

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH \_\_, 2016****NEW ISSUE  
BOOK-ENTRY ONLY****RATINGS: S&P: [to come]  
Moody's: [to come]  
Fitch: [to come]  
See "RATINGS"**

*In the opinion of Butler Snow LLP and Tilden McCoy + Dilweg LLP, Co-Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2016A Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016A Bonds (the "Tax Code"), interest on the Series 2016A Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Series 2016A Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2016A Bonds as described herein. See "TAX MATTERS--Series 2016A Bonds." In the opinion of Co-Bond Counsel, interest on the Series 2016B Bonds is includible in gross income for federal and State of Colorado income tax purposes. See "TAX MATTERS--Series 2016B Bonds."*

**\$377,370,000\***

**CITY AND COUNTY OF DENVER, COLORADO  
DEDICATED TAX REVENUE REFUNDING AND IMPROVEMENT BONDS  
SERIES 2016  
Consisting of:**

**\$233,290,000\***  
**Series 2016A**

**\$144,080,000\***  
**Taxable Series 2016B**

**Dated: Date of Delivery****Due: August 1, as shown herein**

The Series 2016A and Series 2016B Bonds (together, the "Series 2016 Bonds") are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Series 2016 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the Series 2016 Bonds. Purchases of the Series 2016 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2016 Bonds. See "THE SERIES 2016 BONDS--Book-Entry Only System." The Series 2016 Bonds bear interest at the rates set forth herein, payable on August 1, 2016, and semiannually thereafter on February 1 and August 1, to and including the maturity dates shown on the inside cover page, by check or draft mailed to the registered owner of the Series 2016 Bonds, initially Cede & Co. The principal of the Series 2016 Bonds will be payable upon presentation and surrender at Zions Bank, a division of ZB, National Association,

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\* Subject to change.

Denver, Colorado, or its successor as the Paying Agent for the Series 2016 Bonds. See “THE SERIES 2016 BONDS.”

**The maturity schedules for the Series 2016 Bonds appear on the inside cover page of this Official Statement.**

The Series 2016 Bonds of each series are subject to redemption prior to maturity at the option of the City and County of Denver, Colorado (the “City”) and are also subject to mandatory sinking fund redemption as described in “THE SERIES 2016 BONDS--Redemption Provisions.”

The Series 2016 Bonds are being issued by the City to: (i) finance and defray the cost of acquiring, constructing, installing and improving the National Western Center campus and the Colorado Convention Center, together with all necessary, incidental or appurtenant properties, facilities, equipment and costs; (ii) refund certain outstanding City excise tax revenue bonds as described herein; (iii) fund a reserve fund for the Series 2016 Bonds; and (iv) pay the costs of issuing the Series 2016 Bonds. See “SOURCES AND USES OF FUNDS.”

The Series 2016 Bonds are special, limited obligations of the City payable solely from the Pledged Revenues (defined herein). The Pledged Revenues are comprised primarily of specified Lodger’s Tax revenues, Auto Rental Tax revenues, and Food and Beverage Tax revenues, each as particularly described herein. The Series 2016 Bonds constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues on a parity with any parity lien bonds issued in the future. See “SECURITY FOR THE BONDS.” **The Series 2016 Bonds do not constitute a general obligation of the City. Owners of the Series 2016 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the Series 2016 Bonds.**

**This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Series 2016 Bonds are offered when, as, and if issued by the City and accepted by the Underwriters, subject to the approval of legality of the Series 2016 Bonds by Butler Snow LLP, Denver, Colorado and Tilden McCoy + Dilweg LLP, Denver, Colorado, as Co-Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP and Tilden McCoy + Dilweg LLP, have also acted as Co-Special Counsel to the City in connection with the Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. FirstSouthwest, a division of Hilltop Securities Inc., Denver, Colorado, is acting as financial advisor to the City. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriters. It is expected that the Series 2016 Bonds will be available for delivery through the facilities of DTC on or about March 31, 2016.\*

**Citigroup**

**Stifel**

**BofA Merrill Lynch**

**Drexel Hamilton, LLC**

**J.P. Morgan**

**Loop Capital Markets**

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\* Subject to change.

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

**MATURITY SCHEDULES\***  
**(CUSIP© 6-digit issuer number: \_\_\_\_\_)**

**\$233,290,000\***

**City and County of Denver, Colorado**  
**Dedicated Tax Revenue Refunding and Improvement Bonds**  
**Series 2016A**

<u>Maturing</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2020	\$ 3,510,000				2028	\$ 8,010,000			
2021	13,060,000				2029	1,125,000			
2022	14,090,000								
2023	15,185,000								
2024	6,765,000								
2025	3,420,000								
2026	4,835,000								
2027	6,365,000								

\$156,925,000 -- [\_\_\_\_]% Term Bond maturing August 1, 2046. Priced to Yield: [\_\_\_\_]%. CUSIP© Issue No. [\_\_\_\_]

**\$144,080,000\***

**City and County of Denver, Colorado**  
**Dedicated Tax Revenue Refunding and Improvement Bonds**  
**Taxable Series 2016B**

<u>Maturing</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2016	\$ 26,050,000				2029	\$ 8,690,000			
2017	23,030,000				2030	11,720,000			
2018	21,350,000				2031	13,615,000			
2019	20,725,000				2032	7,220,000			
2020	11,680,000								

\* Subject to change.

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## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2016 Bonds 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 2016 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016 Bonds.

The information set forth in this Official Statement has been obtained from the City, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made by the City, however, as to the accuracy or completeness of information received from parties other than the City. 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 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 2016 Bonds 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.

This Official Statement has been prepared only in connection with the original offering of the Series 2016 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Series 2016 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Series 2016 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

**THE PRICES AT WHICH THE SERIES 2016 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2016 BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

# CITY AND COUNTY OF DENVER, COLORADO

## CITY OFFICIALS

### Mayor

Michael B. Hancock

### City Council

Christopher Herndon, President

Kendra Black	Paul Kashmann
Albus Brooks	Robin Kniech
Jolon Clark	Paul D. López
Rafael Espinoza	Wayne New
Kevin Flynn	Deborah Ortega
Stacie Gilmore	Mary Beth Susman

### Auditor

Timothy M. O'Brien, CPA

### Clerk and Recorder

Debra Johnson

## CABINET OFFICIALS

Donald J. Mares	Deputy Mayor, Executive Director of the Department of Human Services
Brendan Hanlon	Chief Financial Officer/Manager of Finance
Brad Buchanan	Executive Director of Community Planning and Development
Jose Cornejo	Executive Director of the Department of Public Works
Kim Day	Executive Director of the Department of Aviation
Penny L. May	Executive Director of the Department of General Services, Interim
Allegra "Happy" Haynes	Executive Director of the Department of Parks and Recreation
D. Scott Martinez, Esq.	City Attorney
Robert M. McDonald	Executive Director of the Department of Environmental Health, Interim
Stephanie O'Malley	Executive Director of the Department of Safety

### **REGISTRAR, PAYING AGENT AND ESCROW BANK**

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Denver, Colorado

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Denver, Colorado

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Denver, Colorado

Tilden McCoy + Dilweg LLP  
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Denver, Colorado

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
New York, New York

Drexel Hamilton, LLC  
New York, New York

J.P. Morgan Securities LLC  
Denver, Colorado

Loop Capital Markets LLC  
Denver, Colorado

### **UNDERWRITERS' COUNSEL**

Kutak Rock LLP  
Denver, Colorado

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## OFFICIAL STATEMENT

**\$377,370,000\***

**CITY AND COUNTY OF DENVER, COLORADO  
DEDICATED TAX REVENUE REFUNDING AND IMPROVEMENT BONDS  
SERIES 2016  
Consisting of:**

**\$233,290,000\***  
**Series 2016A**

**\$144,080,000\***  
**Taxable Series 2016B**

## INTRODUCTION

### General

This Official Statement, which includes the cover page, the inside cover page, and the appendices, provides certain information in connection with the issuance by the City and County of Denver, Colorado (the “City”), a municipal corporation and political subdivision of the State of Colorado (the “State”), organized and existing as a home rule city under the provisions of Article XX of the State Constitution and the home rule charter of the City (the “Charter”), of its Dedicated Tax Revenue Refunding and Improvement Bonds, Series 2016A, in the aggregate principal amount of \$233,290,000\* (the “Series 2016A Bonds”), and Dedicated Tax Revenue Refunding and Improvement Bonds, Taxable Series 2016B, in the aggregate principal amount of \$144,080,000\* (the “Series 2016B Bonds,” and together with the Series 2016A Bonds, the “Series 2016 Bonds”). The Series 2016 Bonds are being issued pursuant to a bond ordinance (the “Ordinance”) adopted by the Denver City Council (the “Council”) on February 29, 2016.

*The offering of the Series 2016 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Series 2016 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.*

### The Issuer

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 3 million people, representing more than half of the population of the State, currently reside in the Denver metropolitan area, of which approximately 663,000 reside in the City limits.

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\* Subject to change.

## **Purpose**

The Series 2016 Bonds are being issued for the purpose of: (i) financing and defraying the cost of acquiring, constructing, installing and improving the National Western Center campus and the Colorado Convention Center, together with all necessary, incidental or appurtenant properties, facilities, equipment and costs (the “Improvement Project”); (ii) refunding all of the City’s outstanding Excise Tax Revenue Refunding Bonds, Series 2005A (the “Series 2005A Bonds”), currently outstanding in the aggregate principal amount of \$97,735,000; (iii) refunding all of the City’s outstanding Excise Tax Revenue Refunding Bonds, Series 2009A (the “Series 2009A Bonds”), currently outstanding in the aggregate principal amount of \$73,630,000; (iv) fund a reserve fund for the Series 2016 Bonds; and (v) pay the costs of issuing the Series 2016 Bonds. See “SOURCES AND USES OF FUNDS.” The Series 2005A Bonds and the Series 2009A Bonds are referred to collectively as the “Refunded Bonds.” The refunding of the Refunded Bonds is referred to as the “Refunding Project.”

## **Authority for Issuance**

General. The Series 2016 Bonds are issued pursuant to the Charter, voter authorization received at an election held on November 3, 2015 (the “2015 Election”), the Supplemental Public Securities Act (Title 11, Article 57, Part 2, Colorado Revised Statutes (“C.R.S.”)) and the Ordinance.

The 2015 Election. At the 2015 Election, Denver voters approved the issuance of bonds in an amount not to exceed \$778,000,000, with a maximum repayment cost of no more than \$1,999,000,000, and a maximum annual repayment cost of \$89,790,000, to finance and defray the cost of acquiring, constructing, installing, and improving the National Western Center and the Colorado Convention Center. The City may not exceed these debt service limits for any reason. See “LEGAL MATTERS--Constitutional Revenue, Spending and Debt Limitations.”

At the 2015 Election, Denver voters also approved the indefinite extension of existing Lodger’s Tax and Auto Rental Tax (each as defined below) imposed at a rate of 1.75%; imposition of the respective taxes at that rate was approved by Denver voters in 1999 to finance the expansion of the Colorado Convention Center. See “Security” below and “SECURITY FOR THE BONDS.”

## **Security**

Special, Limited Obligations. The Series 2016 Bonds are special, limited obligations of the City payable solely from the Pledged Revenues described below. The Series 2016 Bonds do not constitute a general obligation of the City. Owners of the Series 2016 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the Series 2016 Bonds. The Series 2016 Bonds do not constitute an indebtedness or a debt of the City, the State or any political subdivision thereof within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City. The full faith and credit of the City is not pledged to the payment of the Series 2016 Bonds.

Pledged Revenues. The principal of, interest on and premium, if any, on the Series 2016 Bonds are payable solely from the Pledged Revenues. The Ordinance defines

“Pledged Revenues” as (i) the revenues received by the City from specified portions of the City’s Lodger’s Tax, Auto Rental Tax and Food and Beverage Tax that constitute the Pledged Excise Taxes (defined below), and (ii) all other moneys credited to the Revenue Fund, the Bond Fund and the Reserve Fund in accordance with the provisions of the Ordinance.

The “Lodger’s Tax” is the tax currently levied at a total rate of 10.75% (8.00% of which is pledged as described below) by Sections 53-166 through 53-208 of the Denver Revised Municipal Code (“City Code”) on the privilege of purchasing lodging. The “Auto Rental Tax” is the sales and use tax currently levied at a total rate of 7.25% (all of which is currently pledged as described below) by Sections 53-21 through 53-70 and by Sections 53-91 through 53-138 of the City Code on the short-term rental of automotive vehicles. The “Food and Beverage Tax” is the sales and use tax currently levied at a total rate of 4% (0.50% of which is pledged as described below) by Sections 53-21 through 53-70 and by Sections 53-91 through 53-138 of the City Code on prepared food and beverages not exempted from taxation under Section 53-26(8) of the City Code. The imposition, collection and enforcement of Lodger’s Tax, the Auto Rental Tax and the Food and Beverage Tax are discussed in more detail in “SECURITY FOR THE BONDS.”

“Pledged Excise Taxes” means the Base Excise Taxes and the Excise Tax Increases, but excluding the Excluded Taxes (defined below). The “Base Excise Taxes” are (a) a portion of the Lodger’s Tax imposed at the rate of 6.25%, except that the Excluded Taxes shall not be included in such Base Excise Taxes, (b) a portion of the Auto Rental Tax imposed at the rate of 5.50%, and (c) a portion of the Food and Beverage Tax levied at the rate of 0.5%.

The “Excise Tax Increases” are (a) the Lodger’s Tax Increase, which is a portion of the Lodger’s Tax imposed at a rate of 1.75%; and (b) the Auto Rental Tax Increase, which is a portion of the Auto Rental Tax imposed at a rate of 1.75%. The Excise Tax Increases were originally approved by Denver voters at an election held in 1999 and were extended indefinitely by Denver voters at the 2015 Election.

The “Excluded Taxes” are, collectively, (a) the revenues derived from the Lodger’s Tax levied at the rate of 3.25% on the privilege of purchasing lodging at the Denver Convention Center Hotel (defined in Appendix C), and (b) the Auto Rental Tax levied at the rate of 3.50% on the short-term rental of automobiles at the Denver Convention Center Hotel. The Denver Convention Center Hotel is located adjacent to the Colorado Convention Center and is currently operating as a 1,100-room Hyatt Regency hotel. An Enterprise Rental Car desk is currently located in the lobby of the hotel. The City collects the Excluded Taxes and deposits them into a special revenue fund to be used to pay a portion of its obligations to the Convention Center Hotel Authority. See “DEBT STRUCTURE OF THE CITY--City Discretionary Support Payments - Denver Convention Center Hotel Authority.” *The Excluded Taxes are not included in the Base Excise Taxes and are not pledged to the payment of the 2016 Bonds.*

Lien Priority; Additional Bonds. The Series 2016 Bonds are secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. Upon the satisfaction of certain conditions set forth in the Ordinance, the City may issue additional obligations that have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Series 2016 Bonds (“Additional Parity Bonds”). The Series 2016 Bonds and any Additional Parity Bonds are sometimes referred to herein as “Parity Securities.” See “SECURITY FOR THE BONDS--Additional Parity Bonds.”

The Series 2016 Bonds include \$198,170,000\* aggregate principal amount of bonds to be issued for the Improvement Project; after issuance of the new money portion of the Series 2016 Bonds, the City will have \$579,830,000\* in authorization remaining from the 2015 Election. As discussed in “THE PLAN OF FINANCE,” the City currently expects to issue Additional Parity Bonds in the next several years. Under the current provisions of the Charter, the issuance of any Additional Parity Bonds (other than those approved at the 2015 Election) requires voter approval.

### **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,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to 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 and could impact the availability of Pledged Revenues to pay debt service on the Series 2016 Bonds.

### **Additional Information**

This introduction is only a brief summary of the Series 2016 Bonds and the Ordinance. A full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Series 2016 Bonds, the Ordinance, the Improvement Project, the Refunding Project, the Pledged Revenues and the City are included in this Official Statement. All references herein to the Series 2016 Bonds, the Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City at the following address:

City and County of Denver  
Wellington E. Webb Building  
201 W. Colfax Ave.  
Denver, Colorado 80202  
Attention: Director of Capital Funding  
Telephone: (720) 913-5500

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\* Subject to change.

## PLAN OF FINANCE

### Overview

At the 2015 Election, Denver voters approved the indefinite extension of the City's Lodger's Tax and Short Term Car Rental Tax of 1.75%, originally enacted in 2000, which funded the expansion of the Colorado Convention Center ("CCC"). These portions of the total Lodger's Tax of 10.75% and total Auto Rental Tax of 7.25% were set to expire in 2023 upon the final maturity of the Refunded Bonds, which were issued to fund the CCC expansion. In conjunction with this extension, Denver voters authorized the issuance of up to \$778 million of bonds for the purpose of developing the National Western Center campus ("NWC" or the "Campus") and improvements to the CCC.

The City currently anticipates that it will provide approximately \$580 million in project funding for the NWC and CCC improvements from dedicated tax revenue bonds (including the Series 2016 Bonds and Additional Parity Bonds). However, the portion of the proposed financing plan for the NWC and CCC to be derived from dedicated tax revenue bonds is dependent on future performance of the Pledged Excise Taxes. It is possible that funding in excess of \$580 million may come from such bonds.

The Pledged Excise Tax Revenues (including the Excise Tax Increases described above) are described in more detail in "SECURITY FOR THE BONDS."

### National Western Center Campus Improvements

National Western Center Campus Improvements Generally. Located near Interstate 70 ("I-70") and Brighton Boulevard just northeast of downtown Denver, the future NWC is a redevelopment and transformation of the existing National Western Stock Show Complex and Denver Coliseum sites. The NWC, to be built in eight phases over 10 or more years, is expected to be the economic engine for North Denver, featuring a dynamic new campus that will support year-round activities and provide for long-term sustainability and growth of the National Western Stock Show (the "NWSS"), which is a 501(c)(3) nonprofit corporation governed by the Western Stock Show Association board of directors. As planned, the Campus will bring together the values of the American West in art, culture, commerce and entertainment, while emphasizing the importance of 21st century agricultural education and research.

The Master Plan for Phases I and II of the NWC includes:

- Redeveloping and improving the 270-acre Campus, including construction of new stockyards and events pavilion, a new livestock center, and a new equestrian center including an Equine Sports Medicine Facility, to continue it as the home for the NWSS, which just celebrated its 110th year at this historic site;
- Providing locations for new Colorado State University ("CSU") agriculture-related academic buildings on the Campus (the Water Center, the Sports Medicine Center and the CSU Center) to be funded with a portion of up to \$250 million of Certificates of Participation ("COPS") authorized by the State legislature;

- Cleaning up and revitalizing nearly a mile of the South Platte River;
- Providing greater access to approximately 80 acres of park and open space land and an estimated 12 new acres of National Western Center riverfront area;
- Restoring and preserving historical sites and providing for new uses on the Campus;
- Creating additional multi-modal street connections between adjoining neighborhoods of Globeville, Elyria, and Swansea; and
- Creating flexible art and cultural facility spaces including art galleries, music, art and dance studios and a year-round fresh food market.

Future phases of the NWC project include a proposed new Arena, Exposition Hall and other partner and public facilities and plaza spaces on the Campus.

Costs for NWC Improvements; Expected Sources of Funding. The estimated total costs of NWC improvements over the next 10 years, for phases I and II, are currently anticipated to total approximately \$856 million. Those costs are expected to be funded using the following sources:

- the City, through the issuance of up to \$476 million of dedicated tax revenue bonds (including the non-refunding portion of the Series 2016 Bonds and Additional Parity Bonds);
- an NWSS contribution consisting of \$50 million of cash and all NWSS-owned land on the Campus;
- a CSU contribution of \$16 million (in addition to the COP proceeds discussed above); and
- a \$121.5 million grant awarded to the City under Colorado’s Regional Tourism Act (“RTA”).

The balance is expected to be funded with other available funds yet to be determined. Funding for additional phases of the Master Plan beyond phases I and II are still under development.

### **Colorado Convention Center Improvements**

The Colorado Convention Center Generally. Located in downtown Denver, the CCC is an important economic engine to Colorado and is home to over 250 events annually. It is credited with generating more than \$500 million in annual economic impact and \$4.8 billion since the completion of a significant expansion of the CCC in late 2004. The CCC currently has 584,000 square feet of exhibit space, 100,000 square feet of meeting rooms, 85,000 square feet of ballroom space, and a 5,000-seat theatre. There are 1,000 parking spaces located in an adjacent parking facility. The CCC can be configured to accommodate a single large convention or multiple conventions/meetings.



Improvements to the CCC. Recent studies support the need for upgrades and improvements to the CCC to ensure it remains a major driver of Denver tourism and a best-in-class facility by responding to trends in conventions, trade-shows and meeting business. A recent Master Plan enumerated enhancements to and expansion of the CCC, including rooftop flexible multi-use space, lobby enhancements, arrival improvements and necessary technological upgrades.

The full cost of the CCC project has yet to be determined; however, the City has committed up to \$104 million of the proceeds of the bonds approved at the 2015 Election for this project.

### **The Improvement Project to be Funded with Series 2016 Bond Proceeds**

Approximately \$200 million of proceeds from the Series 2016 Bonds will be used to fund the initial costs of the NWC. The Improvement Project includes initial costs related to the development of the NWC, including (i) planning and professional services; (ii) the acquisition of all of the land within the NWC boundaries not currently owned by the City or the NWSS and associated costs including appraisals, title, survey, relocation, environmental and demolition; and (iii) costs related to consolidation of certain rail lines on the property.

Approximately \$6 million of proceeds of the Series 2016 Bonds will be used fund initial project management and design development of the CCC project.

### **The Refunding Project**

General. A portion of the proceeds of the Series 2016A Bonds will be used to advance refund the Series 2009A Bonds. A portion of the proceeds of the Series 2016B Bonds will be used to advance refund the Series 2005A Bonds.

In order to accomplish the Refunding Project, the City will deposit a portion of the Series 2016 Bond proceeds with the Escrow Bank pursuant to separate Escrow Agreements. The amounts deposited with the Escrow Bank will be deposited into the respective Escrow Accounts created under the Ordinance and invested in Federal Securities (defined herein) maturing at such times and in such amounts as required to provide funds sufficient to pay (i) the principal and interest on the Series 2005A Bonds as it becomes due through September 1, 2020; (ii) the interest on the Series 2009A Bonds as it becomes due through September 1, 2019; and (iii) the principal of the Series 2009A Bonds upon prior redemption on September 1, 2019.

Verification of Mathematical Computations. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Federal Securities and cash deposited in the Escrow Accounts to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption, which computations support the conclusion of Bond Counsel that the Series 2016A Bonds are not “arbitrage bonds” under Section 148 of the Tax Code will be verified by [\_\_\_\_\_], certified public accountants, Denver, Colorado.

**Sources and Uses of Funds-Series 2016 Bonds**

The proceeds of the Series 2016 Bonds are expected to be applied in the following manner.

Sources and Uses of Funds - Series 2016 Bonds

<u>Sources</u>	<u>Series 2016A Bonds</u>	<u>Series 2016B Bonds</u>	<u>Total</u>
Par amount of the Series 2016 Bonds.....			
Plus/(less): net reoffering premium/(discount).....			
Other available funds (1) .....			
Total			
<u>Uses</u>			
The Improvement Project (2) .....			
The Refunding Project (3) .....			
Reserve Fund.....			
Costs of issuance (including Underwriters' discount)...			
Total.....			

- 
- (1) Consists of amounts on deposit in the bond and reserve funds for the Refunded Bonds.
  - (2) A portion of the Improvement Project is expected to be comprised of facilities that cannot be financed with tax-exempt bonds.
  - (3) The Series 2005 Bonds cannot be refunded on a tax-exempt basis.

Source: FirstSouthwest, a division of Hilltop Securities Inc. (the “Financial Advisor”).

**Debt Service Requirements - Series 2016 Bonds**

The following table shows the estimated annual debt service requirements for the Series 2016 Bonds.

Debt Service Requirements\*

Year	Series 2016A Bonds*		Series 2016B Bonds*		Combined Debt Service
	Principal	Interest	Principal	Interest	
2016	--		\$ 26,050,000		
2017	--		23,030,000		
2018	--		21,350,000		
2019	--		20,725,000		
2020	\$ 3,510,000		11,680,000		
2021	13,060,000		--		
2022	14,090,000		--		
2023	15,185,000		--		
2024	6,765,000		--		
2025	3,420,000		--		
2026	4,835,000		--		
2027	6,365,000		--		
2028	8,010,000		--		
2029	1,125,000		8,690,000		
2030	--		11,720,000		
2031	--		13,615,000		
2032	--		7,220,000		
2033	--		--		
2034	--		--		
2035	--		--		
2036	--		--		
2037	--		--		
2038	--		--		
2039	--		--		
2040	--		--		
2041	2,035,000		--		
2042	28,030,000		--		
2043	29,435,000		--		
2044	30,905,000		--		
2045	32,450,000		--		
2046	<u>34,070,000</u>		<u>--</u>		
Total	\$233,290,000		\$144,080,000		

Source: The Financial Advisor.

**History of Pledged Revenues and Pro-Forma Debt Service Coverage-Series 2016 Bonds**

General. The following table sets forth a history of the Pledged Revenues for the past five calendar years, the estimated Combined Maximum Annual Debt Service Requirements (defined in Appendix C) on the Series 2016 Bonds, and the resulting pro-forma debt service coverage computed by comparing the historical Pledged Revenues to the estimated Combined Maximum Annual Debt Service Requirements in each year. Pursuant to the Ordinance, interest earnings in the Series 2016A Bond Account and the Series 2016B Bond Account also constitute Pledged Revenues; however, those amounts are not shown in the table below. *Investors should be aware that collections of Pledged Revenues, or components thereof, may not continue at the*

\* Subject to change.

levels stated below, and the coverage factors in future years may not remain at the historical levels indicated.

As described above, the City has committed a total of \$580 million in dedicated tax revenue bond proceeds to the NWC and CCC projects; approximately \$476 million for the NWC and approximately \$104 million to the CCC. The City currently anticipates issuing Additional Parity Bonds in 2018 to provide approximately \$130 million of proceeds for project funding and in 2020 to provide approximately \$244 million in proceeds for project funding. However, the exact timing and size of these transactions is dependent on project funding needs and performance of the Pledged Revenues. Pursuant to the currently proposed Plan of Finance, which remains subject to changes and adjustment in the future, the Combined Maximum Annual Debt Service Requirements on the Series 2016 Bonds and the Additional Parity Bonds described above is expected to be approximately \$43.5\* million.

As described in “SECURITY FOR THE BONDS--Flow of Funds,” revenues realized from the Excise Tax Increases are to be credited to the various funds and accounts created by the Ordinance before the revenues realized from the Base Excise Taxes.

History of Pledged Revenues and Pro-Forma Debt Service Coverage (in 000s)\*

<u>Fiscal Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Unaudited 2015(1)</u>
<b>Excise Tax Increases</b>					
Lodger’s Tax Increase (1.75%)	\$9,072	\$9,434	\$10,340	\$12,303	\$12,659
Auto Tax Increase (1.75%)	<u>7,051</u>	<u>7,521</u>	<u>8,247</u>	<u>9,532</u>	<u>9,461</u>
Total Excise Tax Increases	<u>16,123</u>	<u>16,955</u>	<u>18,587</u>	<u>21,835</u>	<u>22,120</u>
<b>Base Excise Taxes</b>					
Base Lodger’s Taxes (6.25%)	30,755	32,071	35,328	42,153	43,462
Base Auto Taxes (5.50%)	22,159	23,636	25,919	29,958	29,735
Base Food and Beverage Taxes (0.50%)	<u>12,243</u>	<u>12,840</u>	<u>13,564</u>	<u>15,202</u>	<u>14,822</u>
Total Base Excise Taxes	<u>65,157</u>	<u>68,547</u>	<u>74,811</u>	<u>87,313</u>	<u>88,019</u>
<b>Total Pledged Excise Taxes</b>	<u>\$81,280</u>	<u>\$85,502</u>	<u>\$93,398</u>	<u>\$109,148</u>	<u>\$110,139(1)</u>
<b>Estimated Combined Maximum Annual Debt Service Requirements on the Series 2016 Bonds (2)*</b>	<u>\$35,778</u>	<u>\$35,778</u>	<u>\$35,778</u>	<u>\$35,778</u>	<u>\$35,778</u>
<b>Pro-Forma Coverage*</b>	2.27x	2.39x	2.61x	3.05x	3.08x(3)

(1) The unaudited figures for 2015 do not yet include modified accruals as required by the Governmental Accounting Standards Board (“GASB”). That accrual will be made in March 2016. The City’s revised 2015 budget anticipated total Pledged Excise Taxes of \$116,132,410, including the accrual.

(2) Represents the estimated Combined Maximum Annual Debt Service Requirements payable on the Series 2016 Bonds (\$35,778,000\* in 2043\*). See “Planned Issuances of Additional Parity Bonds for the NWC and the CCC” below.

(3) Using the budgeted Pledged Excise Taxes for 2015 (described in footnote (1) above), the pro-forma coverage would be 3.25x.

Source: The City.

\* Subject to change.

Month-Over-Month Pledged Excise Tax Collection Comparison. The following table presents a comparison of monthly Pledged Excise Tax collections for the twelve months ending December 31, 2015, as compared to the same twelve-month period ended December 31, 2014. The table is intended to present month-over-month trend information only. This table reflects collections on a cash basis (i.e., the January 2015 figure represents underlying transactions from December 2014 for which taxes were collected by the City in January 2015). As discussed in the footnotes to the table, the City makes certain accruals required by the Governmental Accounting Standards Board (“GASB”) in each year; as a result, the cumulative totals represented in this table differ from the annual amounts of Pledged Excise Tax revenues presented elsewhere in this Official Statement.

As described in “SECURITY FOR THE BONDS,” the City will make monthly deposits of Pledged Excise Tax revenues to the Series 2016A Bond Fund Account and the Series 2016B Bond Fund Account.

Comparison of Monthly Pledged Excise Tax Collections(1)

Month	Twelve-Month Period Ending December 31, 2015		Twelve-Month Period Ending December 31, 2014		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
January	\$ 7,126,177	\$ 7,126,177	\$ 6,404,811	\$ 6,404,811	11.3%	11.3%
February	8,442,073	15,568,250	7,722,085	14,126,896	9.3	10.2
March (2)	8,508,143	24,076,393	7,041,221	21,168,117	20.8	13.7
April	9,511,204	33,587,597	9,723,323	30,891,440	(2.2)	8.7
May	8,273,987	41,861,584	7,996,447	38,887,887	3.5	7.6
June	9,696,685	51,558,269	8,064,036	46,951,923	20.2	9.8
July	11,078,331	62,636,600	10,019,352	56,971,275	10.6	9.9
August	12,699,179	75,335,779	11,883,572	68,854,847	6.9	9.4
September	12,601,780	87,937,559	11,787,455	80,642,302	6.9	9.0
October	11,229,466	99,167,025	10,517,949	91,160,251	6.8	8.8
November	10,217,821	109,384,846	10,193,662	101,353,913	0.2	7.9
December (2)	8,027,538	117,412,384	7,024,322	108,378,235	14.3	8.3

(1) This table presents the current tax collections in each month shown; it does not include the effect of the year-end modified accruals described below. Pursuant to GASB requirements, in March of each year, the City nets out the required amount of the annual accrual applicable to the prior year from the March collections and applies it to the figure for December of the prior year. As a result, the cumulative amounts for 2014 and 2015 shown in this table are not the same as those reflected elsewhere in this Official Statement.

(2) The amount of the net accrual for March of 2014 (which was applied to December 2013 collections for purposes of GASB requirements) was \$6,502,603; the amount of the net accrual for March of 2015 (which was applied to December 2014 collections for purposes of GASB requirements) was \$7,273,148. The accrual for 2015 (which will be applied to December 2015 collections for purposes of GASB requirements) will not be available until mid-March 2016.

Source: The City (unaudited).

## **Management Discussion of Pledged Revenues**

General. General comments regarding recent trends in the Pledged Revenues are set forth below. Financial results for 2015 are not yet available; the final Official Statement may contain updated comments to reflect 2015 year-end information if it is available.

Since the economic downturn in 2009, Pledged Revenues have shown steady growth. Pledged Revenues grew 9.2% and 16.9% in 2013 and 2014, respectively. The 2015 unaudited Pledged Revenues of \$117 million (excluding net accruals in March and December as described above) represents growth of 8.3% over 2014 revenues of \$108 million (excluding net accruals in March and December as described above).

As of 2014, the annual average share of total Pledged Revenues from Lodger's Tax, Auto Rental Tax, and Food and Beverage Tax was 50%, 36% and 14%, respectively.

Lodger's Tax. Between 2010 and 2014, the Lodger's Tax component of Pledged Revenues grew at an annual average rate of 11.8%. See "Denver Area Tourism" below for certain hotel availability and occupancy information for the Denver Metro area and the Downtown Denver area.

Based upon a review of the City's 260 Lodger's Tax accounts as of December 31, 2015, the single largest Lodger's Taxpayer generated less than 8% of the total Lodger's Tax revenue collected in 2015. The top five Lodger's Taxpayers together generated less than 25% of the total Lodger's Tax revenue collected in 2015.

Auto Rental Tax. Between 2010 and 2014, the Auto Rental Tax component of Pledged Revenues grew at an annual average rate of 9.1%. See "Denver Area Tourism" below for certain information related to car rentals in the City.

Based on a review of the City's 43 Auto Rental Tax accounts as of December 31, 2015, the single largest Auto Rental Taxpayer generated approximately 31% of the total Auto Rental Tax revenue collected in 2015. The top five Auto Rental Taxpayers together generated approximately 81% of the total Auto Rental Tax revenue collected in 2015.

Food and Beverage Tax. Between 2010 and 2014, the Food and Beverage Tax component of Pledged Revenues grew at an average annual rate of 8.2%. Retail sales have steadily increased in Metro Denver since 2010, driven by continued population growth, low unemployment, solid payroll jobs growth and increased median household income over this period. Additional information regarding retail sales can be found in Appendix B.

Based upon a review of the City's 3,733 prepared Food and Beverage Tax accounts as of December 31, 2015, the single largest prepared Food and Beverage Taxpayer generated less than 2% of the total prepared Food and Beverage Tax revenue collected in 2015. The top five prepared Food and Beverage Taxpayers together generated less than 7% of the total prepared Food and Beverage Tax revenue collected in 2015.

As described in "CERTAIN RISK FACTORS," the Pledged Revenues are subject to fluctuations in spending affected by, among other things, general economic cycles. There can be no assurance that growth in Pledged Revenues will occur or continue.

## Denver Area Tourism

Economic and Demographic Overview. Appendix B contains an economic and demographic overview of the Denver Metropolitan Area prepared by Development Research Partners (“DRP”) as of [February/March] 2016. Because tourism drives the generation of the Pledged Excise Tax Revenues to varying degrees, certain comments from the DRP report regarding tourism are excerpted below. The DRP report should be viewed in its entirety.

[NOTE: This is the 2014 DRP info - to be updated when 2015 report is ready]

The Denver metropolitan area is comprised of seven counties - Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The Denver metropolitan area is an international hub of tourism, drawing visitors in through outdoor recreation opportunities, arts and cultural events and music and sports entertainment. The area is home to seven professional sports teams with three sports arenas, 90 golf courses, 850 miles of bike paths with 57 bike sharing stations, and 200 parks covering over 20,000 acres. The area also offers major attractions including a zoo, an aquarium, two waterparks, two amusement parks, over 40 museums and 13 historical sites. In 2013, attendance at cultural events exceeded 14.2 million people in the Denver metropolitan area and generated an economic impact of \$1.85 billion.

According to the most recent study by Longwoods International, Denver tourism activity increased to a record 15.4 million overnight visitors spending \$4.6 billion in 2014, representing a 10% increase in visitors and a 15% increase in spending over 2013. Top Denver attractions included the 16<sup>th</sup> Street Mall, the Cherry Creek Shopping District and the Lower Downtown area, as well as numerous cultural facilities such as the Denver Zoo, the Denver Art Museum and the Denver Botanic Gardens.]

Certain information with respect to trends in lodging, convention activity and auto rentals is set forth below. Additional information can be found in the DRP report in Appendix B.

Lodging. According to the Denver Convention & Visitor’s Bureau, across Denver Metro (which includes Denver, the U.S. Highway 36 corridor and Boulder), the number of hotel rooms has increased by approximately 3,700 rooms (or 9%) since 2010, to approximately 44,900 rooms projected as of year-end 2015. The supply of available rooms across Denver Metro is projected to continue to expand by 4.6% in 2016 and 3.7% in 2017. In downtown Denver, the number of hotel rooms has increased by 1,700 (or 24%) since 2010, to a projected 8,835 rooms as of year-end 2015. According to the Rocky Mountain Lodging Report, Denver Metro occupancy rates rose from approximately 59% in 2009 to approximately 76% in 2015, while downtown Denver occupancy rose from approximately 64% in 2009 to approximately 78% in 2015. Denver Metro average room rates rose from approximately \$107 in 2009 to approximately \$134 in 2015, while downtown Denver average room rates rose from approximately \$141 in 2009 to approximately \$179 in 2015.

Convention Activity. Convention and meeting activity has remained robust, with the total number of meetings in Denver growing from approximately 500 events and 371,000 attendees in 2010 to approximately 750 events and 375,280 attendees in 2015, resulting in a 18.5% growth in estimated economic impact over this same period.

Auto Rentals. Approximately 62% of City-wide Auto Rental revenues are generated at Denver International Airport (the “Airport” or “DEN”). The Airport encompasses

approximately 53 square miles and is the second largest physical airport in the world and fifth busiest in the U.S. The Airport served approximately 26.7 million enplaned passengers (passengers embarking on airplanes) in 2014, a 1.7% increase compared to 2013. Approximately 60.5% of passengers were originating or terminating their travel at the Airport in 2014, compared to 53.5% in 2010. This growth in originating and departing traffic has contributed to a growth in rental car activity at DEN.

### **Planned Issuances of Additional Parity Bonds for the NWC and the CCC**

In addition to the Series 2016 Bonds, the City currently anticipates future issuances of Additional Parity Bonds to fund an additional \$276 million of projects for the NWC and \$98 million of projects for the CCC. While the exact timing and amount of future issuances is dependent on a number of factors, the City currently anticipates issuing Additional Parity Bonds in 2018 to provide approximately \$130 million of project funding and in 2020 to provide approximately \$244 million in project funding for NWC and CCC projects. In addition to the project costs described above, the Additional Parity Bonds will be sized to provide funding for costs of issuance and any required contributions to the debt service reserve fund for those bonds.

The table below illustrates projected debt service for the proposed Series 2016 Bonds, 2018 bonds and 2020 bonds and related coverage, based on total 2014 Pledged Revenues (most recent full year available). As illustrated below, under the currently proposed financial plan, the 2014 Pledged Revenues provide 2.51x coverage of the estimated Combined Maximum Annual Debt Service (defined in Appendix C), which occurs in 2043.



Illustration of Plan of Finance(1)\*

Year	<u>Dedicated Tax Revenue Bonds Projected Debt Service(2)</u>				2014 Pledged Revenues(3)	Annual Coverage
	Series 2016	Series 2018	Series 2020	Total		
2016	\$ 35,720,648	--	--	\$ 35,720,648	\$ 109,148,779	3.06
2017	37,479,361	--	--	37,479,361	109,148,779	2.91
2018	35,566,758	\$ 3,582,979	--	39,149,737	109,148,779	2.79
2019	34,662,073	6,142,250	--	40,804,323	109,148,779	2.67
2020	28,789,256	6,142,250	\$ 6,905,208	41,836,714	109,148,779	2.61
2021	26,260,668	6,142,250	11,837,500	44,240,418	109,148,779	2.47
2022	26,637,668	6,142,250	11,837,500	44,617,418	109,148,779	2.45
2023	27,028,168	6,142,250	11,837,500	45,007,918	109,148,779	2.43
2024	17,848,918	6,142,250	11,837,500	35,828,668	109,148,779	3.05
2025	14,165,668	6,142,250	11,837,500	32,145,418	109,148,779	3.40
2026	15,409,668	6,142,250	11,837,500	33,389,418	109,148,779	3.27
2027	16,697,918	6,142,250	11,837,500	34,677,668	109,148,779	3.15
2028	18,024,668	6,142,250	11,837,500	36,004,418	109,148,779	3.03
2029	19,429,168	6,142,250	11,837,500	37,408,918	109,148,779	2.92
2030	20,917,283	6,142,250	11,837,500	38,897,033	109,148,779	2.81
2031	22,325,903	6,142,250	11,837,500	40,305,653	109,148,779	2.71
2032	15,365,880	6,142,250	20,247,500	41,755,630	109,148,779	2.61
2033	7,846,250	6,142,250	29,257,000	43,245,500	109,148,779	2.52
2034	7,846,250	6,142,250	29,500,000	43,488,500	109,148,779	2.51
2035	7,846,250	6,142,250	29,496,250	43,484,750	109,148,779	2.51
2036	7,846,250	6,142,250	29,500,250	43,488,750	109,148,779	2.51
2037	7,846,250	6,142,250	29,494,250	43,482,750	109,148,779	2.51
2038	7,846,250	6,142,250	29,501,250	43,489,750	109,148,779	2.51
2039	7,846,250	6,142,250	29,498,000	43,486,500	109,148,779	2.51
2040	7,846,250	30,977,250	4,662,250	43,485,750	109,148,779	2.51
2041	9,881,250	29,565,500	4,042,750	43,489,500	109,148,779	2.51
2042	35,774,500	3,667,250	4,042,750	43,484,500	109,148,779	2.51
2043	35,778,000	3,667,250	4,042,750	43,488,000	109,148,779	2.51
2044	35,776,250	3,667,250	4,042,750	43,486,250	109,148,779	2.51
2045	35,776,000	3,667,250	4,042,750	43,486,000	109,148,779	2.51
2046	35,773,500	3,667,250	4,042,750	43,483,500	109,148,779	2.51
2047	--	39,447,250	4,042,750	43,490,000	109,148,779	2.51
2048	--	39,443,250	4,042,750	43,486,000	109,148,779	2.51
2049	--	---	43,482,750	43,482,750	109,148,779	2.51
2050	--	--	43,485,750	43,485,750	109,148,779	2.51

(1) Reflects the currently proposed financial plan, which is subject to change in the future. The timing of the issuance of Additional Parity Bonds will be dependent on future project needs at the NWC and the CCC; those future needs are currently uncertain.

(2) Assumes current market rates for Series 2016 Bonds, plus 50 basis points (“bps”) in yield for 2018 issuance and plus 100 bps for 2020 issuance.

(3) Reflects the 2014 Pledged Excise Tax Revenues (most recent complete year available)

Source: The Financial Advisor.

\* Subject to change.

## **THE SERIES 2016 BONDS**

### **General Description**

The Series 2016 Bonds will be dated as of their date of delivery and will mature and bear interest as shown on the inside cover page of this Official Statement. The Series 2016 Bonds will be issued in fully registered form and initially will be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the Series 2016 Bonds (“Beneficial Owners”) are to be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System” and Appendix E hereto.

For a complete statement of the details and conditions of the Series 2016 Bonds, reference is made to the Ordinance and the Sale Certificate (defined in Appendix C hereto) for the Series 2016 Bonds, copies of which are available from the sources listed in “INTRODUCTION--Additional Information.”

### **Payment Provisions**

The Series 2016 Bonds mature and bear interest as set forth on the inside cover page of this Official Statement. Interest on the Series 2016 Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on February 1 and August 1, commencing August 1, 2016. Interest on the Series 2016 Bonds is payable by the Paying Agent on or before the interest payment date (or if such day is not a business day, on the next succeeding business day) to the registered owner thereof, at the address appearing on the registration records kept by the Paying Agent at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the “Record Date”). Any interest not timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest and notice of the Special Record Date and the date fixed for payment of the defaulted interest will be given to the registered owners of the Series 2016 Bonds not less than fifteen days prior to the Special Record Date by first class mail. The principal of and premium, if any, on the Series 2016 Bonds will be payable to the Owner of each Series 2016 Bond upon presentation and surrender thereof at maturity or upon prior redemption by check or draft mailed to the Owner at the address appearing on the registration books of the City maintained by the Registrar or by wire transfer to such bank or other depository as the Owner shall designate in writing to the Paying Agent. If the principal of or interest on any Series 2016 Bond is not paid as provided herein, interest shall be payable on such unpaid principal or interest at the interest rate specified in the Series 2016 Bond until such unpaid principal or interest is paid in full. All such payments will be made in lawful money in the United States of America without deduction for any service charges of the Paying Agent.

Notwithstanding the foregoing, payments of the principal of and interest on the Series 2016 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying

Agent, so long as DTC or Cede & Co. is the Owner of the Series 2016 Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

**Redemption Provisions\***

Series 2016A Bonds.\* The Series 2016A Bonds are subject to optional redemption and mandatory sinking fund redemption as described below.

*Optional Redemption - Series 2016A Bonds.\** The Series 2016A Bonds maturing on and after August 1, \_\_\_\_, shall be subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the Series 2016A Bonds of a maturity are to be redeemed, the Series 2016A of such maturity are to be selected by lot (giving proportionate weight to Series 2016A Bonds in denominations larger than \$5,000), on August \_\_, \_\_\_\_, or on any date thereafter, at a redemption price equal to the principal amount of each Series 2016A Bond or portion thereof so redeemed, plus accrued interest to the redemption date, without a redemption premium.

*Mandatory Sinking Fund Redemption - Series 2016A Bonds.\** The Series 2016A Bonds maturing on August 1, 2046 (the “Series 2016A Term Bonds”), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. Series 2016A Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Paying Agent shall determine (giving proportionate weight to the Series 2016A Term Bonds in denominations larger than \$5,000).

As a sinking fund for the redemption of the Series 2016 Term Bonds maturing August 1, 2046, the City will deposit sufficient amounts into the Series 2016A Bond Fund Account on or before the dates shown below to pay the following principal amounts of Series 2016A Bonds, plus accrued interest to the redemption date.

Redemption Date (August 1)	Principal Amount
2041	\$ 2,035,000
2042	28,030,000
2043	29,435,000
2044	30,905,000
2045	32,450,000
2046 (maturity)	34,070,000

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Series 2016A Term Bonds (or any bonds issued to replace such Series 2016A Term Bonds) for redemption on the next December 1, and give notice of such call without further instruction or notice from the City.

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\* Subject to change.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may: (a) deliver to the Paying Agent for cancellation Series 2016A Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired; or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2016A Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 2016A Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced.

Series 2016B Bonds.\* The Series 2016B Bonds are subject to optional redemption and mandatory sinking fund redemption as described below.

*Optional Redemption - Series 2016B Bonds.\** **[make-whole call under consideration]** The Series 2016B Bonds maturing on and after August 1, \_\_\_\_, shall be subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the Series 2016B Bonds of a maturity are to be redeemed, the Series 2016B of such maturity are to be selected by lot (giving proportionate weight to Series 2016B Bonds in denominations larger than \$5,000), on August 1, \_\_\_\_, or on any date thereafter, at a redemption price equal to the principal amount of each Series 2016B Bond or portion thereof so redeemed, plus accrued interest to the redemption date, without a redemption premium.

*Mandatory Sinking Fund Redemption - Series 2016B Bonds.\** The Series 2016B Bonds maturing on August 1, \_\_\_\_, and August 1, \_\_\_\_ (the “Series 2016B Term Bonds”), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. Series 2016B Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Paying Agent shall determine (giving proportionate weight to the Series 2016B Term Bonds in denominations larger than \$5,000).

As a sinking fund for the redemption of the Series 2016 Term Bonds maturing August 1, \_\_\_\_, the City will deposit sufficient amounts into the Series 2016B Bond Fund Account on or before the dates shown below to pay the following principal amounts of Series 2016B Bonds, plus accrued interest to the redemption date.

Redemption Date ( <u>August 1</u> )	Principal <u>Amount</u>
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As a sinking fund for the redemption of the Series 2016 Term Bonds maturing August 1, \_\_\_\_, the City will deposit sufficient amounts into the Series 2016B Bond Fund

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\* Subject to change.

Account on or before the dates shown below to pay the following principal amounts of Series 2016B Bonds, plus accrued interest to the redemption date.

Redemption Date (August 1)	Principal Amount
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On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Series 2016B Term Bonds (or any bonds issued to replace such Series 2016B Term Bonds) for redemption on the next December 1, and give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may: (a) deliver to the Paying Agent for cancellation Series 2016B Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired; or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2016B Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 2016B Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced.

Notice of Redemption. Unless waived by the Owners of any Series 2016 Bonds to be redeemed, notice of redemption shall be given by the Paying Agent in the name of the City by sending a copy thereof by first-class postage prepaid mail not less than thirty (30) days or more than sixty (60) days prior to the redemption date to the Owner of each of the Series 2016 Bonds being redeemed determined as of the close of business on the day preceding the first mailing of such notice at the address appearing on the registration books of the City. Such notice shall specify: (i) the number or numbers of the Series 2016 Bonds to be redeemed, whether in whole or in part; (ii) the principal amounts thereof; (iii) the CUSIP numbers of the Series 2016 Bonds to be redeemed; (iv) the date the Series 2016 Bonds were originally issued; (v) the rate of interest borne by each Series 2016 Bond to be redeemed; (vi) the maturity date of each Series 2016 Bond to be redeemed; (vii) the date fixed for redemption; (viii) that on the redemption date there will be due and payable upon each Series 2016 Bond or part thereof so to be redeemed at the office of the Paying Agent the principal amount or part thereof plus accrued interest thereon to the redemption date and that from and after such date interest will cease to accrue; and, (ix) any other descriptive information determined by the City or the Paying Agent to be necessary to identify accurately the Series 2016 Bonds being redeemed. Failure to mail any notice as aforesaid or any defect in any notice so sent with respect to any Series 2016 Bond shall not affect the validity of the redemption proceedings with respect to any other Series 2016 Bond.

On or prior to the redemption date, the City shall deposit with the Paying Agent sufficient funds to redeem any Series 2016 Bonds called for prior redemption on the redemption date. Upon such deposit, the Series 2016 Bonds or portions thereof to be redeemed shall be due

and payable on the redemption date, and on the redemption date interest shall cease to accrue thereon.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2016 Bonds called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of such Series 2016 Bonds called for redemption in the same manner as the original redemption notice was sent.

### **Defeasance**

When all of the principal of and interest on the Series 2016 Bonds have been duly paid, all obligations hereunder shall thereby be discharged, and the Series 2016 Bonds shall no longer be deemed to be Outstanding. Any Series 2016 Bond shall be deemed to be paid when the City has placed in escrow or in trust with a trust bank, located within or without the State, moneys or Federal Securities, or both, in an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount may wholly or in part be initially invested) to pay all principal of and interest on such Series 2016 Bond when due, whether at maturity or upon prior redemption. The Federal Securities shall become due prior to the times at which the proceeds thereof shall be needed in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust. Nothing in the Ordinance prohibits a partial defeasance of the Series 2016 Bonds in accordance with the provisions thereof. In the event that any Series 2016 Bond is deemed to have been paid and defeased in accordance with the preceding paragraph, then in connection therewith the City shall cause to be delivered a verification report of an independent certified public accountant.

### **Tax Covenant**

In the Ordinance, the City covenants for the benefit of the registered owners of the Series 2016A Bonds that it will not take any action or omit to take any action with respect to the Series 2016A Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Series 2016A Bonds if such action or omission (i) would cause the interest on the Series 2016A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Series 2016A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Series 2016A Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the Series 2016A Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

## **Book-Entry Only System**

The Series 2016 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Series 2016 Bonds. The ownership of one fully registered Series 2016 Bond for each maturity in each series as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix E - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE SERIES 2016 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Paying Agent or the Registrar will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the Beneficial Owners of the Series 2016 Bonds as further described in Appendix C to this Official Statement.

## SECURITY FOR THE BONDS

### Limited Obligations

The Series 2016 Bonds are special and limited obligations of the City, payable solely from portions of the City's excise taxes described in this Official Statement credited or to be credited to the Revenue Fund, the Bond Fund and the Reserve Fund described in the Ordinance. See "Flow of Funds," below. **The Series 2016 Bonds are not general obligations of the City. The Series 2016 Bonds are not payable in whole or in part from the proceeds of general property taxes, nor is the full faith and credit of the City pledged to pay the Series 2016 Bonds.**

### Pledge of Pledged Revenues

General. The Series 2016 Bonds shall be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. So long as any of the Series 2016 Bonds or Additional Parity Bonds or Parity Securities shall be Outstanding, all Base Excise Taxes shall be collected by or on behalf of the City and deposited as received into the Base Excise Taxes Account of the Revenue Fund. So long as any of the Series 2016 Bonds or Additional Parity Bonds or Parity Securities shall be Outstanding, all Excise Tax Increases shall be collected by or on behalf of the City and deposited as received into the Excise Tax Increases Account of the Revenue Fund.

Priority of Pledge. This pledge shall be valid and binding from and after the date of the first delivery of the Series 2016 Bonds, and the moneys, as received and pledged pursuant to the Ordinance, shall immediately be subject to the lien of the pledge without any physical delivery thereof, any filing, or further act. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Series 2016 Bonds as provided in the Ordinance shall be governed by Section 11-57-208 of the Supplemental Act and the Ordinance. The lien of such pledge on the revenues pledged for payment of the Series 2016 Bonds and the obligation to perform the contractual provisions made in the Ordinance shall have priority over any or all other obligations and liabilities of the City (except as otherwise provided in the Ordinance), and the lien of such pledge shall be valid, binding, and enforceable as against all persons or entities having claims of any kind in tort, contract, or otherwise against the City irrespective of whether such persons or entities have notice of such liens.

### Lodger's Tax

General. The City's lodger's tax (the "Lodger's Tax") is imposed pursuant to Sections 53-166 through 53-208 of the City Code. The Lodger's Tax is imposed at a rate of 10.75% on the purchase price of hotel, motel and similar temporary accommodations in the City. Exempted from the Lodger's Tax are: all rentals for a period of 30 consecutive days or more; sales to the United States government; sales to the State of Colorado, its departments or institutions, and the political subdivisions thereof, in their governmental capacities only; all sales to the City and any department thereof; and all sales to religious, charitable and eleemosynary corporations, in the conduct of their regular religious, charitable and eleemosynary functions and activities.



The City has imposed the Lodger's Tax since January 1965. The tax was originally imposed at a rate of 3%; the rate was raised to 4% effective January 1, 1971, to 5% effective January 1, 1982, to 8% effective September 1, 1986, to 9.75% as a result of the 1999 election, effective January 1, 2000, and to the current rate of 10.75% effective January 1, 2006.

Breakdown of Tax Rates. The Lodger's Tax is imposed at a rate of 10.75%; however, only the revenues from a portion of the tax imposed at a rate of 8.00% are included in Pledged Revenues. The Pledged Revenues include the Base Lodger's Tax, imposed at a rate of 6.25%, and the Lodger's Tax Increase, imposed at a rate of 1.75%.

The following table shows the breakdown of the Lodger's Tax between the Unpledged Lodger's Tax, the Base Lodger's Tax and the Lodger's Tax Increase. Only the Base Lodger's Tax and the Lodger's Tax Increase are included in Pledged Revenues.

Lodger's Tax Breakdown

Unpledged Lodger's Tax	2.75%
Base Lodger's Tax	6.25
Lodger's Tax Increase	<u>1.75</u>
Total Lodger's Tax	10.75%

Collection and Enforcement. The Lodger's Tax is collected by the vendor renting or leasing the lodging based on the purchase price paid or charged for purchasing the lodging. On or before the twentieth day of each month each vendor of lodging must remit to the Manager of Finance the preceding month's Lodger's Tax collections.

The City's staff of revenue agents reviews taxpayer compliance and remittance of the Lodger's Tax on a monthly basis. In the event of a delinquency in the remittance of the Lodger's Tax, collection efforts are immediately engaged in, and in almost all cases results in the collection of the delinquent tax. However, if necessary, the Manager of Finance will mail a formal notice of deficiency to the taxpayer. The taxpayer must either pay the deficiency or request a hearing to contest the deficiency within 30 days. If a hearing is conducted, based upon the evidence presented at the hearing, the hearing officer makes a final determination of the taxpayer's liability, which final determination is subject to review in the district court of the State. The Manager of Finance, in order to enforce tax collections, may, among other options, issue a warrant to seize and sell tangible personal property of a taxpayer for the payment of the tax due together with any penalties and interest that may have accrued and costs of collection.

### **Auto Rental Tax**

General. The City's tax on rentals paid or the purchase price of short-term rentals of automobiles (the "Auto Rental Tax") is imposed pursuant to Sections 53-21 through 53-70 and Sections 53-91 through 53-138 of the City Code. The Auto Rental Tax is imposed on rentals paid or the purchase price of short-term rentals of automobiles within the City when they are rented or leased for any term of 30 days or less. Exempted from the Auto Rental Tax are: all rentals for a period of 30 consecutive days or more; sales to the United States government; sales to the State of Colorado, its departments or institutions, and the political subdivisions thereof, in their governmental capacities only; all sales to the City and any department thereof; and all sales

to religious, charitable and eleemosynary corporations, in the conduct of their regular religious, charitable and eleemosynary functions and activities.

The Auto Rental Tax was initially imposed at the rate of 4.5%, effective September 1, 1986, but was increased to the rate of 5.5%, effective November 7, 1987. As a result of an election held in the City on November 2, 1999 (the “1999 Election”), the Auto Rental Tax was increased to 7.25%, effective January 1, 2000.

Breakdown of Tax Rates. The entire Auto Rental Tax, including the Base Auto Rental Tax imposed at a rate of 5.5%, and the Auto Rental Tax Increase imposed at a rate of 1.75%, are included in the Pledged Revenues. The following table shows the breakdown of the Auto Rental Tax between the Base Auto Rental Tax and the Auto Rental Tax Increase.

Auto Rental Tax Breakdown

Base Auto Rental Tax	5.50%
Auto Rental Tax Increase	<u>1.75</u>
Total	7.25%

Collection and Enforcement. The Auto Rental Tax is collected by retailers within the City as a percentage of the rentals paid or purchase price. On or before the twentieth day of each month every retailer must remit all Auto Rental Taxes collected the preceding month to the Manager of Finance.

The Manager of Finance’s authority and procedural remedies for the collection of delinquent taxes are the same as those described in the preceding subsection relating to the Lodger’s Tax.

**Food and Beverage Tax**

General. The City’s tax upon the purchase price of certain prepared food and beverages (the “Food and Beverage Tax”) is imposed by the City pursuant to Sections 53-21 through 53-70 and Sections 53-91 through 53-138 of the City Code. The prepared Food and Beverage Tax is imposed upon the amount paid for food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels and similar providers of food and drink located within the City. All retail sales of spirituous, malt or vinous liquors are subject to this tax. The sale of food for domestic, home or household use which is advertised or marketed for human consumption and is sold in the same form, condition, quantities and packaging as is commonly sold by grocers is exempt from the Food and Beverage Tax.

The Food and Beverage Tax was enacted by the City effective November 1, 1987. Prior to that time, prepared food and beverages were taxed at a rate of 3.5% pursuant to the sales tax provisions of the City Code.

Breakdown of Tax Rates. The Food and Beverage Tax is imposed at the rate of 4% of the purchase price of the prepared food and beverages subject to the tax. Only that portion of the tax imposed at the rate of 0.5% is included in the Pledged Revenues. The following table shows the breakdown of the Food and Beverage Tax between the unpledged Food and Beverage

Tax and the Base Food and Beverage Tax. Only the Base Food and Beverage Tax is included in the Pledged Revenues.

#### Food and Beverage Tax Breakdown

Unpledged Food and Beverage Tax	3.50%
Base Food and Beverage Tax	<u>0.50</u>
Total Food and Beverage Tax	4.00%

Collection and Enforcement. The Food and Beverage Tax is collected by the retailers selling prepared food and beverages within the City. On or before the twentieth day of each month every retailer must remit the amount of taxes collected the preceding month to the Manager of Finance.

The Manager of Finance’s authority and procedural remedies for the collection of delinquent taxes are the same as those described in the preceding subsection relating to the Lodger’s Tax.

#### **Covenants to Continue to Collect Dedicated Taxes**

The City has covenanted and agreed in the Ordinance that: (i) as of the date of issuance of the Series 2016 Bonds, the City Code, insofar as it relates to the Excise Taxes and Excise Tax Increases is now in full force and effect; and (ii) so long as any of the Series 2016 Bonds remain outstanding, the City will continue to impose, administer, enforce, and collect the Pledged Excise Taxes and Pledged Excise Tax Increases and will not take any action to reduce, impair or repeal the imposition, administration, enforceability and collectability of such Pledged Excise Taxes and Pledged Excise Tax Increases. The City has also covenanted in the Ordinance that so long as any of the Series 2016 Bonds remain outstanding, it will, to the extent permitted by law, defend the validity and legality of the Pledged Excise Taxes and the Pledged Excise Tax Increases against all claims, suits and proceedings that could diminish or impair the Pledged Revenues.

#### **Funds and Accounts Established in the Ordinance**

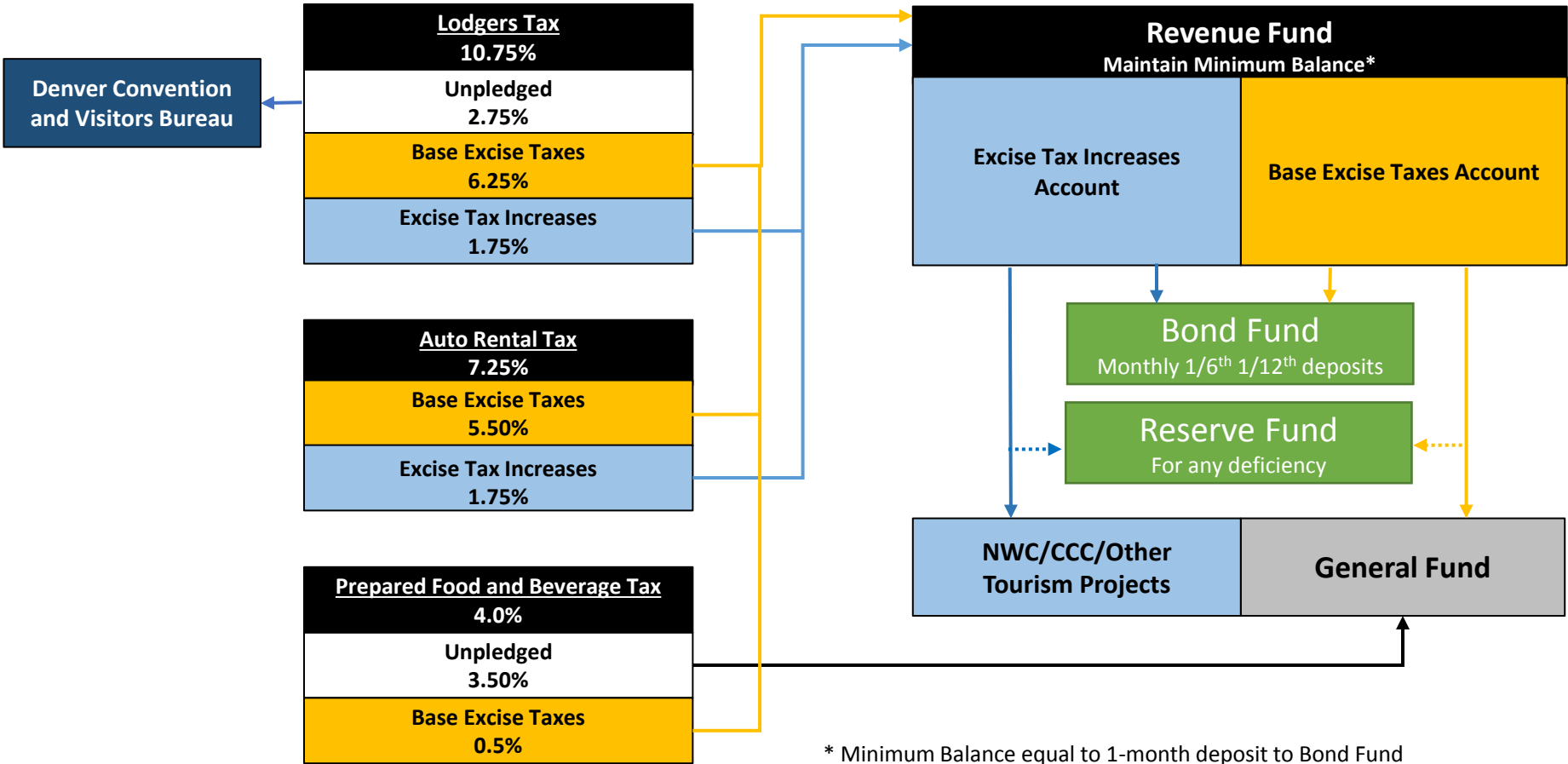
The Ordinance creates a Revenue Fund to account for the Pledged Excise Tax Revenues; the Revenue Fund includes separate accounts for the Base Excise Taxes (the “Base Excise Taxes Account”) and the Excise Tax Increases (the “Excise Tax Increases Account”). The Ordinance also creates a Bond Fund and a Rebate Fund with respect to the Series 2016 Bonds. Each of these funds and accounts is described in more detail below and in Appendix C - Summary of Certain Provisions of the Ordinance.

#### **Flow of Funds**

Collection and Deposit of Pledged Excise Taxes. So long as any of the Series 2016 Bonds or Additional Parity Bonds or Parity Securities shall be Outstanding, all Base Excise Taxes shall be collected by or on behalf of the City and deposited as received into the Base Excise Taxes Account of the Revenue Fund, and all Excise Tax Increases shall be collected by or on behalf of the City and deposited as received into the Excise Tax Increases Account of the Revenue Fund.

The following chart illustrates the Pledged Excise Tax Revenues and the flow of funds. The information in this chart is general in nature; for a complete description of the flow of funds, refer to the “Flow of Funds” section below and to Appendix C.

# Series 2016 Dedicated Tax Flow of Funds



Flow of Funds. So long as any of the Series 2016 Bonds or Additional Parity Bonds or Parity Securities are Outstanding, the following payments and transfers shall be made from the Revenue Fund in the following order of priority:

(1) *Bond Fund.* First, from amounts on deposit in the Excise Tax Increases Account of the Revenue Fund and then from amounts on deposit in the Base Excise Taxes Account of the Revenue Fund, there shall be credited each month to the Bond Fund the following amounts:

a. Commencing with the month immediately succeeding the delivery of the Series 2016 Bonds, an amount in equal monthly installments necessary (together with any amounts available for such purpose theretofore credited to the Bond Fund from whatever source) to pay the installment of interest next due on the Outstanding Series 2016 Bonds, any Additional Parity Bonds and any other Parity Securities; and

b. Commencing with the month immediately succeeding the delivery of the Series 2016 Bonds, or commencing one year prior to the first principal payment date of the Series 2016 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary (together with any amounts available for such purpose theretofore credited to the Bond Fund from whatever source) to pay the next installment of principal (whether at maturity or on a redemption date) due on the Outstanding Series 2016 Bonds, any Additional Parity Bonds and any other Parity Securities.

If there are insufficient moneys in the Revenue Fund to make the required deposits to the Bond Fund in any month, amounts shall be deposited to the accounts within the Bond Fund on a pari passu basis. In the event that any monthly deposit to the Bond Fund is less than the amount required, this shall not constitute an event of default hereunder, but the City shall deposit additional amounts to the Bond Fund to make up any such insufficiency from the first available Pledged Excise Taxes.

Moneys that are to be used to pay the Debt Service Requirements on the Series 2016A Bonds shall be deposited to the Series 2016A Bond Fund Account and moneys that are to be used to pay the Debt Service Requirements on the Series 2016B Bonds shall be deposited to the Series 2016B Bond Fund Account. In connection with the issuance of any Additional Parity Bonds, the City may create additional accounts within the Bond Fund for the payment of the Debt Service Requirements on such Additional Parity Bonds.

The money credited to the Bond Fund from the Revenue Fund shall be used, without requisition, voucher or other direction or further authority than is contained in the Ordinance solely to pay promptly the Debt Service Requirements of the Series 2016 Bonds, any Additional Parity Bonds and any other Parity Securities, as the same become due. *Moneys on deposit in the Series 2016A Bond Fund Account shall be applied to the payment of the Debt Service Requirements of the Series 2016A Bonds and moneys on deposit in the Series 2016B Bond Fund Account shall be applied to the payment of the Debt Service Requirements of the Series 2016B Bonds.*

If on the fifth Business Day prior to any required principal or interest payment date, Pledged Revenues on deposit in the Bond Fund are less than the full amount described above with respect to the Series 2016 Bonds, any Additional Parity Bonds and any other Parity

Securities, and if there are amounts on deposit in the Reserve Fund and any other reserve fund that secures any Additional Parity Bonds and other Parity Securities, then an amount shall be transferred to the Bond Fund on such date from the Reserve Fund and from any such other reserve fund equal to the difference between the amount so credited from the Pledged Revenues and the full amount so stipulated, subject to and in accordance with the Reserve Fund provisions described below.

(2) *Reserve Fund.* Second, from any moneys remaining in the Revenue Fund, there shall be credited from time to time to the Reserve Fund moneys sufficient to accumulate in and maintain the Reserve Fund at an amount equal to the Reserve Requirement, together with any required payments to be made to any reserve funds securing any Additional Parity Bonds or Parity Securities, and concurrently with any repayment or similar obligations payable to the issuer of any Reserve Fund Policy (defined in Appendix B) and any other surety provider issuing any reserve fund insurance policy with respect to the Series 2016 Bonds, any Additional Parity Bonds and any Parity Securities. No credit to the Reserve Fund need be made so long as the moneys therein equal the Reserve Requirement.

In the event that the amount of the Reserve Fund falls below the Reserve Requirement, then the City shall credit to the Reserve Fund from amounts on deposit in the Revenue Fund that sum of money needed to accumulate or reaccumulate the amount in the Reserve Fund so that at all times the amount of the Reserve Fund equals the Reserve Requirement.

If at any time the City for any reason fails to pay into the Bond Fund the full amount described in paragraph (1), above, then the shortfall shall be paid into the Bond Fund from the Reserve Fund (or from any reserve fund securing Additional Parity Bonds or Parity Securities). The Reserve Fund (or any other reserve fund) must be replenished immediately from moneys credited to the Revenue Fund that are not required to be otherwise applied as described above.

See “Reserve Fund” below for further information regarding the Reserve Fund.

(3) *Payment for Subordinate Securities.* Third, any money remaining in the Revenue Fund following the required transfers to the Bond Fund and the Reserve Fund each month may be used by the City for the payment or provision for payment of interest on and principal of subordinate bonds or other subordinate obligations, if any, hereafter authorized to be issued and payable from the Pledged Revenues, including reasonable reserves therefor and rebate requirements in respect thereof, as the same accrue.

(4) *Use of Remaining Revenues.* In each month, after making the transfers described above and after making any payments to the Series 2016A Rebate Fund as required by the Ordinance, any money remaining in the Revenue Fund in excess of the Minimum Balance (defined below) may be withdrawn therefrom at the option of the Treasurer, and shall be free and clear of the lien of the Ordinance, for use for any one or any combination of lawful purposes, as the City may from time to time determine; provided that any moneys from the Excise Tax Increases Account shall be applied solely in accordance with the terms and provisions of the 2015 Ballot Question. The City covenants in the Ordinance that it will not make any withdrawal

from moneys on deposit in the Revenue Fund unless after such withdrawal the amount on deposit in the Revenue Fund is at least equal to the Minimum Balance.

“Minimum Balance” is defined in the Ordinance to mean an amount equal to the transfer that will be required to be made from the Revenue Fund to the Bond Fund in the succeeding month, as described in paragraph (1) above. The Minimum Balance is intended to be equal to one month of deposits as described in paragraph (1) above.

Termination of Deposits. No deposits need be made to the Bond Fund, the Reserve Fund, or both, if all amounts due with respect to draws on any Reserve Fund Policy have been paid and if the amount in the Bond Fund and the cash on deposit in the Reserve Fund total a sum at least equal to the entire amount of the Outstanding Series 2016 Bonds, any Additional Parity Bonds and any other Parity Securities payable therefrom or secured thereby, both as to principal and interest to their respective Maturity Dates (or mandatory Redemption Dates) or to any Redemption Date on which the City shall have exercised its option to redeem such Series 2016 Bonds, Additional Parity Bonds and other Parity Securities then Outstanding and thereafter maturing, including any prior redemption premiums then due, both accrued and not accrued. In such case, money in such funds in an amount which at least equals such principal, interest and redemption premiums shall be used solely to pay the same as they accrue; and any money in excess thereof in such funds and any other money derived from Pledged Revenues may be used in any lawful manner determined by the City.

Rebate Fund. The Treasurer shall transfer into and pay from the Series 2016A Rebate Fund the amount of required arbitrage rebate, if any, due to the federal government under the Tax Code and the regulations thereunder in connection with the Series 2016A Bonds. Transfer of the required arbitrage rebate amount is to be made from the Revenue Fund, the Bond Fund, and the Reserve Fund; provided, however, that required arbitrage rebate payments are to be made to the federal government from legally available funds regardless of whether there are any remaining proceeds or other funds attributable to the Series 2016A Bonds that are available for the purpose. All amounts in the Series 2016A Rebate Fund, including income earned from investment thereof, are to be held by the Treasurer free and clear of any lien created by the Ordinance, to the extent such moneys are needed for rebate payments.

## **Reserve Fund**

The Reserve Fund shall be maintained as a continuing reserve and shall be used solely to prevent deficiencies in the payment of the Debt Service Requirements of the Series 2016 Bonds and any Additional Parity Bonds and any other Parity Securities secured by such Reserve Fund resulting from the failure to credit to the applicable account within the Bond Fund sufficient funds to pay such Debt Service Requirements (as the same become due).

The Reserve Fund will be funded in an amount equal to the Reserve Requirement, which is equal to the least of (a) 10% of the proceeds of the Series 2016A Bonds, (b) 125% of the Average Annual Debt Service Requirements of the Series 2016A Bonds, or (c) 100% of the Maximum Annual Debt Service Requirements of the Series 2016A Bonds. Upon issuance, the



Reserve Requirement will be \$\_\_\_\_\_;\* that amount is expected to be funded with proceeds of the Series 2016 Bonds.

In connection with the issuance of Additional Parity Bonds, such Additional Parity Bonds may be secured by the Reserve Fund, or a separate reserve fund may be created to secure such Additional Parity Bonds, as set forth in the documents authorizing the issuance of such Additional Parity Bonds. The City may also issue Additional Parity Bonds that are not secured by a reserve fund. If the Additional Parity Bonds are secured by the existing Reserve Fund, the Reserve Fund must be funded in an amount equal to the Reserve Requirement using the combined debt service for the Series 2016 Bonds and the Additional Parity Bonds.

See Appendix C - Summary of Certain Provisions of the Ordinance for more detailed information regarding the Reserve Fund.

### **Additional Parity Bonds**

Additional Parity Bonds. The City may issue Additional Parity Bonds (other than refunding bonds, which are subject to different provisions described below) that are payable from and that have a lien on all or a portion of the Pledged Revenues that are on a parity thereon of the Series 2016 Bonds, upon compliance with the terms and conditions described below.

A. There shall not have occurred and be continuing an Event of Default, unless such default is cured upon the issuance of the Additional Parity Bonds;

B. As certified by an Independent Accountant or the Treasurer, the Pledged Excise Taxes for any 12 consecutive months out of the 18 months preceding the month in which such Additional Parity Bonds are to be issued must have been equal to at least 175% of the Combined Maximum Annual Debt Service Requirements of the Outstanding Bonds, all other Outstanding Parity Securities and the Additional Parity Bonds proposed to be issued plus 100% of all Policy Costs due under the Reserve Fund Policy and amounts due under other Credit Facilities. If the rate or rates of the Pledged Excise Taxes imposed by the City and pledged to the payment of the Series 2016 Bonds, other Parity Securities and the proposed Additional Parity Bonds have been, or prior to the issuance of the proposed Additional Parity Bonds will be, increased above the rate or rates imposed and pledged during such 12-month period, then the Independent Accountant or the Treasurer, as the case may be, shall adjust the calculation of the Pledged Excise Taxes to reflect the amount thereof that would have been received during such 12-month period had the new increased rate or rates to be pledged had been in effect throughout the entire 12-month period. If this amount, so adjusted, is at least equal to 175% of the Combined Maximum Annual Debt Service Requirements of the Outstanding Series 2016 Bonds, other Parity Securities and the proposed Additional Parity Bonds, then this condition is satisfied.

C. The Additional Parity Bonds may be secured by a reserve fund or account, but Additional Parity Bonds may be issued without being secured by a reserve fund or account

D. The documents pursuant to which any Additional Parity Bonds are issued must provide that such Additional Parity Bonds shall not be subject to acceleration.

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\* Subject to change.

Refunding Bonds. In the case of Additional Parity Bonds issued for the purpose of refunding less than all of the Series 2016 Bonds and other Parity Securities then Outstanding, compliance with the terms and conditions applicable to Additional Parity Bonds set forth above shall not be required so long as the Debt Service Requirements payable on all Series 2016 Bonds and other Parity Securities Outstanding after the issuance of such Additional Parity Bonds in each Bond Year does not exceed the Debt Service Requirements payable on all Series 2016 Bonds and other Parity Securities Outstanding prior to the issuance of such Additional Parity Bonds in each such Bond Year.

## CITY GOVERNMENT ORGANIZATION

### 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 3 million people, representing more than half of the population of the State, currently reside in the Denver metropolitan area, of which approximately 663,000 reside in the City limits.

### 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 as the consolidated municipal government known as the City and County of Denver and exists as a "home-rule" city under the 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 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 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 Council, except as otherwise provided in the Charter. The Council consists of thirteen members, two of whom are elected on an at-large basis and eleven of whom are elected from 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 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 current elected officials of the City are as follows:

Michael B. Hancock	Mayor
Timothy M. O'Brien	Auditor
Christopher Herndon	Councilmember and President – District 8
Kendra Black	Councilmember – District 4
Albus Brooks	Councilmember – District 9
Jolon Clark	Councilmember – District 7
Rafael Espinoza	Councilmember – District 1
Kevin Flynn	Councilmember – District 2
Stacie Gilmore	Councilmember – District 11
Paul Kashmann	Councilmember – District 6
Robin Kniech	Councilmember – At-Large

Paul D. López  
Wayne New  
Deborah Ortega  
Mary Beth Susman  
Debra Johnson

Councilmember – District 3  
Councilmember – District 10  
Councilmember – At-Large  
Councilmember – District 5  
Clerk and Recorder

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 (CAFR). The Auditor is elected every four years and is limited to three consecutive terms. Powers to conduct financial and performance audits are carried out by the City Auditor in that office’s audit capacity. The current City Auditor is Timothy M. O’Brien.

The Clerk and Recorder is responsible for performing all the duties of the City Clerk as provided for in the 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 consecutive terms. The current Clerk and Recorder is Debra Johnson.

The Chief Financial Officer, as the Manager of Finance *and Ex-Officio* Treasurer (the “Manager of Finance”) serves on the Mayor’s cabinet and is responsible for the management of the City’s debt and financial obligations and the appointment of the Manager of Cash, Risk & Capital Funding, Controller, Treasurer, Budget Manager, Assessor and Director of Real Estate. Responsibilities for issuance of payments, payroll and other general accounting functions are performed by the Department of Finance. The current Manager of Finance is Brendan Hanlon.

As of February 15, 2016, the appointed members of the Mayor’s cabinet are the following individuals:

Donald J. Mares	Deputy Mayor, Executive Director of the Department of Human Services
Brendan Hanlon	CFO/Manager of Finance
Brad Buchanan	Executive Director of Community Planning and Development
Jose Cornejo	Executive Director of the Department of Public Works
Kim Day	Executive Director of the Department of Aviation
Penny L. May	Executive Director of the Department of General Services, Interim
Allegra “Happy” Haynes	Executive Director of the Department of Parks and Recreation
D. Scott Martinez, Esq.	City Attorney
Robert M. McDonald	Executive Director of the Department of Environmental Health, Interim
Stephanie O’Malley	Executive Director of the Department of Safety

In addition to the members of the cabinet, other advisers include Chief of Staff Janice Sinden and Deputy Chief of Staff Evan Dreyer.

The 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 in this paragraph, 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 Mayor, the Charter provides for succession to such office by the Deputy Mayor, who is to resign and

become Mayor. If the Deputy Mayor refuses or is unable to serve as Mayor, the President of the Council is to resign as President and become Mayor. If the President of the Council refuses or is unable to serve as Mayor, the Council is to elect one of their members to fulfill the duties of the Mayor.

## FINANCIAL INFORMATION CONCERNING THE CITY

*The following financial information concerning the City is provided for general information only and is not intended to imply that the general credit of the City is pledged for the payment of the Series 2016 Bonds. See "SECURITY FOR THE BONDS--Limited Obligations."*

### **Budget Policy**

The 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 Council for its approval. The 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 Council fails to adopt a budget by the required date, the proposed budget, together with any amendments approved by the 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 Charter to include a year-end closing balance, which can only be expended upon a two-thirds majority vote of the Council during that Fiscal Year, but may be considered income for the ensuing Fiscal Year. The annual budget includes a Contingency Reserve of no less than 2% of total estimated expenditures. In addition, an Emergency Reserve equal to 3% of fiscal year spending excluding debt service is required by State constitutional provisions (TABOR Reserve) to be included in the budget. In March 2014, the Council approved fulfilling the TABOR Reserve requirement, in part, by pledging real property in lieu of cash. This reserve may only be applied for emergency purposes as specified in the Colorado Constitution. By Department of Finance policy, the General Fund targeted reserve is 15%, and should not be drawn below 10%.

The City administration utilizes multi-year planning and forecasting methods for General Fund budgeting and for capital projects planning.

### **General Fund**

The General Fund is the principal operating fund of the City. Information contained in this section has been drawn from the annual financial reports of the City, the General Fund budget for the years 2014, 2015, and 2016, and information prepared by the Department of Finance.

Major Revenue Sources. Two 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.

As of December 31, 2015, a fixed-rate general sales tax of 3.65% was imposed on the sale of all tangible personal property not specifically exempted and on certain services. The general use tax was also a fixed-rate of 3.65%, 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. The sales and use tax rate includes a 0.15% portion authorized by voters to fund increased access to and quality of preschool programs for City

residents (the “preschool tax”). The revenue from this portion of the sales and use tax, which is in effect through December 31, 2026, is only available for the specified preschool purposes and cannot be used for General Fund purposes. The general sales and use tax and the preschool tax are charged on all medical marijuana sales but retail recreational marijuana sales are charged an additional 3.5% tax which is deposited in the General Fund for expenditures authorized in the Denver Revised Municipal Code, which include, among other things, expenses related to the licensing and regulation of the retail marijuana industry and, generally, the expenses of operating and improving the City and its facilities.

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.

Additional amounts collected by the City and accounted for in the General Fund include the Lodgers’ Tax, the Prepared Food and Beverage Tax, the Auto Rental Tax, the automobile ownership tax, occupational privilege taxes (“OPT” or “Head Tax”), franchise fees and the telecommunications business tax. The revenues from certain of these taxes, including the Pledged Excise Taxes, are pledged to debt service on excise tax revenue bonds of the City.

Charges for services are 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. Currently, a portion of the State-imposed cigarette tax and wholesale marijuana tax is also shared with the City and included in intergovernmental revenues.

Collection of Taxes. The Charter provides that the Manager of Finance 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 of the same, apply to the City, except as modified by the Charter.

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; and Parks, Recreation and Cultural. The 2016 budget reclassified certain public safety expenditures from the Public Safety category into the budgets for the individual agencies and General Administration. Using those reclassified categories, the largest portion of the 2015 revised expenditure Budget (38.9%) was allocated to Public Safety, which is primarily responsible for administering police, fire and the sheriff’s departments’ services. For the 2016 adopted budget, Public Safety represents 38.9% of the General Fund.

## **Financial Statements**

The City’s audited basic financial statements, derived from the City’s 2014 CAFR, are attached to this Official Statement as Appendix A. Those financial statements are the

most current audited financial information available for the City. Such financial statements should be read in their entirety. Financial statements of the City for fiscal years ending prior to December 31, 2014, are available for inspection at the Department of Finance, 201 West Colfax Avenue, 10th Floor, Denver, Colorado 80202.

The report of BKD, LLP, included in this Official Statement as Appendix A, relates to the City's historical financial statements for the year ended December 31, 2014. BKD, LLP 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 its report and BKD, LLP should not be considered to be associated with the Official Statement in any manner. See "INDEPENDENT AUDITORS."



## DEBT STRUCTURE OF THE CITY

### General Obligation Bonds

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. Under the 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 the taxable property within the City.

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2015. No electoral authorization remains for additional general obligation bonds.

#### Outstanding General Obligation Debt (\$ in thousands)

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Justice System Facilities Bonds, Series 2006 (1)	\$ 125,000	\$ 6,795
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007 (2)	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	123,755
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	73,435
General Obligation Better Denver Bonds, Series 2010A	37,910	5,930
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D	44,650	31,870
General Obligation Better Denver Bonds, Series 2011A	16,455	16,455
General Obligation Better Denver and Refunding Bonds, Series 2013A	120,925	89,545
General Obligation Refunding Bonds, Series 2013B1-B2 (1)(3)	137,435	134,975
General Obligation Better Denver Bonds (Denver Mini-Bond Program), Series 2014A (4)	<u>12,000</u>	<u>12,000</u>
TOTAL:	\$1,093,926	\$815,676

(1) The Series 201B1-B2 bonds refunded portions of the Series 2006 Bonds.

(2) Amount excludes \$4,462,695 of compound interest on the Series 2007 Capital Appreciation Bonds.

(3) Direct bank placement; no official statement prepared.

(4) Amount excludes \$763,110 of compound interest on the Series 2014A Capital Appreciation Bonds.

Source: The City.

### Revenue Bonds

The City has outstanding certain enterprise and excise tax revenue bonds payable from specifically pledged revenues, excluding ad valorem taxes. All excise tax revenue bonds, except for refunding bonds at a lower interest rate, require prior elector approval under the State Constitution.

As of December 31, 2015, the City's Airport Enterprise (the "Airport Enterprise") had \$4,112,490,000 of airport system revenue bonds outstanding. Of this total, there were fixed-payment swaps hedging variable rate mode debt totaling \$802,200,000.

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, 2015, \$2,970,000 of such bonds remains outstanding.

In January of 2012, the City, for and on behalf of the Wastewater Management Division of its Department of Public Works, issued \$50,425,000 of Wastewater Revenue Bonds. As of December 31, 2015, \$40,710,000 was outstanding.

As of December 31, 2015, the City had outstanding excise tax revenue and excise tax refunding bonds in the amount of \$171,365,000. All of these bonds will be refunded as part of the Refunding Project.

### **Lease Purchase Agreements**

Certificated Lease Purchase Agreements. The City has completed lease purchase transactions structured with an independent lessor who sells Certificates of Participation (“COPs”) representing 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. If appropriated for the applicable fiscal year, the City has the obligation to pay rentals for that year.

Certificated Lease Purchase Transactions. Certificates of participation have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Principal portions of Base Rentals under these lease purchase agreements outstanding as of December 31, 2015, are summarized in the following table.

Schedule of Lease Purchase Transactions and Release Dates (as of 12/31/15)(\$ in Thousands)

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Leased Property</u>	<u>Date Leased Property Scheduled to be Acquired</u>
2005A	\$ 14,290	Human Services Campus	May 1, 2020
2008A1-A3	228,470	Wellington E. Webb Office Building	December 1, 2031
2008B	16,315	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	18,520	Central Platte Campus Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2030
2010B	15,185	Facility	December 1, 2021
2012A	6,995	Denver Cultural Center Parking Garage	December 1, 2021
2012C1-C3	41,520	Denver Properties Leasing Trust	December 1, 2031
2013A	33,225	Buell Theatre	December 1, 2023
2015A	<u>22,470</u>	Fire stations (3); Blair-Caldwell African American Research Library	December 1, 2034
TOTAL	\$396,990		

Source: The City.

Non-certificated Lease Purchase Agreements. As of December 31, 2015, the City was the lessee under various other capitalized lease obligations for the lease purchase of real property and equipment outstanding in a principal amount of \$18,421,892, compared to \$23,950,334 as of December 31, 2014. At the end of the final term of each lease, the City expects to own the real property and equipment which are the subject of such leases. Certificates of participation relating to these leases have not been executed and delivered.

### **City Discretionary Support Payments**

Denver Urban Renewal Authority Contingent and Discretionary Payments. The Denver Urban Renewal Authority (“DURA”) issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1 (the “Series 2010B-1 DURA Bonds”) in the aggregate 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 the requested amount is not to 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. 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 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. The City Council has never been requested to appropriate funds under the Contingent Commitment Agreement. DUSPA is required under the terms of the Contingent Commitment Agreement to reimburse the City for the amount of its payments with interest, subject to prior DUSPA financial commitments.

Denver Convention Center Hotel Authority. In the spring of 2003, the City created the Denver Convention Center Hotel Authority for the express purpose of acquiring, constructing, equipping, operating and financing a convention center headquarters hotel, parking garage and supporting facilities across the street from the Colorado Convention Center. In June 2003, the Authority issued its own special limited obligation revenue bonds in the amount of \$354 million to finance the hotel and contract independently with a developer and operator for the hotel. The hotel opened as scheduled on December 20, 2005. In April 2006, the Authority issued \$356 million in refunding bonds to fully refund the 2003 revenue bonds. The refunding bonds are payable from hotel revenues, and the hotel is mortgaged by the Authority to the bond trustee to secure the bonds. The Authority has no taxing power. The City did not pledge its own credit to support the hotel project and did not create any multiple-fiscal year direct or indirect debt or other financial obligation of the City in connection with the financings. However, the City entered into an Economic Development Agreement with the Authority under which, the City makes payments in consideration of various agreements with the Authority regarding the hotel’s construction and operation in respect of the Convention Center and of the economic benefits to the City expected to be derived from the construction and operation of the hotel, subject to annual appropriation by the City Council. The City has made all payments under the Economic Development Agreement through December 31, 2015. The remaining Economic Development Payments are set forth in the following table. The Economic Development Agreement is subject to termination on each December 31 according to its terms and expires no later than December 31 of the thirty-fifth calendar year after the opening of the Denver Convention Center Hotel.

Denver Convention Center Hotel Economic Development Payments

<u>On or Before the 14<sup>th</sup> Day Prior to the Following Date:</u>	<u>Amount</u>
June 1, 2016	\$5,250,000
December 1, 2016	\$5,250,000
June 1, 2017	\$5,375,000
December 1, 2017	\$5,375,000
Each December 1 and June 1 after 2018 until 2040	\$5,500,000

**Retirement Plans**

Denver Employees Retirement Plan. The Denver Employees Retirement Plan (“DERP”) is a defined benefit plan. Its purpose is to provide retirement benefits to qualified members of the City and County of Denver and the 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 certain postemployment health benefits to eligible members. DERP health benefits are described below under “Other Post-Employment Benefits.”

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 Denver Career Service Authority employees who were members of DERP.

DERP membership consisted of the following as of December 31, 2014 and 2015:

	<u>2013</u>	<u>2014</u>
Retirees and beneficiaries currently receiving benefits	8,481	8,815
Terminated employees entitled to benefits but not receiving	3,414	3,466
Current Employees:		
Vested	5,977	5,584
Non-vested	<u>2,327</u>	<u>2,905</u>
TOTAL	20,199	20,770

DERP provides retirement benefits plus death and disability benefits. Members who were hired before July 1, 2011, and retire at or after the age of 65 (or at age 55 if the sum of their age and credited years of service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member’s highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and added to credited years of service of summing to equal at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member’s highest salary during a 60 consecutive month period of credited service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments to retirement benefits are authorized only by vote of the Retirement Board, and only when sufficient excess funds are available to cover the cost of any such increase in benefits over the lifetime of all retired members; however, no cost of living adjustment has been made since 2002. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the DERP’s board and enacted into ordinance by the Council.

The following are DERP contribution requirements and dates on which contribution requirement changes took effect.

	January 1, 2005	January 1, 2010	January 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
City Contribution	8.50%	8.50%	9.50%	10.25%	11.00%	11.20%	11.50%
Employee Contribution	2.50%	4.50%	5.50%	6.25%	7.00%	7.30%	8.00%
Total	11.00%	13.00%	15.00%	16.50%	18.00%	18.50%	19.50%

As of December 31, 2014, the total net plan assets were \$2,133,128,481. Per DERP's independently audited 2014 Comprehensive Annual Financial Report, as of January 1, 2014, the most recent actuarial valuation, 76.4% of the plan's actuarial accrued liabilities were covered by actuarial value of assets.

On August 11, 2015, DERP filed a bill request seeking Council approval of changes in the DERP governing ordinance, one of which is a requested change in the "actuarially assumed rate of investment return" for the plan, from 8.0% to 7.75%. This request indicates that it is being made "in light of work done by DERP's investment consultant indicating lower 10-year expected returns for the DERP-specific asset allocation." The other requested changes to this ordinance are stated to be non-substantive, technical changes. There is no proposed change to the DERP contribution requirements for 2016 in the bill request.

Fire and Police Pension Plan. 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 FPPA. Pursuant to Colorado Revised Statutes §31-31-701(2), which was deleted in 2014 as obsolete, 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. The FPPA manages investments, and administers the contributions to, and distributions from, the Old Hire Plans. The City's Police Pension and Relief Board and the Trustees of the Firefighters Pension Fund administer various other matters relating to the Old Hire Plans.

As of January 1, 2014, the most recent valuation, actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 73.3% and 90.8%, respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2014, 2013 and 2012, were \$28,458,000, \$30,206,000 and \$24,715,000, respectively.

For FPPA, covered employees under the New Hire Plan contribute at the rate of at least 8% of base salary. The City also made contributions for the years ended December 31, 2014, 2013 and 2012, for police officers and fire fighters hired on or after April 8, 1978, in the amounts of \$14,229,000, \$14,650,000 and \$15,445,000, respectively. As of January 1, 2014, the most recent valuation, the actuarial report states that under current law benefits, which assume no cost-of-living adjustments, the New Hire Plan is funded at 100.9%.

Other Post-Employment Benefits. In addition to the pension benefits described above, the City provides health insurance benefits 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 in the plans. The City's contribution toward the implicit rate subsidy is based on pay-as-you-go funding for the retirees. The plans for eligible DERP and FPPA retirees are described below and in Note H in the "Other Note Disclosures" section of the City's 2014 CAFR. See Appendix A.

*DERP OPEB Plan.* 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 2014 Comprehensive Annual Financial Report, 55.2% of the plan's accrued liabilities were covered by valuation assets.

*OPEB for Collectively Bargained Agreements.* The City has collectively bargained agreements with the Sheriff, Police, and Fire Departments employees. Each of those agreements provides for post-employment benefits as individually negotiated. All collectively bargained agreements are of public record and available in the Clerk and Recorder's Office.

The Sheriff Department employees are treated as DERP employees for purposes of retirement including their post-employment health benefits but have additional bargained benefits, including funeral expenses for death in the line of duty, within the collectively bargained agreement. Police and Fire Department employees or their survivors receive contractual payments for their respective non-City post-employment health plans, funeral expenses, and statutorily required death and disability coverages.

### **CERTAIN RISK FACTORS**

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which, among others discussed herein, could affect the payment of debt service on the Series 2016 Bonds and could affect the market price of the Series 2016 Bonds to an extent that cannot be determined at this time. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2016 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.

#### **Special, Limited Obligations**

The Series 2016 Bonds are special, limited obligations of the City payable solely from the Pledged Revenues. The Series 2016 Bonds do not constitute a general obligation of the City. Owners of the Series 2016 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the Series 2016 Bonds.

#### **Pledged Dedicated Tax Collections Subject to Fluctuation**

The generation of the Pledged Excise Taxes is subject to fluctuations in direct correlation to the general economy and, in particular, the health of the tourism industry. Economic declines can lead to reduced lodging occupancies, fewer car rentals and less frequent trips to restaurants and other establishments providing prepared food and beverages. The national recession which occurred from approximately 2008 to 2010 negatively impacted the collection of the excise taxes comprising the Pledged Excise Tax Revenues to varying degrees. For example, the rate of growth in these tax collections slowed to approximately 3% between 2007 and 2008; Food and Beverage Tax collections declined by approximately 5.4% between 2008 and 2009 and combined Lodging Tax and Auto Rental Tax revenues declined by approximately 15% in that same time.

Any decrease in the level of tourist activity (including convention activity) in the City is likely to result in reduction in Pledged Revenues. Reductions in travel to the City for any reason, including terrorist attacks, increases in gas prices, the availability of affordable and frequent air service, have impacted Pledged Excise Tax Revenues in the past and could do so in the future.

Further, competitive pressures during low tourism periods also may lead to significantly lower room and car rental rates, as well as lower prepared food and beverage prices. When the price of such rentals or items decrease, the related excise tax revenues also decline. The City has no control over the total room rates, car rental rates or cost of prepared food and beverages.

There can be no assurance that future economic conditions will not result in significant reductions in Pledged Excise Tax Revenues; if such reductions are significant enough, Pledged Revenues may not be sufficient to pay debt service on the Series 2016 Bonds and any Additional Parity Bonds.

### **Bankruptcy and Foreclosure**

The ability and willingness of an owner or operator of a business subject to the Pledged Excise Taxes may be adversely affected by the filing of a bankruptcy proceeding by the owner. While excise taxes enjoy a preferred collection status in bankruptcy proceedings, federal bankruptcy laws provide for an automatic stay of tax sales, thereby potentially delaying excise tax collections for an extended period.

### **Additional Parity Bonds**

The Ordinance authorizes the City to issue Additional Parity Bonds and, as previously discussed, the City currently plans to issue Additional Parity Bonds in 2018 and 2020. To the extent that Additional Parity Bonds are issued, the security for the Series 2016 Bonds offered by the Pledged Revenues will be diluted.

### **Limitations on Remedies Available to Owners of the Series 2016 Bonds**

No Acceleration. There is no provision for acceleration of maturity of the principal of the Series 2016 Bonds in the event of a default in the payment of principal or interest on the Series 2016 Bonds. Consequently, remedies available to the owners of the Series 2016 Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Series 2016 Bonds and the obligations incurred by the City in issuing the Series 2016 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Pledged Revenues which is superior to the lien thereon of the Series 2016 Bonds; and the reasonable and necessary exercise, in certain exceptional situations, of the police power



inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Series 2016 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Ordinance on behalf of the Owners of the Series 2016 Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

## **CONTINUING DISCLOSURE**

The City will execute a continuing disclosure undertaking at the time of the closing for the Series 2016 Bonds (the “Disclosure Undertaking”). The Disclosure Undertaking will be executed for the benefit of the beneficial owners of the Series 2016 Bonds and the City will covenant in the Ordinance to comply with its terms. The Disclosure Undertaking will provide that so long as the Series 2016 Bonds remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as specified in the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as Appendix D. Within the five-year period from the date of this Official Statement, the City has complied in all material respects with previous undertakings.

## **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.

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 by limiting the City’s revenues to the total amount thereof received 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.

On November 6, 2012 Denver voters passed ballot Initiative 2A that permanently removed all TABOR restrictions regarding the collection and retention of all taxes. The initiative eliminated four TABOR credited mills, resulting in a budgeted increase of property tax revenue to the City from \$73,891,000 to \$106,761,000 as of the 2013 budget. 2.222 credited mills remain in place but can be eliminated at any time. In addition, the initiative implemented an anti-spiking provision that prohibits restoring mills if assessed value exceeds 6% and local growth.

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**

General. The City Attorney states that, as of the date hereof, there is no pending or threatened litigation which would restrain or enjoin the issuance of the Series 2016 Bonds, or the collection of the Pledged Revenues to pay debt service on the Series 2016 Bonds.

Litigation Matters. **[Updates to come]** 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.

For fiscal year 2016, the City Attorney’s office has received an appropriation of approximately \$\_\_\_\_ million for payment of claims and judgments for items not covered by existing insurance. [The City anticipates additional claims could be filed that may require a request for the Council to transfer additional funds into the claims account in excess of the amounts described above.]

The City is one of several hundred localities nationwide selected by the Department of Justice’s Project Civic Access for an Americans with Disability Act (“ADA”) compliance review. In 2012, Project Civic Access conducted a compliance review of City facilities. In 2014, the City received the results of the compliance review and will be engaging

with Project Civic Access to agree on necessary public improvements which are anticipated to require an additional appropriation, of a sum to be determined, from the City's General Fund.

Two local organizations, the Civil Rights Education and Enforcement Center ("CREEC") and the Colorado Cross-Disability Coalition ("CCDC") served a demand letter on the City alleging violations of the ADA by the City. In this letter, CREEC and CCDC allege that the City failed to install curb ramps required by the ADA and the Rehabilitation Act. CREEC and CCDC claim that if this matter is not settled they would be entitled to injunctive relief requiring that the City install missing ramps as well as attorney's fees and costs. The City, CREEC and CCDC have executed a tolling agreement and are attempting to negotiate a resolution. No claim has been filed. At this time, the City believes a voluntary resolution is likely and therefore that the likelihood of an unfavorable outcome is low. It is not possible to estimate the range of potential costs at this time, but if amounts available to pay such costs are insufficient, an additional appropriation would be requested to be made by Council.

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 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 \$350,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000; except in such instance, no person may recover in excess of \$350,000. These maximums are to be adjusted by the Colorado Secretary of State every four years beginning January 1, 2018, based upon the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index. 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 resolves to pay 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.

### **Approval of Certain Legal Proceedings**

The approving opinions of Butler Snow LLP and Tilden McCoy & Dilweg LLP, Denver, Colorado, as Co-Special Counsel, will be delivered with each series of the Series 2016 Bonds. A form of each Co-Bond Counsel opinion is attached to this Official Statement as Appendix F. Each opinion will include a statement that the obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Butler Snow LLP, Denver, Colorado, and Tilden McCoy + Dilweg LLP, Denver, Colorado, have also acted as Special Counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the City Attorney. Certain matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado.

The fees of Butler Snow LLP and Tilden McCoy + Dilweg LLP will be paid only at closing from the proceeds of the Series 2016 Bonds. The fees of the Financial Advisor also will be paid only from Series 2016 Bond proceeds at closing.

### **Police Power**

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

## **TAX MATTERS**

### **Series 2016A Bonds**

In the opinions of Co-Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2016A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016A Bonds (the "Tax Code"), interest on the Series 2016A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of

computing the alternative minimum taxable income of corporations as described below, and interest on the Series 2016A Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2016A Bonds.

The Tax Code and Colorado law impose several requirements which must be met with respect to the Series 2016A Bonds in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations), Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Series 2016A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2016A Bonds; (b) limitations on the extent to which proceeds of the Series 2016A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2016A Bonds above the yield on the Series 2016A Bonds to be paid to the United States Treasury. The City will covenant and represent in the Ordinance that it will take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Series 2016A Bonds) to the extent necessary to maintain the exclusion of interest on the Series 2016A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Co-Bond Counsel's opinion as to the exclusion of interest on the Series 2016A Bonds from gross income, alternative minimum taxable income (to the extent described above), Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Series 2016A Bonds to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Co-Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Co-Bond Counsel. Co-Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2016A Bonds.

The Tax Code contains numerous provisions which that may affect an investor's decision to purchase the Series 2016A Bonds. Owners of the Series 2016A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be

imposed on payments on the Series 2016A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2016A Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Co-Bond Counsel’s opinions relate only to the exclusion of interest on the Series 2016A Bonds from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2016A Bonds. Owners of the Series 2016A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Co-Bond Counsel are based on existing law as of the delivery date of the Series 2016A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal and Colorado tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Series 2016A Bonds, the exclusion of interest on the Series 2016A Bonds from gross income, alternative minimum taxable income, Colorado taxable income, Colorado alternative minimum taxable income or any combination thereof from the date of issuance of the Series 2016A Bonds or any other date, or which could result in other adverse tax consequences. Owners of the Series 2016A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (“IRS”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2016A Bonds. If an audit is commenced, the market value of the Series 2016A Bonds may be adversely affected. Under current audit procedures, the IRS will treat the City as the taxpayer and the owners may have no right to participate in such procedures. The City has covenanted in the Ordinance not to take any action that would cause the interest on the Series 2016A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the Owners thereof for federal income tax purposes. None of the City, the Underwriters or Co-Bond Counsel is responsible for paying or reimbursing any registered owner or Beneficial Owner for any audit or litigation costs relating to the Series 2016A Bonds.

### **Series 2016B Bonds**

In the opinion of Co-Bond Counsel, interest on the Series 2016B Bonds is includable in gross income for federal and State of Colorado income tax purposes.

## **RATINGS**

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings ("Fitch") have assigned ratings to the Series 2016 Bonds as shown on the cover page hereof. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of any ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. The ratings reflect only the views of the applicable rating agency, and there is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Other than the City's responsibilities pursuant to the Disclosure Undertaking, neither the City nor the Financial Advisor has undertaken any responsibility either to bring any proposed change in or withdrawal of such rating or to oppose any proposed revision to the attention of the owners of the Series 2016 Bonds. Any change in or withdrawal of any rating could have an adverse effect on the market price or liquidity of the Series 2016 Bonds.

## **INDEPENDENT AUDITORS**

The audited basic financial statements of the City for the fiscal year ended December 31, 2014, included in this Official Statement as Appendix A, have been audited by BKD LLP, certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon.

The City will not request or obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. BKD, LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.

## **FINANCIAL ADVISOR**

FirstSouthwest, a division of Hilltop Securities Inc., has been retained as financial advisor in connection with the issuance of the Series 2016 Bonds. During the term of the engagement, the Financial Advisor is not permitted to underwrite excise tax revenue bonds of the City. The Financial Advisor has provided advice to the City regarding the structure of the Series 2016 Bonds. The Financial Advisor has not participated in any independent verification of the information concerning the financial condition or capabilities of the City contained in this Official Statement. The Financial Advisor, however, has provided information relating to the Series 2016 Bonds, as reflected in the footnotes to certain tables herein.

## **UNDERWRITING**

General. Pursuant to a Bond Purchase Agreement between the City and Citigroup Global Markets Inc. (“Citigroup”), as Representative of the Underwriters, the Underwriters have agreed, subject to satisfaction of the conditions set forth therein, to purchase (i) the Series 2016A Bonds at a price equal to \$\_\_\_\_\_ (consisting of the principal amount of the Series 2016A Bonds, less Underwriter’s discount of \$\_\_\_\_\_); and (ii) the Series 2016B Bonds at a price equal to \$\_\_\_\_\_ (consisting of the principal amount of the Series 2016B Bonds, less Underwriters’ discount of \$\_\_\_\_\_). The Underwriters have agreed to purchase all of the Series 2016 Bonds if any of the Series 2016 Bonds are purchased.

There is no guarantee that a secondary market for the Series 2016 Bonds will be developed or maintained by the Underwriters or others. Thus, prospective investors should be prepared to hold their Series 2016 Bonds to maturity.

Information Provided by the Underwriters. The Underwriters and their respective affiliates are full services financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

*Citigroup.* Citigroup has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

*J.P. Morgan Securities LLC (“JPMS”).* JPMS has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2016 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2016 Bonds that such firm sells.



*Loop Capital Markets LLC (“Loop Capital”).* Loop Capital has entered into a retail distribution agreement with Deutsche Bank Securities Inc. (“DBS”) for the retail distribution of certain securities offerings at the original issue prices. Under this distribution agreement, DBS will purchase Series 2016 Bonds from Loop Capital at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2016 Bonds that DBS sells.

**OFFICIAL STATEMENT CERTIFICATION**

The preparation of this Official Statement and its distribution has been authorized by the Council. This Official Statement is hereby duly approved by the City as of the date on the cover page hereof.

CITY AND COUNTY OF DENVER, COLORADO

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Manager of Finance

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS OF THE  
CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

## **APPENDIX B**

### **AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN REGION**

**See the attached report prepared by Development Research Partners as of [February/March 2016].** *The City does not independently verify or collect such information.* However, the majority of such information is publicly available from the sources provided therein.

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE**

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 Bond certificate will be issued for each maturity of the Series 2016 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

**APPENDIX F**  
**FORMS OF CO-BOND COUNSEL OPINIONS**

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