit availability and weak labor market continue to weigh heavily on the housing market. Additionally, banks' continued legal challenges in the foreclosure process and the looming shadow inventory of distressed properties has kept the housing market extremely fragile. A number of foreclosure mitigation efforts, however, are in place to prevent another surge in foreclosures. According to *Bloomberg Businessweek*, the Denver metropolitan area ranked among 10 of the nation's most improved housing markets. The rankings of the 50 largest metropolitan statistical areas reflected first quarter 2010 home price data and measured foreclosures, delinquent mortgages, total home sales, and unemployment.

Residential Home Sales

Although home sales levels are improving, current levels are still significantly lower than the peak of

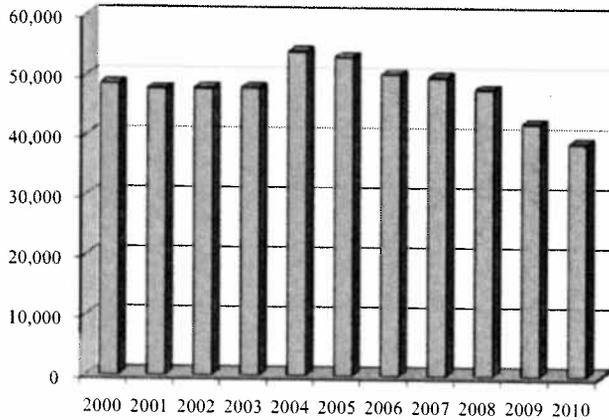
54,012 in 2004. In the years that followed, home sales trended downward as declining home values, rising inventories, and the increase in the number of unique mortgage products weakened the residential housing market. By 2007, existing home sales in the Denver metropolitan area had fallen 7.8 percent below the 2004 peak and the onset of the recession spurred further declines. In 2009, home sales reached their lowest levels in decades, declining 12.1 percent over 2008 levels.

Like home sales figures reported for many other areas nationwide, home sales in the Denver metropolitan area rose noticeably in the spring of 2010 as buyers responded to the extended homebuyers' tax credits and favorable affordability conditions. Following the expiration of the homebuyers' tax credits, home sales in June 2010 fell roughly three percent over-the-year and resulted in a softening of the market for the remainder of 2010. Between July and November, Denver metropolitan area home sales fell an average of 25 percent below year-ago levels. Likewise, nationwide existing home sales fell 20 to 25 percent below 2009 levels beginning in July 2010. While the late-year decline in home sales was partly attributed to the expiration of tax credits, rising unemployment and restrictive lending conditions also kept buyers out of the market even as mortgage rates remained favorable.

Total existing home sales in the Denver metropolitan area numbered 38,818 throughout 2010, a 7.7 percent decline from 2009 and 28.1 percent below the 2004 peak. Following existing home sales trends, total sales volume rose 18 percent in 2004 and peaked in 2005, reaching nearly \$15 billion. Between 2006 and 2010, distressed sales and low-priced homes contributed to declining sales volume. In 2010, total sales volume fell 2.2 percent from roughly \$10.2 billion in 2009 to nearly \$10 billion in 2010.

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DENVER METROPOLITAN AREA HOME SALES



Source: Metrolist Inc.

Residential Building Permits

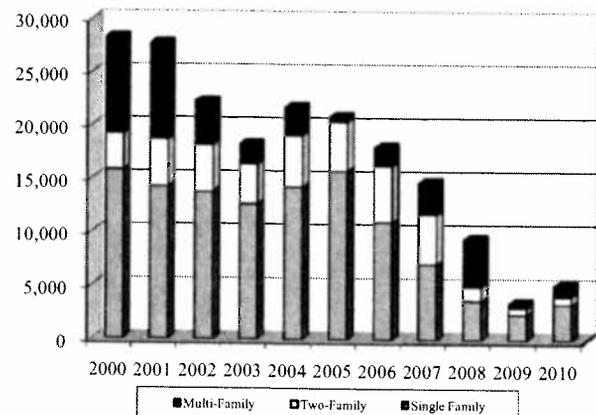
Residential home construction has been on a downward trend since 2005 due to slower home sales in the market. Between 2005 and 2009, residential permits declined an average of 36.3 percent per year. Signaling a housing correction in 2010, the region's counties and municipalities issued just over 5,100 residential building permits, a 49.9 percent increase from 2009 and a 76.4 percent decrease in residential permits issued from the 2004 peak. Construction activity in 2010 increased from the prior year for all Denver metropolitan counties, with the largest increases in Jefferson County (77 percent), the City and County of Denver (67.1 percent), and Arapahoe County (63.2 percent). It is important to note that the magnitude of 2010 permit gains are somewhat distorted given the large declines in permit activity reported in 2009. Compared with historic levels, 2010 residential permit activity was still sluggish as the 30-year average is about 17,000 permits per year.

The total number of residential building permits includes permits for single-family detached homes, single-family attached homes – or condominiums, townhomes, and duplexes – and multi-family. Permit activity for single-family detached homes in 2010 was up 39.7 percent over 2009, representing the largest component (65 percent) of residential

building permits. In 2010, permits for single-family attached homes rose 32.8 percent.

Between 2006 and 2008, the multi-family (apartment) market proved its resilience, with permit activity growing an average of 60 percent per year compared with a decline of 44 percent in the single-family market over this time period. In 2009, apartment construction all but halted and permits fell 90.1 percent, driven by slow job growth and difficult lending conditions. The gain in multi-family permit activity posted the most significant advances in 2010 as permits grew more than twice the number permitted in 2009. Driven by the growing population moving from distressed, single-family homes to apartments, tight credit, and fewer potential buyers, total permits for apartment construction in 2010 surpassed 1,000 units compared with just over 430 units in 2009. In 2010, the City and County of Denver and Arapahoe County contributed the largest gains to multi-family construction activity.

NEW HOME CONSTRUCTION



Source: Home Builders Association of Metro Denver.

The combination of limited apartment construction, restricted mortgage credit, and steady population growth contributed to lower-than-average apartment vacancy rates in the Denver metropolitan area in 2010. In fact, the apartment vacancy rate in the Denver metropolitan area averaged 5.9 percent in 2010 according to the *Denver Metro Apartment Vacancy and Rent Survey*. This was the lowest

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annual vacancy reported since 2000, when vacancy averaged 4.6 percent. The vacancy rate peaked at 6.5 percent during the first quarter of 2010, but declined to 5.5 percent by the end of the year. Vacancy rates within the Denver metropolitan area in 2010 ranged from an average of 4.3 percent in the Boulder/Broomfield area to 6.7 percent in Arapahoe County.

Average apartment rental rates reflect a stable local market. The Denver metropolitan area average apartment rental rate ended 2010 at \$909 per month, a 3.8 percent increase from the prior year. Similarly, average rents increased over-the-year in all but one county – Jefferson County – with rent increases ranging from 0.9 percent in the City and County of Denver to 10.3 percent in Adams County.

COMMERCIAL REAL ESTATE

Following the 2001 recession, the Denver metropolitan area's reputation for relatively inexpensive commercial real estate attracted large numbers of investors and developers. Development continued at a modest pace with rapidly rising lease rates and declining vacancy rates through 2006, when investors spent a record \$5 billion on the region's commercial real estate.

Development, sales, and leasing activity moderated in 2007, but the region's commercial markets did not show sustained signs of weakness until 2008. By 2009, rising vacancy, falling lease rates, and perpetual job losses contributed to weakened market fundamentals and limited development activity in the Denver metropolitan area. Financial market uncertainty and tight credit markets contributed to significant downturns in commercial real estate construction. Despite sluggish building and leasing activity in 2010, the Denver metropolitan area's commercial market is poised to rebound with many of the area's property types outperforming other markets across the nation.

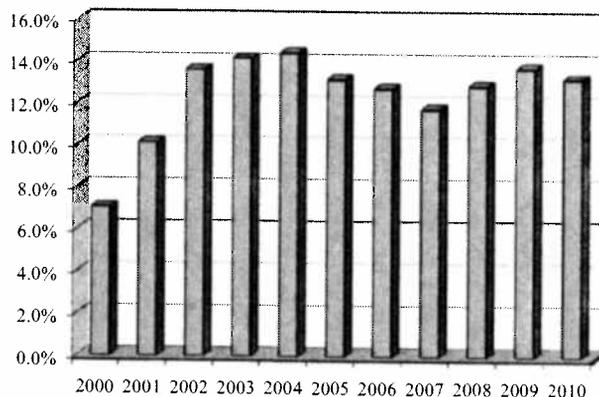
Office Activity

The Denver metropolitan area's office market stabilized during 2010 after a sharp downturn in 2009. The combination of a weak labor market, tenants downsizing, and tight credit markets restrained building activity and contributed to rising vacancy and falling lease rates in recent years. The general reluctance among property owners to invest and expand resulted in modest demand for office property.

Data from CoStar Realty Information, Inc. suggest the Denver metropolitan area office market improved in 2010. The region's direct vacancy rate ended the year at 13.2 percent, up 1.4 percent from the 11.8 percent recorded at the end of 2007 before the recession intensified. More stable vacancy rates helped slow the decline in lease rates throughout 2010. Direct office market lease rates ended the year at \$19.89 per square foot, a decline of 1.5 percent over-the-year and 6.3 percent lower than the rate reported at the end of 2007.

Even though office market fundamentals seemed to stabilize in 2010, uncertain tenant demand and decreasing rental rates limited development activity throughout the year. Builders completed 1.1 million square feet of space in 13 buildings in 2010 compared with more than 1.5 million square feet of space in 22 buildings completed in 2009.

OFFICE DIRECT VACANCY RATE



Source: CoStar Realty Information, Inc.

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While a handful of large office projects were delivered in 2010 – 1800 Larimer in downtown Denver, Central Park Tower in Broomfield, and the FBI Denver Division Headquarters – development activity remained sluggish throughout the year. Notably, 1800 Larimer, a new LEED Platinum-certified office building, received particular accolades as one of the largest office projects in the nation to be started and finished during the economic downturn. The building is also the only office high-rise constructed in Denver's central business district within the past 25 years.

Nearly 445,300 square feet of office space in eight buildings was in the pipeline as the year ended, and two of the largest projects include Fitzsimons Village 100 in Aurora and the Red Rocks Medical Center in Golden.

Industrial and Flex Activity

Similar to construction in the office market, building activity in the Denver metropolitan area's industrial market slowed dramatically in 2009 and remained idle in 2010. Despite sluggish conditions in 2010, the Denver metropolitan area's industrial market outperformed other property types across the area and industrial markets nationwide due to a favorable balance of supply and demand and a comparatively smaller debt burden. Additionally, bulk warehouse leasing activity and third-party logistics companies reinforced the market throughout 2010. According to CoStar Realty Information, Inc., the direct vacancy rate in the fourth quarter of 2010 was 5.7 percent, a decrease of one percentage point over-the-year and the lowest rate reported since the end of 2001. Even though the area's industrial market stabilized quicker than other property types, industrial lease rates declined throughout 2010. Direct average lease rates stood at \$4.67 at the end of 2010, down 3.1 percent over-the-year.

Industrial market construction in the Denver metropolitan area remained relatively anemic in 2010, with just over 70,000 square feet completed in three buildings, down from 1.7 million square feet of space in 29 buildings at the start of the recession.

The largest project completed in 2010 was the nearly 38,000-square-foot Restaurant Depot – located on the former Country Dinner Playhouse site – in the City and County of Denver. The remainder of industrial activity was located in Boulder and Adams Counties. The pipeline of industrial projects nearly emptied at the end of 2010 with one industrial building – the Cummins Rocky Mountain Master Rebuild Center in Adams County – under construction.

Like other commercial markets in the Denver metropolitan area, the flex market appeared to have stabilized toward the end of 2010. However, weak fundamentals, scarce financing, and tenant consolidations dampened tenant demand in the area's flex market. This overall lack of tenant demand contributed to rising vacancy rates since the start of the recession. According to CoStar Realty Information, Inc., the Denver metropolitan area's direct flex vacancy rate ended the year at 14.1 percent, slightly below the 14.2 percent vacancy rate from one year ago, but nearly three percentage points above the lowest rate reported before the recession. The slight decline in vacancy rates in 2010 was not enough to support higher lease rates. As a result, the fourth quarter 2010 lease rate was \$9.38 per square feet, down 1.7 percent over-the-year. Flex market construction activity through 2010 remained stalled as builders completed just over 45,000 square feet of flex space in two buildings. No flex space was under construction at year-end 2010.

Some projects are moving forward as planned, despite a sluggish economy that has curtailed new development. Denmark-based Vestas will construct a second blade factory in Brighton by the end of 2011. In addition to the company's Windsor blade factory and nacelle factory in Brighton, the world's largest tower factory in Pueblo opened in 2010 and the company located a research and development center to Louisville. ConocoPhillips' is moving forward with plans to redevelop the former 432-acre StorageTek campus in Louisville for a Global Technology and Corporate Learning Center to research hydrogen fuel cells, solar, wind power, and

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clean diesel fuel. Construction on the project's first phase is scheduled to begin in 2011 with completion of all three phases of development planned by 2032.

Retail Activity

Retail construction in the Denver metropolitan area continued in 2010, however overall construction volume was down in comparison to prior years. The recession spurred low levels of consumer confidence caused by pressure on both consumers' income and wealth. In particular, a new frugality among consumers reshaped consumption patterns and shifted expenditures towards discount stores and away from luxury retailers. Additionally, low lease rates and weak levels of home building were partly behind the diminished need for new retail facilities. Still, the Denver metropolitan area's retail market remains competitive. The Denver metropolitan area's retail market ranked 19th among 44 U.S. markets in Marcus and Millichap's 2010 National Retail Index. The index is based on criteria including job growth, vacancy rates, rent growth, retail sales, and other factors. The region's retail market moved up three places from 22nd-place in 2009.

The slowdown in retail construction activity in the Denver metropolitan area contributed to declining vacancy and average lease rates in 2010. According to CoStar Realty Information, Inc., the Denver metropolitan area's direct retail market vacancy rate ended the year at 7.5 percent, down about one-half of a percentage point from the eight percent vacancy reported in the fourth quarter of 2009. The region's direct average lease rate for the retail market declined 8.7 percent over-the-year to \$14.87 per square foot in the fourth quarter of 2010 and was almost 14 percent lower than the highest rate reported (\$17.28 per square foot) before the downturn in late-2008.

Despite difficult retail market conditions and challenging financing, some retail development activity continued in 2010. About 413,200 square feet of retail space in 22 buildings was completed by the end of 2010 including the Walmart Supercenter in Broomfield – the largest retail project completed

in 2010 – followed by a 24 Hour Fitness in Douglas County. Specifically, the Walmart and 24 Hour Fitness accounted for over half of all Denver metropolitan area retail property completed in 2010. Other notable projects completed throughout the year included the Sprouts Farmer's Market and Redstone Bank in Arapahoe County. By the fourth quarter of 2010, retail property under construction totaled nearly 569,100 square feet in six buildings. As 2010 ended, the 415,000-square-foot IKEA building in Centennial was the largest retail project still under construction and is scheduled to open in mid-2011.

These facilities contribute to a larger community of retail establishments across the Denver metropolitan area. The region offers 15 retail and lifestyle centers of 700,000 square feet or more and numerous smaller shopping districts. These retail centers are geographically dispersed throughout the region, ranging from the open-air shopping options including the Streets at Southglenn and Twenty Ninth Street in Boulder to a combination of open-air and indoor facilities such as Park Meadows Retail Resort in Douglas County and FlatIron Crossing in Broomfield. These suburban malls complement the 1.1 million-square-foot Cherry Creek Shopping Center located in the City and County of Denver. Several of the region's retail centers – including Belmar in Lakewood and Downtown Denver's 16th Street Mall – have undergone or will soon begin expansions and renovations.

Medical Facilities

While development among other property types was relatively limited in 2010, hospital and medical properties bucked the trend due to ongoing demand for medical services and specialized patient treatments. Plans for the former Fitzsimons Army Medical Center area are moving forward. Located adjacent to the Anschutz Medical Campus, the \$300 million Department of Veterans Affairs (VA) Hospital is under construction and scheduled to open in early 2014. The Children's Hospital broke ground on a 350,000-square-foot, \$228 million patient tower that will add over 120 beds and clinical space for

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intensive care, rehabilitation, and cancer treatment. The tower is scheduled to open in 2013.

The University of Colorado Hospital recently broke ground on a \$400 million expansion that will add a new emergency department and critical care wing, additional beds and operating rooms, diagnostic treatment centers, and additional parking facilities. Similarly, builders recently began work on the University of Colorado Hospital's Anschutz Cancer Pavilion's \$20 million expansion project. More than 11,000 square feet of the existing center will undergo renovations, and builders will add an additional 40,000 square feet to accommodate radiation treatment and chemotherapy. The University of Colorado broke ground on its 94,000-square-foot Health and Wellness Center at the Anschutz Medical Campus that will house research facilities focused on holistic health and facilities dedicated to fitness, nutrition, and community wellness. Builders expect to complete the project in early 2012.

The St. Anthony Medical Campus will soon open its new location at the Federal Center in Jefferson County. The 50-acre campus includes the 560,000-square-foot St. Anthony Hospital, Orthocare Hospital (an orthopedic specialty hospital opened in June 2010), two medical buildings, and a parking garage. Work continues at the Exempla Saint Joseph Hospital redevelopment which includes construction of a new, 325-bed hospital, office space, parking structures, and senior residences. The new hospital is expected to be completed in 2014. Parker Adventist Hospital recently opened a new three-story wing which features nearly 60 additional beds and a conference center as part of the \$76 million two-phase expansion and renovation. In nearby Castle Rock, Centura Health recently broke ground on its new campus that features an emergency facility with radiology, lab, helicopter transport capabilities, and a medical office building that could be complete in the fall of 2011.

Further north, The Children's Hospital recently broke ground on its Broomfield Therapy Center that will offer physical and occupational therapy and

audiology, speech, and learning therapies. The center is scheduled to open in 2012. Nearby, St. Anthony North recently broke ground on its \$26 million Medical Pavilion in Westminster that will house an emergency department, imaging center and laboratory services, and helicopter transport facilities. The 48,000-square-foot facility should be completed by spring 2012.

Redevelopment Activity

Evolving plans for the former Fitzsimons Army Medical Center will continue to transform the site into one of the nation's largest scientific and medical-related assets in the Rocky Mountain region. The 578-acre site in Aurora remains one of the most concentrated redevelopment projects in the Denver metropolitan area and is the home of the Anschutz Medical Campus and the Fitzsimons Life Science District. Included at the site is the 184-acre Colorado Science + Technology Park at Fitzsimons, which offers 15 pre-built labs and access to over 80 core laboratories, 21 executive office suites, and many shared services and amenities.

Another key partner at Fitzsimons is the \$1.5 billion Anschutz Medical Campus, which includes the University of Colorado Hospital and facilities for University Physicians, Inc. The campus is also home to the future Denver Veterans Affairs Medical Center and is adjacent to The Children's Hospital. Upon completion, the entire district and medical campus will account for approximately 18 million square feet of health- and science-related facilities. Now that the former University of Colorado Denver campus at Colorado Boulevard and East Ninth Avenue is essentially vacant, plans are underway for a mixed-use development. Recently, Sembler Atlanta entered into an agreement to redevelop the campus that could begin in early 2012.

Denver International Airport's planned South Terminal Redevelopment Program includes the development of a 500-room, on-site airport hotel to be located above the FasTracks light rail station. Completion of the hotel is anticipated for 2014 and will feature nearly 26,000 square feet of conference

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and meeting space, a health club, restaurants, a swimming pool, and parking garage.

A number of other redevelopment projects across the Denver metropolitan area are following a mixed-use model. In downtown Denver, one of LoDo's last historic warehouse buildings – the Colorado Saddlery building at 15th and Wynkoop Streets – will receive a mixed-use overhaul that will include retail and restaurant space, mid-level office space, and penthouse-style residential space. Plans were also announced to revamp the Olinger Mortuary Complex in the Lower Highland neighborhood. Once completed, the development will include a restaurant, an outdoor plaza, and perhaps a jazz club. Further north, Westminster is in the early stages of the 108-acre redevelopment of the Westminster Mall. The development – Westminster Center – will include office, residential, and entertainment space plus connections to transit. Groundbreaking is anticipated for 2012.

Further south, the Lumberyards will be converted to a mixed-use project to be located along South Broadway that could include restaurants and residential space. The project could break ground in 2011 when the reconstruction of South Broadway that is currently in progress is completed. The Kent Place project is undergoing development in Englewood, and could break ground in 2011. The 11.4-acre, mixed-use project at University Boulevard and Hampden Avenue will feature 300 residential units and commercial space.

Transit-Oriented Development

Other mixed-use projects in the region are considered transit-oriented developments. The majority of these projects are centered on FasTracks, the \$6.7 billion transit expansion project approved by voters in 2004. According to the Denver Regional Council of Governments, over 60 projects located within one-half mile of a transit station are in planning phases, are already under construction, or were completed in 2010. The largest projects are related to the Fitzsimons Life Science District and Union Station redevelopment.

Other notable transit-oriented projects were announced in 2010. Builders started work on a 300-unit luxury residential apartment project at Orchard Town Center in Westminster. The Denver Housing Authority is working to establish a public-private funding arrangement for a transit-oriented development in Denver called the South Lincoln Homes. The development will add more than 450 affordable and market-rate apartment units at West 10th Avenue and Osage Street. The Clear Creek Transit Village – a 21-acre development that could locate along the FasTracks Gold Line in Adams County – would include residential, retail, and office space. Plans to move the light rail station for the area to the west side of Federal Boulevard from the east side are underway. Further south, development activity is taking place near the Aspen Grove Shopping Center and the Mineral Avenue light rail stop in Littleton. The project – Alta Aspen Grove – will include 280-units and should be completed in the spring of 2011. Construction is moving forward on the Apartments at Yale Station. The 50-unit development is located adjacent to the Yale Station light rail stop and was designed as affordable senior housing. The development will include retail space and is slated for completion in fall 2011.

TRANSPORTATION

The Denver metropolitan area is one of the country's major transportation hubs, with extensive access to national and international routes by rail, road, and air. The region's transportation network combines with its central location and dynamic economy to compete favorably in the global marketplace.

Highways

Colorado's expansive 9,140-mile road network and nearly 3,430 bridges accommodate approximately 28 billion vehicle travel miles each year. The Interstate highway system covers about 913 miles, or about 10 percent of total mileage across the state, and accommodates about 40 percent of all highway travel in Colorado. This integrated network provides residents and non-residents alike with a high level of

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mobility for routine destinations, daily trips to work, and vacation travel.

The Denver metropolitan area is at the crossroads of three major Interstate highways. Motorists can access I-25 for north-south travel and both I-70 and I-76 for east-west routes. More than three-quarters of the Denver metropolitan area beltway – E-470, C-470, and the Northwest Parkway – has been completed to date. In 2008, Jefferson County, the City and County of Broomfield, and the City of Arvada formed the Jefferson Parkway Public Highway Authority to complete the remaining portion of the beltway.

Improvement and maintenance of a high quality, local transportation system contributes to the state's long-term economic well-being. In 2009, Colorado legislators approved a broad-based transportation improvement package called FASTER that is expected to generate \$252 million annually for repairs and maintenance on Colorado roads and bridges, including improvements to more than 100 structurally deficit and functionally obsolete bridges. Specifically, the program encourages state, local, and private collaboration for financing strategies, partnerships, concession agreements, and contracting for road projects. At year-end 2010, more than \$90 million in FASTER funding contributed to improved highways and bridges across Colorado.

In 2010, 32 active highway construction projects were underway by the Colorado Department of Transportation – totaling over \$390 million – in the Denver metropolitan area. About 10 of projects were funded under the American Recovery and Reinvestment Act (ARRA). In total, Colorado will receive over \$500 million in ARRA funding for numerous resurfacing projects, bridge rehabilitation, and safety improvement projects. The Denver Regional Council of Governments (DRCOG) received roughly \$56 million of the Colorado Department of Transportation's ARRA funds. The DRCOG allocation resurfaced, replaced, and upgraded streets, highways, and pedestrian facilities throughout the Denver metropolitan area.

Notably, three large-scale improvements finished in 2010. These included a \$32 million ARRA project that repaired and replaced concrete slabs and resurfaced the nine-mile stretch of C-470 between I-25 and Santa Fe Drive, an \$11 million ARRA project which replaced four structurally deficient bridges on I-76 over State Highway 224 and the Union Pacific Railroad, and a \$2.4 million project that added a through lane in both directions of Arapahoe Road at I-25 to improve mobility.

Mass Transit

The Regional Transportation District (RTD) serves the mass transit needs of the Denver metropolitan area. RTD operates 1,029 buses on 148 fixed routes and 153 light rail vehicles on 35 miles of track. The District operates 75 Park-n-Rides for commuters using any of its 37 light rail stations and more than 10,140 bus stops. RTD also operates 36 hybrid-electric buses along the 16th Street Mall in downtown Denver and transports visitors from one end of the mile-long pedestrian mall to the other free of charge. System-wide ridership for 2010 resulted in about 98 million boardings.

The Denver metropolitan area's mass transit system is progressing towards an interconnected, coordinated system of transportation. In 2004, Colorado voters approved FasTracks, a \$6.7 billion plan for the planning, design, and construction of high-quality transit service and facilities in the Denver metropolitan area. Light rail in the Denver metropolitan area currently consists of the Central, Central Platte Valley, Southwest, and the Southeast Corridors. When completed, FasTracks will add 122 miles of new light rail and commuter rail, 18 miles of bus rapid transit service, more than 21,000 new parking spaces at transit facilities, and additional suburban bus service. FasTracks will also provide convenient bus and rail connections and will add 57 new transit stations throughout the Denver metropolitan area. Ultimately, FasTracks will consist of nine rail corridors, one bus rapid transit corridor, redevelopment of Denver Union Station, an expanded light rail maintenance facility, and a new Commuter Rail Maintenance Facility.

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Despite the economic recession, FasTracks propelled ahead with planned construction and redevelopment activity in the Denver metropolitan area. The West Corridor – a 12.1-mile line between Denver Union Station (DUS) and the Jefferson County Government Center in Golden – is approximately 50 percent complete. Upon completion, three light rail and pedestrian bridges, one pedestrian tunnel, drainage improvements, and utilities relocation will further increase passenger mobility to downtown Denver by 2013. Construction began on the Eagle P3 Project – the first public-private partnership for commuter rail in the nation to include financing, design-build, and long-term operations – in August 2010 that includes the East Corridor commuter rail line from DUS to Denver International Airport, the Gold Line from Union Station to Wheat Ridge, a commuter rail maintenance facility, and a segment of the Northwest Rail Corridor that will eventually connect Longmont with downtown Denver. The project should be complete in 2016. Notably, FasTracks Eagle P3 project was named the 2010 Southwest Large Issuer Deal of the Year by *The Bond Buyer* newspaper and was also named the 2010 North American Transport Deal of the Year by *Project Finance* magazine. The project was recognized for its innovative bond deal that issued nearly \$398 million of tax-exempt private-activity bonds.

The DUS Project continues to make considerable progress. The completed project will transform the historic site into a 19.5-acre multi-modal transportation hub integrating light rail, commuter rail, regional rail, and bus service with office, retail, and residential space. The project's light rail station is expected to open in 2011, and work will continue on the underground bus facility. Construction of the entire DUS development is scheduled to be completed in 2015.

Other FasTracks corridors are in their final approval stages and poised to move ahead. The I-225 Corridor – a 10.5-mile light rail route that will connect the existing Nine Mile Station in Aurora with the planned East Corridor's Peoria/Smith Station –

received design approval in late 2010. The Corridor will be built in two phases and will include eight stations along the proposed route. Additionally, all other FasTracks corridors – the North Metro, Northwest Rail, Southeast expansion, and Southwest expansion – have completed the environmental planning phase and are construction-ready.

Air

Denver International Airport accommodates over 50 million passengers each year with six runways, three concourses, 95 gates, and 62 regional aircraft positions. Located approximately 24 miles northeast of downtown Denver, Denver International Airport occupies 53-square-miles which allows for longer runways and future expansion. Denver International Airport's sixth runway – the longest commercial runway in North America – opened in 2003 and accommodates increased international flights.

Denver International Airport is one of the world's greenest airports and was the first airport in the U.S. to receive ISO 14001 Environmental Management System certification in 2004. Denver International Airport's environmental management program includes protocol for storm and wastewater management, environmental planning, and compliance. Close to 10,000 solar panels generate up to 50 percent of the power needed to operate the airport each year and reduce the airport's carbon emissions by more than five million pounds per year. Green Park Denver opened in November 2010 – the airport's first sustainably designed parking garage – which offers 4,200 parking spaces, climate-controlled indoor parking spaces, and charging stations for electric cars, all powered by an on-site wind and solar farm. Additionally, the airport received more than \$5.6 million in grant awards from the Federal Aviation Administration for runway rehabilitation, a study of best practices in sustainability, and other projects.

Denver International Airport averaged more than 1,700 flight operations and roughly 143,000 passengers every 24 hours in 2010, making it the fifth-busiest airport in the nation and 10th busiest in

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the world. Total passenger traffic at Denver International Airport reached an all-time high of 52.2 million in 2010, up 4.1 percent from 2009. The previous passenger record was set in 2008, which was the first year more than 50 million passengers traveled through the airport.

Faced with the need for greater airport capacity, Denver International Airport is preparing for expansion over the next five to 15 years that will likely include new gates on existing concourses, upgrades to the baggage system, expanded security and parking areas, and a FasTracks commuter rail station. In addition, a series of independent, integrated development projects will occur at the airport in the area directly south of Jeppesen Terminal. The initial phase of the South Terminal Redevelopment Program is expected to include a new on-site airport hotel, an open-air plaza above the station providing connections to the main terminal, and a FasTracks bridge over Peña Boulevard. The development also includes a 23-mile commuter rail line that connects the airport with Denver Union Station which broke ground in August 2010. In an effort to maintain the airport's efficient design, a series of technology systems improvements, environmental and energy management studies, and upgrades to light and equipment storage facilities will also occur over the next few years.

Denver International Airport serves as a major hub for United, Southwest, and Frontier Airlines. Since commencing service in January 2006, Southwest Airlines occupies the second-largest market share behind United Airlines at the airport. Denver remains the fastest-growing city in Southwest's network and Southwest is expected to occupy 17 airport gates with 148 daily departures to 46 destinations by June 2014. In total, 15 commercial carriers offer scheduled nonstop service from Denver to more than 160 domestic and international destinations.

Eight cargo airlines and more than 15 major and national airlines also provide an extensive freight network between Denver and other cities. Since

2000, cargo and freight operations have decreased an average of eight percent per year at Denver International Airport. In 2009, the overall drop in manufacturing contributed to a 15 percent decrease in cargo loads. Denver International Airport handled 555 million pounds of cargo in 2010, which represents a 12.2 percent increase from cargo loads in 2009. This correction in declining cargo operations over the last decade is a result of rebounding global trade and improving economic conditions. Of the 2010 shipments, about 93 percent were freight and express while seven percent were classified as mail.

Three reliever airports also serve business, recreational, and municipal users throughout the Denver metropolitan area. Centennial Airport serves the southeast metro area; Front Range Airport is located six miles southeast of Denver International Airport and serves the northeast Denver metropolitan area; and Rocky Mountain Metropolitan Airport serves Jefferson, Broomfield, and Boulder Counties in the northwest area. Three general aviation airports – Boulder Municipal Airport, Erie Municipal Airport, and Vance Brand Municipal Airport in Longmont – also serve the Denver metropolitan area.

Rail

Passenger and freight rail is a critical component of the nation's transportation system and is vital to the Denver metropolitan area's economic health and global competitiveness. Colorado is home to 14 freight railroads operating on over 2,660 miles of track, moving primarily coal, agricultural products, and consumer goods. Additionally, the Denver metropolitan serves as a major hub for Burlington Northern Santa Fe and Union Pacific.

The rail industry has a significant impact on Colorado's economy. The most recent U.S. Bureau of Transportation Statistics Commodity Flow Survey reports Colorado companies ship over \$125 billion and nearly 154 million tons of commodities throughout the U.S. Additionally, the rail industry contributed \$769 million in gross state product to

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Colorado's economy in 2008. The rail industry also positively contributes to the state's job base. The Association of American Railroads estimates that over 2,990 freight rail employees work in Colorado with an average wage and benefits per freight employee of \$103,100.

Passenger service provides viable transportation alternatives, convenient travel options, and economic vitality to surrounding communities. Amtrak's California Zephyr route offers Denver metropolitan area residents transportation through the Rocky Mountains west of Denver and connects Chicago to San Francisco. In 2010, rail passenger travel regained strength due to the moderately improved economic environment allowing increased business travel, sustained high gasoline prices, and increased appeal of rail travel. Across Colorado, Amtrak carried over 219,650 passengers in 2010, up nearly 10 percent from a year ago. The majority of passengers traveled through Denver, increasing 6.8 percent in 2010 to 128,410 riders from 120,240 riders from a year earlier.

TOURISM

Denver is home to numerous recreational opportunities, cultural attractions, sports teams, entertainment venues, and convention activities, offering a popular destination for business and leisure travelers alike. According to the most recent study by Longwoods International, Denver tourism activity rebounded in 2010 as the number of overnight visitors and visitor spending surpassed pre-recession levels. Visitor spending in the Denver metropolitan area rose 6.5 percent from 2009 to \$3.3 billion, while the total number of overnight visitors to Denver increased five percent to a record 12.7 million. Top attractions for visitors in 2010 included the 16th Street Mall and the Cherry Creek Shopping District as well as the LoDo Historic District, the Colorado Rockies, and numerous other cultural facilities.

The Denver metropolitan area offers a full range of cultural activities including numerous museums,

wildlife attractions, theatres, and concert venues. Citizens support arts and culture through a 0.1 percent retail sales tax distributed through the Scientific and Cultural Facilities District. The special regional tax district provides a consistent source of funding to over 300 scientific and cultural organizations across the Denver metropolitan area. According to the Colorado Business Committee for the Arts biennial report, cultural institutions generated \$1.46 billion in economic activity in the Denver metropolitan area in 2009 and visits to cultural organizations totaled 11.2 million. Notably, total giving to the arts in the Denver metropolitan area rose between 2007 and 2009 despite the difficult economy.

The Denver Performing Arts Complex – the largest arts complex in the world – is home to the Colorado Symphony Orchestra, the Colorado Ballet, Opera Colorado, and the Denver Center for the Performing Arts and features ten performance spaces connected by an 80-foot-tall glass roof. The 356,000-square-foot Denver Art Museum complex includes collection gallery space, the Lewis I. Sharp Auditorium, and three temporary exhibition venues. In 2010, "Tutankhamun: The Golden King and the Great Pharaohs" exhibit attracted a record-number 270,000 visitors to the Denver Art Museum from July through September 2010. The exhibit tripled museum attendance compared with 96,000 visitors during the same period in 2009.

The 500,000-square-foot Denver Museum of Nature and Science is a resource of science education and houses more than one million objects in its collections such as anthropological materials, natural history, and archival and library resources. Notably, the museum served 1.42 million visitors in 2010, a 13 percent increase from 2009. Nearby, the Denver Zoo spans 80-acres within Denver's historic City Park and attracts over 1.6 million visitors annually. In late 2009, builders at the Denver Zoo broke ground on the \$50 million Asian Tropics exhibit. Scheduled to open in the spring of 2012, the 10-acre exhibit will also serve as a conservation center for endangered Asian animals. The \$15.8 million,

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

LEED Gold-certified Museum of Contemporary Art/Denver is located in downtown Denver and houses five galleries, three educational spaces, a research art library, and a lecture hall. The Denver metropolitan area is also home to the Clyfford Still Museum, the Children's Museum, and the Downtown Aquarium.

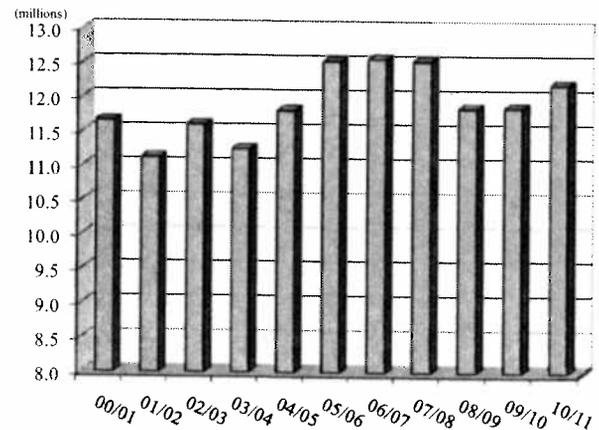
In addition to excellent cultural attractions and amenities, the Denver metropolitan area also hosts a variety of professional sports teams with some of the newest sports venues in the nation. Denver is one of only five U.S. cities with seven professional sports franchises – the NFL Denver Broncos, the NBA Denver Nuggets, the MLB Colorado Rockies, the NHL Colorado Avalanche, the MLS Colorado Rapids, the NLL Colorado Mammoth, and the MLL Denver Outlaws.

These sports teams are an integral part of the Denver metropolitan area's economy and their presence has led to major investments in new sports venues constructed within the past 15 years. Coors Field – a 76-acre, \$215 million ballpark – hosted two sold-out games of the 2007 World Series. Nearby, the \$364 million, 76,125-seat INVESCO Field at Mile High football stadium hosts Denver Broncos football and Denver Outlaws games as well as large public events. Located nine miles northeast of downtown Denver, Dick's Sporting Goods Park opened in spring 2007 and hosts the Colorado Rapids soccer team. This \$131 million, 18,000-seat stadium and surrounding fully-lit, 24-field complex is considered the largest and most state-of-the-art professional stadium and field complex in the world. Finally, the \$180 million Pepsi Center hosts three professional sports teams and numerous sporting, cultural, and special events throughout the year.

Professional athletics in the Denver metropolitan area are well complemented by the multitude of year-round outdoor recreation opportunities. The Denver metropolitan area is the gateway to the Rocky Mountains and offers hiking, biking, rafting, and climbing during the warmer months. The Denver metropolitan area is near 41 state parks, four national parks, and many of the state's official

14,000-foot peaks. Colorado offers some of the nation's most popular ski destinations. Of the 26 operating ski resorts in Colorado, 12 of them can be reached within about a two-hour drive of the Denver metropolitan area. Preliminary results from Colorado Ski Country USA indicate that skier visits at Colorado resorts during the 2010/2011 season likely topped 12 million for the first time since the 2007/2008 season as near-record snowfall attracted ski enthusiasts. Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – increased about 3.3 percent from the 2009/2010 season to approximately 12.2 million in the 2010/2011 season.

COLORADO SKIER VISITS



Source: Colorado Ski Country USA.

The Denver metropolitan area's tourism engine fueled a rebound in convention activity in 2010. Officials with the Colorado Convention Center estimate that the entire 2010 convention season brought 75 out-of-town meetings and events to the Colorado Convention Center and an additional 423 meetings to Denver that attracted 371,000 visitors and generated \$653 million in local spending. According to data from the Denver Metro Convention and Visitors Bureau, 2010 was Denver's second-best convention year and was just 7,000 visitors less than the record number reported in 2008. Nine conventions booked during the fourth quarter of 2010 boosted Denver's near-record year

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

and was driven by the largest event in the city's history – Snow Sports Industries America Snow Show – with 19,000 visitors. Other notable events in 2010 included the National League of Cities "Congress of Cities & Exposition," the National Association for Rural Mental Health Annual Conference, and the American Public Health Association Annual Meeting.

The Colorado Convention Center is one of the largest public meeting facilities in the west with 584,000 square feet of exhibit space and 100,000 square feet of meeting space. As Denver's premier convention facility, the Colorado Convention Center pioneered greening efforts through its sustainability programs and renewable energy project. The City and County of Denver partnered with the Colorado Convention Center in 2008 in a city-wide anti-idling campaign to improve air quality and reduce greenhouse gas emissions. In addition, the Colorado Convention Center and Ecologic Designs partnered to recycle non-reusable vinyl banners. In 2009, the Colorado Convention Center unveiled the region's newest 300-kilowatt solar power system which reduces carbon emissions by 435 tons per year. The combination of these efforts makes the Colorado Convention Center an ideal location for "green" meetings.

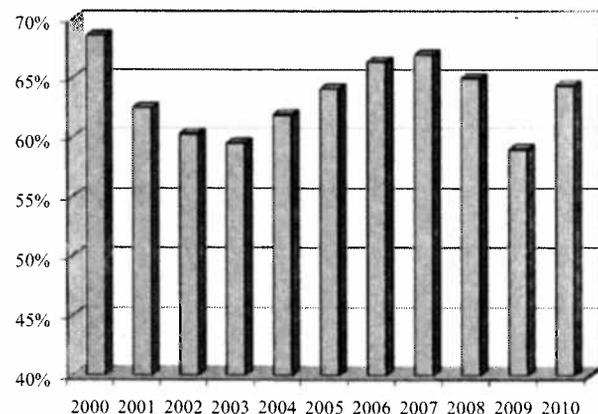
The Denver metropolitan area remains competitive to attract high-profile conventions and events. According to the *Toronto Globe and Mail*, Denver was recently named the world's best location for a convention. Notably, the 2008 Democratic National Convention gave the Denver metropolitan area exposure that will support convention activity for years to come. In 2011, high-profile convention events planned in Denver include the Association of American Medical Colleges Annual Meeting, IT Roadmap Conference and Expo, American College of Sports Medicine Annual Meeting, and the American Council on the Teaching of Foreign Languages Annual Convention and World Languages Expo.

The improving hospitality sector and rebound of convention and visitor activity continues to fuel

hotel development in the Denver metropolitan area. The Four Seasons Hotel and Private Residences recently opened its downtown Denver location at 14th and Arapahoe that includes 230 hotel rooms and 100 condominiums. Along the 14th Street corridor, the Embassy Suites Denver-Downtown/Convention Center – a 17-floor suite hotel – opened in December 2010 and became the sixth-largest hotel in downtown Denver. The new Embassy Suites replaces another downtown Embassy Suites that closed in 2006 and reopened as the Ritz-Carlton. Builders broke ground on Metropolitan State College of Denver's Hotel Learning Center, which will include a 150-room hotel that will operate under the school's hospitality and tourism training program. The hotel will be branded as a SpringHill Suites by Marriott and should be complete by fall of 2012.

Consumers that had postponed travel plans during the recession are now taking trips, but they are searching for deals and discounts. According to the Rocky Mountain Lodging Report, the average annual Denver metropolitan area hotel occupancy rate increased to 64.4 percent in 2010 from 59 percent in 2009. Across the region, 2010 occupancy rates ranged from 52.1 percent in the North Denver market to 70.3 percent in the Downtown market.

HOTEL OCCUPANCY RATES



Source: Rocky Mountain Lodging Report.

Responding to the post-recession consumer trends, hotels and restaurants refrained from significantly

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

raising rates and prices in 2010. The Denver metropolitan area average room rate increased slightly to \$107.77 in 2010 from \$106.85 in 2009. The meager gain in room rates reflected the weak trends in consumer spending early in the year, but rates through the second half of the year picked up as consumer spending increased.

SUMMARY

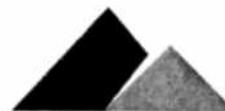
Although the impacts of the recession continued to linger in 2010, the Denver metropolitan area is poised for a gradual economic recovery. While the recent recession impacted nearly all industries, employers began to add jobs later in 2010. Four of the 11 industry “supersectors” in the Denver metropolitan area added jobs in 2010, led by education and health services. Still, average annual employment remained 0.7 percent below the 2009 level. The region’s housing market has been more stable compared with other markets across the nation and home prices are slowly starting to rise.

With unemployment reaching some of the highest levels in decades, consumer spending fell to the lowest levels the region has ever experienced during 2009. Fortunately, consumer confidence is on the mend and retail sales increased 6.8 percent in 2010.

Job losses also had an adverse impact on the commercial real estate market, however many of the region’s property types outperformed other markets across the nation. The region’s diversified industry base and healthy balance of market supply and demand led to generally declining vacancy rates. Still, new development activity will remain constrained until existing inventory declines further and lease rates begin to rise.

The Denver metropolitan area continues to attract businesses and headquarters to the region because of its high quality of life, comparatively low costs of doing business, and well-educated workforce. In particular, education and health services and government employment increased in 2010. The combination of self-employment, small business, and large firms form a solid economic base to foster the region’s economic recovery. Additionally, the region’s transportation network combined with its central location and dynamic economy compete favorably in the global marketplace.

Prepared By:



**Development
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DATA APPENDIX

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
POPULATION (July 1)¹											
United States (thousands)	281,422	285,050	287,746	290,242	292,936	295,618	298,432	301,394	304,177	306,656	308,746
Colorado	4,301,261	4,444,513	4,504,709	4,555,084	4,608,811	4,662,534	4,745,660	4,821,784	4,901,938	4,976,853	5,029,196
Denver Metropolitan Area	2,400,580	2,476,410	2,504,883	2,528,665	2,558,106	2,582,177	2,626,197	2,670,038	2,716,819	2,762,164	2,784,228
City and County of Denver	554,636	563,300	559,090	560,348	560,230	559,459	562,862	570,437	581,903	595,573	600,158
POPULATION GROWTH RATE											
United States	1.1%	1.3%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.9%
Colorado	2.4%	3.3%	1.4%	1.1%	1.2%	1.6%	1.8%	1.6%	1.7%	1.5%	1.5%
Denver Metropolitan Area	2.6%	3.2%	1.1%	0.9%	1.2%	1.5%	1.7%	1.7%	1.8%	1.7%	1.5%
City and County of Denver	1.8%	1.6%	-0.7%	0.2%	0.0%	0.2%	0.6%	1.3%	2.0%	2.3%	1.4%
NET MIGRATION											
Colorado	86,069	78,677	30,831	20,138	24,460	24,301	53,545	46,382	52,335	48,208	45,736
Denver Metropolitan Area	48,806	38,904	10,349	4,687	11,144	5,805	26,002	26,390	30,377	29,811	15,514
City and County of Denver	6,066	3,476	(7,747)	(2,569)	(3,737)	(4,576)	(107)	4,233	8,296	10,620	3,467
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	131.8	131.8	130.3	130.0	131.4	133.7	136.1	137.6	136.8	130.8	129.8
Colorado (thousands)	2,213.8	2,226.9	2,184.2	2,152.8	2,179.6	2,226.0	2,279.1	2,331.3	2,350.3	2,245.6	2,220.1
Denver Metropolitan Area (thousands)	1,374.9	1,375.2	1,332.8	1,314.0	1,324.7	1,350.1	1,377.5	1,407.4	1,420.9	1,359.4	1,350.1
City and County of Denver ²	469,144	461,996	438,891	425,474	423,446	424,641	432,416	442,750	449,257	423,329	417,950
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.4%	-0.8%
Colorado	3.8%	0.6%	-1.9%	-1.4%	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%	-1.1%
Denver Metropolitan Area	4.3%	0.0%	-3.1%	-1.4%	0.8%	1.9%	2.0%	2.2%	1.0%	-4.3%	-0.7%
City and County of Denver	3.0%	-1.5%	-5.0%	-3.1%	-0.5%	0.3%	1.8%	2.4%	1.5%	-5.8%	-1.3%

DATA APPENDIX

2010 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States		Colorado		Denver Metropolitan Area		City & County of Denver (Q3 2010)				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Natural Resources & Construction	4.8%	4.7%	6.3%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%
Manufacturing	8.9%	3.8%	5.6%	6.1%	5.6%	5.1%	4.3%	3.7%	4.8%	8.3%	8.9%
Wholesale & Retail Trade	15.3%	3.8%	14.7%	6.4%	5.8%	5.2%	4.3%	3.7%	4.8%	8.3%	8.8%
Transportation, Warehousing, Utilities	3.6%	4.4%	3.2%	7.2%	6.6%	5.8%	4.8%	4.1%	5.4%	9.2%	9.7%
Information	2.1%	4.7%	3.2%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%
Financial Activities	5.9%	3.8%	6.5%	6.4%	5.8%	5.2%	4.3%	3.7%	4.8%	8.3%	8.9%
Professional & Business Services	12.9%	4.4%	14.8%	7.2%	6.6%	5.8%	4.8%	4.1%	5.4%	9.2%	9.7%
Education & Health	15.1%	4.7%	11.9%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%
Leisure & Hospitality	10.0%	3.8%	11.9%	6.4%	5.8%	5.2%	4.3%	3.7%	4.8%	8.3%	8.9%
Other Services	4.1%	4.4%	4.2%	7.2%	6.6%	5.8%	4.8%	4.1%	5.4%	9.2%	9.7%
Government	17.3%	4.4%	17.7%	7.2%	6.6%	5.8%	4.8%	4.1%	5.4%	9.2%	9.7%
UNEMPLOYMENT RATE											
United States	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%
Colorado	2.7%	3.8%	5.7%	6.1%	5.6%	5.1%	4.3%	3.7%	4.8%	8.3%	8.9%
Denver Metropolitan Area	2.6%	3.8%	5.9%	6.4%	5.8%	5.2%	4.3%	3.7%	4.8%	8.3%	8.8%
City and County of Denver	3.0%	4.4%	6.7%	7.2%	6.6%	5.8%	4.8%	4.1%	5.4%	9.2%	9.7%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	172.2	177.1	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5	218.1
Denver-Boulder-Greeley	173.2	181.3	184.8	186.8	187.0	190.9	197.7	202.0	209.9	208.5	212.4
INFLATION RATE											
United States	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%
Denver-Boulder-Greeley	4.0%	4.7%	1.9%	1.1%	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%	1.9%

DATA APPENDIX

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	\$8,555	\$8,879	\$9,055	\$9,369	\$9,929	\$10,477	\$11,257	\$11,901	\$12,380	\$12,168	\$12,530
Colorado	\$147,056	\$156,468	\$157,752	\$159,918	\$168,587	\$179,695	\$194,390	\$205,242	\$214,977	\$210,513	\$215,259
Denver Metropolitan Area	\$93,832	\$99,605	\$99,903	\$100,934	\$106,176	\$113,046	\$123,018	\$128,512	\$134,426	\$131,293	N/A
City and County of Denver	\$22,008	\$23,469	\$23,834	\$23,933	\$25,031	\$26,593	\$29,534	\$30,036	\$32,085	\$31,512	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	8.2%	3.8%	2.0%	3.5%	6.0%	5.5%	7.4%	5.7%	4.0%	-1.7%	3.0%
Colorado	12.5%	6.4%	0.8%	1.4%	5.4%	6.6%	8.2%	5.6%	4.7%	-2.1%	2.3%
Denver Metropolitan Area	13.8%	6.2%	0.3%	1.0%	5.2%	6.5%	8.8%	4.5%	4.6%	-2.3%	N/A
City and County of Denver	13.3%	6.6%	1.6%	0.4%	4.6%	6.2%	11.1%	1.7%	6.8%	-1.8%	N/A
PER CAPITA PERSONAL INCOME³											
United States	\$30,318	\$31,145	\$31,461	\$32,271	\$33,881	\$35,424	\$37,698	\$39,461	\$40,674	\$39,635	\$40,584
Colorado	\$33,977	\$35,296	\$35,023	\$35,156	\$36,652	\$38,555	\$40,898	\$42,386	\$43,560	\$41,895	\$42,802
Denver Metropolitan Area	\$38,827	\$40,245	\$39,863	\$39,940	\$41,572	\$43,695	\$46,636	\$47,747	\$48,940	\$46,868	N/A
City and County of Denver	\$39,576	\$41,581	\$42,480	\$42,863	\$44,817	\$47,376	\$51,934	\$51,895	\$54,098	\$51,630	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	7.0%	2.7%	1.0%	2.6%	5.0%	4.6%	6.4%	4.7%	3.1%	-2.6%	2.4%
Colorado	9.9%	3.9%	-0.8%	0.4%	4.3%	5.2%	6.1%	3.6%	2.8%	-3.8%	2.2%
Denver Metropolitan Area	11.0%	3.7%	-0.9%	0.2%	4.1%	5.1%	6.7%	2.4%	2.5%	-4.2%	N/A
City and County of Denver	11.9%	5.1%	2.2%	0.9%	4.6%	5.7%	9.6%	-0.1%	4.2%	-4.6%	N/A
RETAIL TRADE SALES											
United States (billions)	\$3,290	\$3,386	\$3,467	\$3,618	\$3,841	\$4,093	\$4,313	\$4,454	\$4,409	\$4,129	\$4,396
Colorado (millions)	\$57,955	\$59,014	\$58,850	\$58,689	\$62,288	\$65,492	\$70,437	\$75,329	\$74,760	\$66,302	\$69,695
Denver Metropolitan Area (millions)	\$35,159	\$35,657	\$35,355	\$35,548	\$37,197	\$38,589	\$41,491	\$44,177	\$43,829	\$38,880	\$41,512
City and County of Denver (millions)	\$8,105	\$7,860	\$7,564	\$7,364	\$7,691	\$7,963	\$9,480	\$10,162	\$10,252	\$8,518	\$9,154

DATA APPENDIX

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
RETAIL TRADE SALES GROWTH RATE											
United States	6.4%	2.9%	2.4%	4.3%	6.2%	6.5%	5.4%	3.3%	-1.0%	-6.4%	6.5%
Colorado	10.2%	1.8%	-0.3%	-0.3%	6.1%	5.1%	7.6%	6.9%	-0.8%	-11.3%	5.1%
Denver Metropolitan Area	11.3%	1.4%	-0.8%	0.5%	4.6%	3.7%	7.5%	6.5%	-0.8%	-11.3%	6.8%
City and County of Denver ⁴	11.0%	-3.0%	-3.8%	-2.6%	4.4%	3.5%	19.1%	7.2%	0.9%	-16.9%	7.5%
MEDIAN HOME PRICE											
United States (thousands)	\$147.3	\$156.6	\$167.6	\$180.2	\$195.2	\$219.0	\$221.9	\$217.9	\$196.6	\$172.1	\$173.2
Denver Metropolitan Area (thousands)	\$196.8	\$218.3	\$228.1	\$238.2	\$239.1	\$247.1	\$249.5	\$245.4	\$219.3	\$219.9	\$232.4
EXISTING HOME SALES											
Denver Metropolitan Area	48,611	47,832	47,919	47,966	54,012	53,106	50,244	49,789	47,837	42,070	38,818
NEW RESIDENTIAL UNITS											
DENVER METROPOLITAN AREA											
Single Family	15,873	14,262	13,793	12,656	14,260	15,778	10,952	7,082	3,686	2,397	3,349
Two-Family	3,321	4,442	4,425	3,755	4,843	4,642	5,311	4,632	1,330	601	798
Multi-Family	9,116	9,090	4,085	1,858	2,681	459	1,727	3,015	4,413	438	1,002
Total Units	28,310	27,794	22,303	18,269	21,784	20,879	17,990	14,729	9,429	3,436	5,149
OFFICE VACANCY RATE											
Denver Metropolitan Area	7.0%	10.1%	13.6%	14.2%	14.4%	13.2%	12.7%	11.8%	12.9%	13.7%	13.2%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	68.6%	62.5%	60.3%	59.5%	61.9%	64.1%	66.4%	67.0%	65.0%	59.0%	64.4%
SKIER VISITS											
Colorado (millions)	11.7	11.1	11.6	11.3	11.8	12.5	12.6	12.5	11.9	11.9	12.2
NA: Not Available											

¹: The State Demography Office recently released intercensal population estimates (2001-2009) to incorporate the recently released 2010 Census population counts. However, these data should be interpreted with caution as they are not consistent with the detailed estimates and forecasts also currently available from the State Demography office which were prepared in the fall of 2010 prior to the release of the 2010 Census counts.

²: Employment data estimated based on job growth rate for the period Q1-Q3 2010 compared with Q1-Q3 2009.

³: The Bureau of Economic Analysis' 2010 per capita personal income data was computed using 2010 Census population counts. Income figures for prior years are based on population data that are not consistent with Census 2010 as a consistent series was not available at the time of publication. As a result, the change in per capita personal income between 2010 and prior years should be interpreted with caution. In September 2011, the Bureau plans to release revised per capita income for 2001-2010 that will be fully consistent with Census 2010.

⁴: The large increase in retail trade sales in the City and County of Denver in 2006 was due to geographic revisions in the data series and may not accurately reflect actual activity.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Colorado Department of Revenue; National Association of REALTORS; MetroList, Inc.; Home Builders Association of Metro Denver; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; and Colorado Ski Country USA.

APPENDIX D

**GENERAL PURPOSE FINANCIAL STATEMENTS OF THE
CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “Disclosure Undertaking”) is delivered by the CITY AND COUNTY OF DENVER, Colorado (the “City”) and UMB BANK, n.a., Denver, Colorado (the “Trustee”), in connection with the execution and delivery of \$11,310,000* in aggregate principal amount of Refunding Certificates of Participation, Series 2012A (Tax-Exempt)(the “Series 2012A Certificates”), and \$1,870,000* in aggregate principal amount of Refunding Certificates of Participation, Series 2012B (Taxable) (the “Series 2012B Certificates” and, together with the Series 2012A Certificates, the “Series 2012A-B Certificates”), pursuant to a Declaration and Indenture of Trust (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) to be dated its date of execution and delivery (the “2012A-B Indenture”), executed by the Trustee, as trustee thereunder. The Series 2012A-B Certificates evidence assignments of proportionate interests in the rights to receive certain amounts payable by the City pursuant to an annually renewable Lease Purchase Agreement No. 2012A-B (Public Parking Unit/Cultural Center Parking Garage – Tax-Exempt and Taxable) to be dated its date of execution and delivery (the “2012A-B Lease”), between the Trustee, as lessor, and the City, as lessee.

In consideration of the purchase of the Series 2012A-B Certificates by the Participating Underwriters (defined below), the City, as an “obligated person” with respect to the Series 2012A-B Certificates within the meaning of Rule 15c2-12 (the “Rule”) adopted by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time, and the Trustee hereby covenant, agree and undertake as follows:

Section 1. Definitions. The definitions set forth in the 2012A-B Lease and the 2012A-B Indenture shall apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined herein. In addition to such terms and the terms defined above, as used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information or operating data with respect to the City delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the Trustee.

“*Audited Financial Statements*” means the annual financial statements for the City prepared in accordance with generally accepted accounting principles as in effect from time to time and audited by a firm of certified public accountants.

“*Dissemination Agent*” means the dissemination agent or any successor dissemination agent that has been designated in writing by the City.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

“*Events*” means any of the events listed in Section 3(a) of this Disclosure Undertaking.

* Preliminary, subject to change.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*Official Statement*” means the final Official Statement dated January , 2012, together with any supplements thereto prior to the date on which the Series 2012A-B Certificates are initially executed and delivered.

“*Owner(s)*” means the registered owner(s) of the Series 2012A-B Certificates, and so long as the Series 2012A-B Certificates are subject to the book-entry system, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Series 2012A-B Certificates, which includes the power to dispose or direct the disposition of the Series 2012A-B Certificates.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Participating Underwriters known to the City.

“*Treasurer*” means the Manager of Finance of the Department of Finance, *ex officio* Treasurer of the City, or his or her designee, and successors in functions, if any.

Section 2. Provision of Annual Financial Information.

(a) Commencing with the Fiscal Year ended December 31, 2011, and annually thereafter while the Series 2012A-B Certificates remain outstanding, the City shall provide or cause to be provided to EMMA, in an electronic format as prescribed by the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City. The Annual Financial Information shall include the written representation of the Treasurer that the Annual Financial Information is the Annual Financial Information required under this Disclosure Undertaking.

(b) The Annual Financial Information shall be provided to EMMA not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements shall be provided to EMMA when available, but in no event later than 270 days after the end of each Fiscal Year; provided, however, that in the event the Audited Financial Statements are not available within the time specified, such Audited Financial Statements shall be provided as soon as they are available.

(c) The Annual Financial Information and Audited Financial Statements may be provided by the City by specific cross reference to other documents that have been submitted to EMMA or filed with the SEC. If the document so referenced is a final official statement within the meaning of the Rule, such final official statement must also be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

Section 3. Reporting of Events.

(a) At any time the Series 2012A-B Certificates are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the City shall provide or cause to be provided to EMMA notice of any of the following Events with respect to the Series 2012A-B Certificates:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on the Base Rentals Reserve Fund created under the 2012A-B Indenture or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Series 2012A-B Certificates reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other material notices of determinations with respect to the tax status of the Series 2012A-B Certificates, or other material events affecting the tax-exempt status of the Series 2012A-B Certificates;
- (vii) modifications to rights of the Owners, if material;
- (viii) redemption of any Series 2012A-B Certificates, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) defeasance of the Series 2012A-B Certificates or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Series 2012A-B Certificates, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of an obligated person[†];
- (xiii) consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The SEC requires the listing of (i) through (xiv) above although some of such Events may not be applicable to the Series 2012A-B Certificates.

[†] For purposes of Section 3(a)(xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Whenever the Trustee obtains actual knowledge of the occurrence of an Event, the Trustee shall contact the Treasurer as soon as possible to request that the Treasurer determine if such Event would require filing with EMMA pursuant to Section 3(a) above. For the purpose of this Disclosure Undertaking, "actual knowledge" by the Trustee of the occurrence of such Events shall mean actual knowledge by the officer at the officer(s) of the Trustee with regular responsibility for the administration of matters related to the 2012A-B Indenture.

(c) Whenever the Treasurer obtains knowledge of the occurrence of an Event, including notice from the Trustee pursuant paragraph (b) of this Section, the Treasurer shall as soon as possible determine if such Event would require filing with EMMA pursuant to Section 3(a) above.

(d) If the Treasurer determines that the occurrence of the Event should be filed with EMMA, the Treasurer shall file or cause to be filed, in an electronic format as prescribed by the MSRB, a notice of such occurrence with EMMA within the time period prescribed in Section 3(a) above.

(e) The City shall provide or cause to be provided, in a timely manner, to EMMA notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof.

Section 4. Term. This Disclosure Undertaking shall be in effect from and after the initial execution and delivery of the Series 2012A-B Certificates and shall extend to the earlier of (a) the date all principal and interest on the Series 2012A-B Certificates shall have been deemed paid pursuant to the terms of the 2012A-B Indenture; (b) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; and (c) the date on which those portions of the Rule that require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action have been repealed retroactively or otherwise do not apply to the Series 2012A-B Certificates, which determination shall be evidenced by an opinion of nationally recognized municipal bond counsel selected by the Treasurer. The City shall file a notice of any termination of this Disclosure Undertaking with EMMA.

Section 5. Use of a Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist the City in carrying out its obligations under Sections 2 and 3 of this Disclosure Undertaking, and may discharge such dissemination agent with or without appointing a successor dissemination agent.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the City to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financing statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The City shall provide notice of any such amendment or waiver to EMMA.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided, however, that the City shall not be required to do so.

If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

Section 8. Default and Enforcement. If the City or the Trustee fails to comply with any provision of this Disclosure Undertaking, any Owner may take action to seek specific performance by court order to compel such party to comply with its obligations under this Disclosure Undertaking; provided, however, that any Owner seeking to require compliance with this Disclosure Undertaking shall first provide to the City at least 30 days' prior written notice of the City's failure, giving reasonable details of such failure, following which notice the City shall have 30 days to comply; and, provided further, that only the Owners of not less than a majority in aggregate principal amount of the outstanding Series 2012A-B Certificates may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the City in accordance with this Disclosure Undertaking, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State of Colorado. A DEFAULT UNDER THIS DISCLOSURE UNDERTAKING SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE 2012A-B LEASE, THE 2012A-B INDENTURE OR THE SERIES 2012A-B CERTIFICATES, AND THE SOLE REMEDY UNDER THIS DISCLOSURE UNDERTAKING IN THE EVENT OF ANY FAILURE OF THE CITY TO COMPLY WITH THIS DISCLOSURE UNDERTAKING SHALL BE AN ACTION TO COMPEL PERFORMANCE.

Section 9. Beneficiaries. This Disclosure Undertaking is made for the benefit of the Owners and in order to allow the Participating Underwriters to comply with the Rule, shall inure solely to the benefit of the Participating Underwriters and Owners from time to time of the Series 2012A-B Certificates and shall create no rights in any other person or entity.

Date: January , 2012

CITY AND COUNTY OF DENVER,
a Colorado municipal corporation

DEBRA JOHNSON, Clerk and
Recorder, Ex-Officio Clerk of the
City and County of Denver

Mayor

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

DOUGLAS J. FRIEDNASH, Attorney for the
City and County of Denver

Auditor _____

By: _____
City Attorney

Manager of Finance _____

UMB BANK, n.a.
as Trustee

By: _____
Authorized Officer

SCHEDULE 1

ANNUAL FINANCIAL INFORMATION

“Annual Financial Information” means the financial information and operating data with respect to the City substantially similar to the type set forth in APPENDIX C to the Official Statement under the heading “FINANCIAL INFORMATION CONCERNING THE CITY – General Fund” and data concerning certain outstanding lease obligations included under the heading “DEBT STRUCTURE – Certificated Lease Purchase Agreements” and any material financial information similar to the foregoing contained in the Audited Financial Statements.

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