



**MATURITY SCHEDULE**

**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

\$ \_\_\_\_\_\*  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2011B**  
**(AMT)**

<u>Maturity</u> <u>(November 15)</u> <sup>1</sup>	<u>Principal</u> <u>Amount</u> <sup>1</sup>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>®</sup> <u>No.</u> <sup>2</sup>
	\$	%	%		

\$ \_\_\_\_\_\*  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2011C**  
**(NON-AMT)**

<u>Maturity</u> <u>(November 15)</u> <sup>1</sup>	<u>Principal</u> <u>Amount</u> <sup>1</sup>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>®</sup> <u>No.</u> <sup>2</sup>
	\$	%	%		

\$ \_\_\_\_\_\*  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2011D**  
**(TAXABLE)**

<u>Maturity</u> <u>(November 15)</u> <sup>1</sup>	<u>Principal</u> <u>Amount</u> <sup>1</sup>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>®</sup> <u>No.</u> <sup>2</sup>
	\$	%	%		

<sup>1</sup> The Series 2011B Bonds, the Series 2011C Bonds or the Series 2011D Bonds, or any combination of the Series 2011B Bonds, the Series 2011C Bonds and the Series 2011D Bonds may be sold as one or more term bonds subject to mandatory sinking fund redemption. See "THE SERIES 2011B-D BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption.*"

<sup>2</sup> Copyright 2007, American Bankers Association. The CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers are provided solely for the convenience of the purchasers of the Series 2011B-D Bonds and only as of the issuance of the Series 2011B-D Bonds, and none of the City, the Department or the Underwriters takes responsibility for the accuracy of such CUSIP numbers now or at any time in the future. The CUSIP number for any maturity of the Series 2011B-D Bonds may be changed after the issuance of the Series 2011B-D Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2011B-D Bonds.

\* Preliminary, subject to change

**SELECTED CITY OFFICIALS AND CONSULTANTS**

**Mayor**

Michael B. Hancock

**City Council**

Chris Nevitt, President

Albus Brooks	Paul López
Charles V. Brown, Jr.	Judy H. Montero
Jeanne Faatz	Deborah Ortega
Christopher Herndon	Jeanne Robb
Robin Kniech	Susan Shepherd
Peggy A. Lehmann	Mary Beth Susman

**Auditor**

Dennis J. Gallagher

**Cabinet Officials**

Cary Kennedy .....Deputy Mayor, Manager of Finance/Chief Financial Officer/*Ex-Officio* Treasurer  
 Adrienne Benavidez.....Manager of the Department of General Services  
 Kim Day .....Manager of the Department of Aviation  
 George Delaney .....Manager of the Department of Public Works  
 Dody Erickson .....Manager of the Department of Parks and Recreation  
 Ashley Kilroy .....Manager of the Department of Safety  
 Robert MacDonald .....Manager of the Department of Environmental Health  
 Penny May .....Manager of the Department of Human Services  
 Molly Urbina .....Manager of Community Planning and Development  
 Douglas J. Friednash, Esq.....City Attorney

**Clerk and Recorder, *Ex-Officio* Clerk**

Debra Johnson

**Department of Aviation**

Patrick Heck .....Deputy Manager of Aviation/Finance and Administration  
 Mark Nagel.....Acting Deputy Manager of Aviation/Operations  
 Kenric G. Greene.....Deputy Manager of Aviation/Maintenance  
 David Rhodes, P.E.....Deputy Manager of Aviation/Planning and Development  
 Robert W. Kastelitz .....Deputy Manager of Aviation/Technologies  
 John Ackerman .....Deputy Manager of Aviation/Commercial  
 Xavier S.L. DuRán, Esq.....Director of Airport Legal Services

**Financial Consultants**

Jefferies & Company, Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas
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**Bond Counsel**

Hogan Lovells US LLP Denver, Colorado	Bookhardt & O’Toole Denver, Colorado
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**Special Counsel**

Peck, Shaffer & Williams LLP  
Denver, Colorado

## PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2011B-D Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. 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 a part of, their respective responsibilities 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, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2011B-D Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2011B-D Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2011B-D Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [HTTP://WWW.MERITOS.COM](http://www.meritos.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.**

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named the “Best Airport in North America” in 2010 for the sixth consecutive year by *Business Traveler* magazine. See “THE AIRPORT SYSTEM,” “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

***Passenger Traffic and Airport System Revenues.*** As of July 2011 there were 24 passenger airlines providing scheduled service at the Airport, including eleven major/national passenger airlines, four foreign flag passenger airlines and nine regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. The Airport served approximately 26.0 million enplaned passengers (passengers embarking on airplanes) in 2010, and approximately 15.4 million enplaned passengers in the first seven months of 2011, constituting a 2.2% increase over the same period in 2010. Approximately 54% and 55% were passengers originating their travel at the Airport in 2010 and in the first seven months of 2011, respectively, and approximately 46% and 45% were passengers making connecting flights at the Airport in 2010 and in the first seven months of 2011, respectively.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport experienced declines in passenger traffic and associated revenues in 2001 and 2002 in the aftermath of the terrorist incidents of September 11, 2001. The Airport was also negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995.

Operating revenues at the Airport, consisting primarily of facility rentals, concession revenues, parking revenues, car rentals, landing fees and aviation fuel tax, have shown continual growth since the downturns in 2001 and 2002, largely as the result of increases in passenger traffic. In 2010, operating revenues at the Airport increased 6.5% compared to 2009, and for the first six months of 2011, operating revenues at the Airport increased 2.6% compared to the same period in 2010. Operating expenses at the Airport have also increased during this period. In response to global economic conditions and the financial condition of the airline industry, as well as to meet certain cost reduction obligations in the airlines’ Airport Use and Lease Agreements, Airport management has implemented several cost containment measures over the past several years.

The amounts paid by airlines operating at the Airport for terminal and other facility rentals, landing fees and other use charges constituted approximately 58.5% and 57.2% of the Airport System’s operating revenues in 2010 and in the first six months of 2011, respectively, and approximately 55.9% of the Gross Revenues of the Airport System in 2010 (see “The Series 2011B-D Bonds – *Security and Sources of Payment*” below in this Section and “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues – Historical Debt Service Coverage”). Nonairline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 41.5% and 42.8% of the Airport System’s operating revenues in 2010 and in the first six months of 2011, respectively, and approximately 44.1% of the Gross Revenues of the Airport System in 2010.

Future levels of aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors, including economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger traffic at the Airport and financial information concerning the Airport System, see generally “SECURITY AND SOURCES OF PAYMENT – Historical Debt Service

Coverage,” “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “FINANCIAL INFORMATION – Historical Operations – Management’s Discussion and Analysis of Financial Performance – Passenger Facility Charges.”

**Major Air Carriers Operating at the Airport.** The principal air carrier operating at the Airport is United Airlines (“United”). The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “United Use and Lease Agreement”), United currently leases 35 of the existing 92 full service jet gates at the Airport, as well as a 16-gate regional jet facility on Concourse B. United, together with its United Express regional/commuter affiliates, but not including Continental Airlines, Inc. (“Continental”) (collectively, the “United Group”), accounted for approximately 44.3% of passenger enplanements at the Airport in 2010 and approximately 41.1% of passenger enplanements at the Airport in the first seven months of 2011. The United Group also accounted for approximately 51.2% and 49.1% of the airline rentals, fees and charges component of the Airport System’s operating revenues in 2010 and in the first six months of 2011, respectively, and approximately 26.5% of Airport System Gross Revenues in 2010.

UAL Corporation, Inc. (the parent company of United) and Continental merged effective October 1, 2010, under a plan in which United and Continental became wholly-owned subsidiaries of UAL, which then changed its name to United Continental Holdings, Inc. (“United Continental Holdings”). United Continental Holdings is integrating the two airlines under the United brand to operate under a single Federal Aviation Administration (“FAA”) operating certificate by the end of 2011. Continental currently leases three gates on Concourse B under a Use and Lease Agreement with the City and accounted for approximately 2.1% and 2.9% of passenger enplanements at the Airport in 2010 and in the first seven months of 2011, respectively. The United Group and Continental together accounted for approximately 46.4% and 44.0% of passenger enplanements at the Airport in 2010 and in the first seven months of 2011, respectively. In addition, the Airport would rank as the 4<sup>th</sup> busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2010.

Frontier Airlines Inc. (“Frontier”) and its affiliates have the second largest market share at the Airport. The Airport is one of Frontier’s three hubs and in 2010 was the busiest airport in the Frontier system. Prior to consolidation with Midwest Airlines as described below, the Airport was Frontier’s only hub. Frontier currently leases 18 gates at the Airport under a Use and Lease Agreement with the City. Frontier and Lynx Aviation, Inc. (“Lynx”), which ceased operations in March 2011, are both wholly-owned subsidiaries of Frontier Airlines Holdings Inc. (“Frontier Holdings”), which in turn is a wholly-owned subsidiary of Republic Airways Holdings, Inc. (“Republic Holdings”). Frontier, Republic Airlines (also a Republic Holdings subsidiary) operating as Frontier (“Frontier/Republic”), Lynx and Frontier JetExpress commuter affiliates (collectively, the “Frontier Group”) accounted for approximately 21.5% of passenger enplanements at the Airport in 2010 and approximately 21.7% of passenger enplanements at the Airport in the first seven months of 2011. The Frontier Group also accounted for approximately 14.2% and 14.4% of the airline rentals, fees and charges component of the Airport System’s operating revenues in 2010 and in the first six months of 2011, respectively, and approximately 7.4% of Airport System Gross Revenues in 2010.

Frontier Holdings, together with its Frontier and Lynx subsidiaries, filed for protection under the U.S. Bankruptcy Code in April of 2008 and continued operations pending approval of a plan for reorganization in September of 2009. The companies emerged from bankruptcy on October 1, 2009, with Frontier Holdings being acquired by and becoming a wholly-owned subsidiary of Republic Holdings. Republic Holdings is currently in the process of integrating the operations of its Midwest Airlines brand, which is not currently operating at the Airport, under the Frontier brand and expects such integration to be complete by the end of 2011. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to Frontier Express (“Frontier Express”), a new brand operated by Frontier/Republic and Chataqua Airlines (also a Republic Holdings subsidiary).

Southwest Airlines (“Southwest”) has the third largest market share at the Airport. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport, which was the 5<sup>th</sup> busiest airport in the Southwest system as of April 2011. Southwest currently leases 17 gates at the Airport under a Use and Lease Agreement with the City. Southwest accounted for approximately 18.2% of passenger enplanements at the Airport in 2010 and approximately 20.7% of passenger enplanements at the Airport in the first seven months of 2011. Southwest also accounted for approximately 12.2% and 13.3% of the airline rentals, fees and charges component of the Airport System’s operating revenues in 2010 and in the first six months of 2011, respectively, and approximately 6.3% of Airport System Gross Revenues in 2010. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest plans to integrate AirTran Airways into the Southwest brand, and expects to eventually operate Southwest and AirTran Airways under a single FAA operating certificate by the first quarter of 2012.

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2010 or more than 5% of either the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2010.

For further information regarding the major air carriers operating at the Airport, see “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS.”

***The Airport Capital Program.*** The City has established a capital program for the Airport System that represents the City’s expectations of Airport System capital needs in order to maintain, reconstruct and expand Airport facilities through 2016 (the “2011-2016 Capital Program”). The 2011-2016 Capital Program, summarized in “CAPITAL PROGRAM,” is estimated to have an aggregate cost of approximately \$909.4 million and is planned to be financed primarily with a combination of Airport System revenue bonds, Airport equity and federal grants. See also “FINANCIAL INFORMATION – Plan of Financing.”

### **The Series 2011B-D Bonds**

***Authorization.*** The Series 2011B-D Bonds are being issued by authority of the City’s home rule charter (the “City Charter”), the State’s Supplemental Public Securities Act and the General Bond Ordinance effective in November 1984, as amended and supplemented (the “General Bond Ordinance”), and three supplemental ordinances (the “Series 2011B Supplemental Ordinance,” the “Series 2011C Supplemental Ordinance” and the “Series 2011D Supplemental Ordinance”), each to be approved by the Denver City Council (the “City Council”) prior to the delivery of the Series 2011B Bonds, Series 2011C Bonds and Series 2011D Bonds, respectively. The Series 2011B Supplemental Ordinance, the Series 2011C Supplemental Ordinance and the Series 2011D Supplemental Ordinance are referred to herein together as the “Series 2011B-D Supplemental Ordinances.” The General Bond Ordinance and the Series 2011B-D Supplemental Ordinances and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2011B-D Supplemental Ordinances are referred to herein collectively as the “Senior Bond Ordinance.” The covenants and undertakings of the City with respect to the Senior Bond Ordinance and the Series 2011B-D Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City but have not been adopted by the City Council (the “Proposed Amendments”). See “Consent to Proposed Amendments to the Senior Bond Ordinance” below, “THE SERIES 2011B-D BONDS – Authorization,” “SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance,” “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

***Purpose.*** The proceeds of the Series 2011B-D Bonds, together with other available Airport System moneys, will be used to pay the costs of issuing the Series 2011B-D Bonds and to refund, redeem and defease all or portions of certain series of outstanding Senior Bonds in order to achieve debt service savings. The

outstanding Senior Bonds, whether or not an entire series of Senior Bonds or a portion of a series of Senior Bonds, which are determined to be refunded are referred to herein collectively as the “Refunded Bonds.” See also “Plan of Financing” below, “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Senior Bonds – Plan of Financing.”

**General Provisions.** The Series 2011B-D Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover pages hereof. Interest on the Series 2011B-D Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2012, and semiannually thereafter on each November 15 and May 15 (each an “Interest Payment Date”). The Series 2011B-D Bonds are subject to redemption prior to maturity as described in “THE SERIES 2011B-D BONDS – Redemption Prior to Maturity.”

**Book-Entry Only System.** The Series 2011B-D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2011B-D Bonds. Ownership interests in the Series 2011B-D Bonds (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“DTC Participants”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2011B-D Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2011B-D BONDS – General Provisions” and “APPENDIX D – DTC BOOK-ENTRY SYSTEM.”

**Security and Sources of Payment.** The Series 2011B-D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the “Senior Bonds.” The aggregate principal amount of Senior Bonds currently outstanding is approximately \$4.0 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2011B-D Bonds is approximately \$\_\_\_\_\* billion. See “FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds*.” None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “Owners”) or Beneficial Owners of the Series 2011B-D Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2011B-D Bonds. The Series 2011B-D Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues.”

**Further Information.** For further information regarding the Series 2011B-D Bonds, see generally “THE SERIES 2011B-D BONDS,” “FINANCIAL INFORMATION – Senior Bonds,” “APPENDIX A – GLOSSARY OF TERMS,” “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

## Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. (the “Financial Consultants”), as the Financial Consultants to the City, have prepared the plan of financing (the “Plan of Financing”) in anticipation of the issuance of the Series 2011B-D Bonds. The Series 2011B-D Bonds are expected to be issued to achieve debt service savings. See generally “Denver International Airport – *The Airport Capital Plan*” above in this

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\* Preliminary, subject to change

section, “APPLICATION OF PROCEEDS,” “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing.”

## **Tax Matters**

Upon issuance of the Series 2011B-D Bonds, Hogan Lovells US LLP, Bond Counsel to the City, and Bookhardt & O’Toole, Bond Counsel to the City, will each deliver opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law and assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2011B-D Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2011B Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011B Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporation, and (2) interest on the Series 2011C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2011B-C Bonds, under existing law and to the extent interest on the Series 2011B-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. Interest on the Series 2011D Bonds is included in gross income for federal and State of Colorado income tax purposes. See “TAX MATTERS” for a more detailed discussion.

## **Limited Purpose of March 2011 Report of the Airport Consultant**

The Airport Consultant was retained by the City as its Airport Consultant and in such capacity prepared the March 2011 Report of the Airport Consultant in connection with the marketing of the Series 2011A Bonds. The March 2011 Report is available in electronic form from EMMA as Appendix A to the April 2011 Official Statement. The March 2011 Report has not been revised or updated since its dated date, although certain information pertaining to the Airport and the Airport System as presented in the March 2011 Report has been updated herein, including information regarding Net Revenues and debt service coverage under “SECURITY AND SOURCES OF PAYMENT,” the Airport passenger traffic and revenue information under “AVIATION ACTIVITY AND AIRLINES,” information regarding the City’s agreements with passenger airlines operating at the Airport and certain other agreements under “AGREEMENTS FOR USE OF AIRPORT FACILITIES” and Airport financial information under “FINANCIAL INFORMATION,” including the caption “Plan of Financing” thereunder.

The March 2011 Report of the Airport Consultant contains certain information relating to the Airport and the Airport System which forms the basis for the assumptions underlying the forecasts presented in the March 2011 Report and supplements the information presented in this Official Statement. **The March 2011 Report is incorporated herein by reference solely for the purpose of presenting certain historical information relating to the Airport and the Airport System and not for any other purpose.** The City believes that all material facts contained in such historical information (but not including forecasts and estimates) relating to the Airport and the Airport System in the March 2011 Report other than the section set forth on pages A-42 to A-48 of the March 2011 Report entitled “Economic Outlook” (the “Excluded Portion”) are true, correct and complete in all material respects, and the City is not aware of any material changes to such facts other than as described in this Official Statement.

The forecasts in the March 2011 Report and the assumptions underlying such forecasts have not been updated since the date of the March 2011 Report to reflect, among other things, the following: (1) the passenger and financial forecasts presented in the March 2011 Report and any changes in the information used to develop the assumptions underlying such forecasts, including, without limitation, changes in the operations and finances of the Airport, the Airport’s capital and financing plans, the economy, fuel prices, air fares and the condition of

the air transportation industry in general; and (2) the actual principal amount and Debt Service Requirements of the Series 2011A Bonds, the issuance of the Series 2011B-D Bonds and the refunding of the Refunded Bonds. Consequently, the City makes no representations and gives no assurances herein as to any of the forecasts, estimates or the Excluded Portion in the March 2011 Report or the assumptions underlying such forecasts, and in particular as to whether there have been any material adverse changes thereto. **Because the March 2011 Report has not been updated, prospective investors are advised that the forecasts, estimates and Excluded Portion in the March 2011 Report should not be relied upon in making any decision to purchase the Series 2011B-D Bonds.**

See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Limited Purpose of the March 2011 Report of the Airport Consultant – Forward Looking Statements.”

### **Consent to Proposed Amendments to the Senior Bond Ordinance**

Purchasers of Beneficial Ownership Interests in the Series 2011B-D Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in “SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance.” The Proposed Amendments are set forth in “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Continuing Disclosure**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system. In addition, pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2011B-D Bonds in which it will agree to provide or cause to be provided annually via EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide contemporaneous notice of certain specified events. See “CONTINUING DISCLOSURE” and “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and believes that it has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

### **Additional Information**

Brief descriptions of the Series 2011B-D Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2011B-D Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to the Airport Department of Finance and Administration at (303) 342-2200. Inquiries regarding other

City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Finance, at (720) 913-9383.

### **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2011B-D Bonds involve certain investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

### **Forward Looking Statements**

This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the Federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements.”

### **Miscellaneous**

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

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

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2011B-D Bonds.

## **APPLICATION OF PROCEEDS**

### **Purpose of the Series 2011B-D Bonds**

A portion of the proceeds of the Series 2011B Bonds, together with other available Airport System moneys, will be deposited to irrevocable escrow accounts to current refund, redeem and defease the following Senior Bonds at par on November 15, 2011, in order to achieve debt service savings:

<u>Series</u>	<u>Maturity Date (November 15)</u>	<u>Principal Amount Refunded</u>
Series 1998A		\$
Series 2001A		
Series 2001D		
Series 2003A		

A portion of the proceeds of the Series 2011C Bonds, together with other available Airport System moneys, will be deposited to irrevocable escrow accounts to current refund, redeem and defease the following Senior Bonds at par on November 15, 2011, in order to achieve debt service savings:

<u>Series</u>	<u>Maturity Date (November 15)</u>	<u>Principal Amount Refunded</u>
Series 1998B		\$
Series 2001B		
Series 2003B		
Series 2005A		

A portion of the proceeds of the Series 2011D Bonds, together with other available Airport System moneys, will be deposited to irrevocable escrow accounts to refund, redeem and defease the following Senior Bonds at par on the following dates in order to achieve debt service savings:

<u>Series</u>	<u>Maturity Date (November 15)</u>	<u>Principal Amount Refunded</u>	<u>Redemption Date (November 15)</u>
Series 1998A		\$	
Series 2001A			
Series 2001D			
Series 2002E			
Series 2003A			

The irrevocable escrow accounts (the "Escrow Accounts") described above in connection with the Series 2011B-D Bonds will be established pursuant to escrow agreements to be entered into by the City, for and on behalf of the Department, and Zions First National Bank, Denver, Colorado, as escrow agent, and utilized, together with any earnings on such deposits, to redeem and pay all of the Refunded Bonds in accordance with the schedules set forth in such agreements.

**Estimated Sources and Uses of Funds**

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2011B-D Bonds.

	<u>Series 2011B Bonds</u>	<u>Series 2011C Bonds</u>	<u>Series 2011D Bonds</u>	<u>Total</u>
<b>Sources:</b>				
Principal amount of the Series 2011B-D Bonds .....	\$ *	\$ *	\$ *	\$ *
Net original issue premium (discount) <sup>1</sup> .....				
Other available Airport System moneys <sup>2</sup> .....				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Uses:</b>				
Deposit to the Escrow Accounts <sup>3</sup> .....	\$	\$	\$	\$
Costs of Issuance <sup>4</sup> .....				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<sup>1</sup> See “UNDERWRITING” and “TAX MATTERS.”

<sup>2</sup> Includes transfers from the Refunded Bonds accounts of the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund” (the “Bond Fund”) and from the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund” (the “Bond Reserve Fund”).

<sup>3</sup> To be used to refund, redeem and defease the Refunded Bonds.

<sup>4</sup> Includes Underwriters’ discount, legal and other costs of issuance for the Series 2011B-D Bonds. See also “UNDERWRITING.”

**THE SERIES 2011B-D BONDS**

The following is a summary of certain provisions of the Series 2011B-D Bonds during such time as the Series 2011B-D Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2011B-D Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX A – GLOSSARY OF TERMS,” “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2011B-D Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2011B-D Bonds.

**Authorization**

Pursuant to the home rule article of the State constitution, the State’s Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department. See “THE AIRPORT SYSTEM – Management.” The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by

\* Preliminary, subject to change

ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2011B-D Bonds will be issued pursuant to the Senior Bond Ordinance, including any Proposed Amendments that may be adopted after issuance of the Series 2011B-D Bonds. See “SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance,” “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

The City has appointed Zions First National Bank, Denver, Colorado, to serve as paying agent (the “Paying Agent”) and registrar (the “Registrar”) for the Series 2011B-D Bonds.

### **DTC Book-Entry System**

The Series 2011B-D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2011B-D Bonds. Beneficial Ownership Interests in the Series 2011B-D Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2011B-D Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX D – DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2011B-D Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2011B-D Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX D – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2011B-D Bonds has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2011B-D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2011B-D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2011B-D Bonds or (5) any other related matter.*

### **General Provisions**

The Series 2011B-D Bonds will be issued in the aggregate principal amount, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover page hereof, and will be subject to redemption prior to maturity as described below in “Redemption Prior to Maturity.” Interest on the Series 2011B-D Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2012, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2011B-D Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2011B-D Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX D – DTC BOOK-ENTRY SYSTEM.”

## **Redemption Prior to Maturity**

***Optional Redemption of the Series 2011B Bonds.*** The Series 2011B Bonds maturing on and after November 15, 20 , are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20 , in whole or in part, in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a price (the “Redemption Price”) equal to % of the principal amount of the Series 2011B Bonds to be redeemed plus accrued interest to the date of redemption (the “Redemption Date”).

***Optional Redemption of the Series 2011C Bonds.*** The Series 2011C Bonds maturing on and after November 15, 20 , are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20 , in whole or in part, in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to % of the principal amount of the Series 2011C Bonds to be redeemed plus accrued interest to the Redemption Date.

***Optional Redemption of the Series 2011D Bonds.*** [The Series 2011D Bonds may be subject to one or more optional redemption provisions, which may include the following, to be determined during the offering period for the Series 2011D Bonds:

### ***Optional Redemption***

The Series 2011D Bonds are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20 , in whole or in part, in principal amounts equal to authorized denominations, at a Redemption Price equal to % of the principal amount of the Series 2011D Bonds to be redeemed plus accrued interest to the Redemption Date.

### ***Optional Make-Whole Redemption***

Prior to November 15, 20 , the Series 2011D Bonds are subject to redemption prior to their maturity by written direction of the Treasurer, in whole or in part, on any business day, at the Make-Whole Redemption Price. The “Make-Whole Redemption Price” is the greater of: (1) 100% of the principal amount of the Series 2011D Bonds to be redeemed, plus a redemption premium of \_\_% of such principal amount to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2011D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the Redemption Date, discounted to the Redemption Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate (defined in “APPENDIX A – GLOSSARY OF TERMS”) plus %, plus, in each case, accrued and unpaid interest on the Series 2011D Bonds to be redeemed on the Redemption Date.

### ***Determination of Redemption Price***

The Make-Whole Redemption Price is to be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense. The Paying Agent, the Registrar and the City may conclusively rely on the determination of the Make-Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor, and will not be liable for such reliance.]

***Mandatory Sinking Fund Redemption.*** The Series 2011B-D Bonds will be subject to mandatory sinking fund redemption prior to maturity if any maturities of the Series 2011B-D Bonds are sold as Term Bonds.

***Notice of Redemption.*** Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the

Paying Agent and the registered owner of any Series 2011B-D Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2011B-D Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2011B-D Bonds is required to be given, moneys sufficient to redeem all of such Series 2011B-D Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2011B-D Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX D – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2011B-D Bonds properly called for redemption or any other action premised on that notice.

## SECURITY AND SOURCES OF PAYMENT

### **Pledge of Net Revenues**

The Series 2011B-D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2011B-D Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Senior Bonds. The Series 2011B-D Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2011B-D Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2011B-D Bonds.

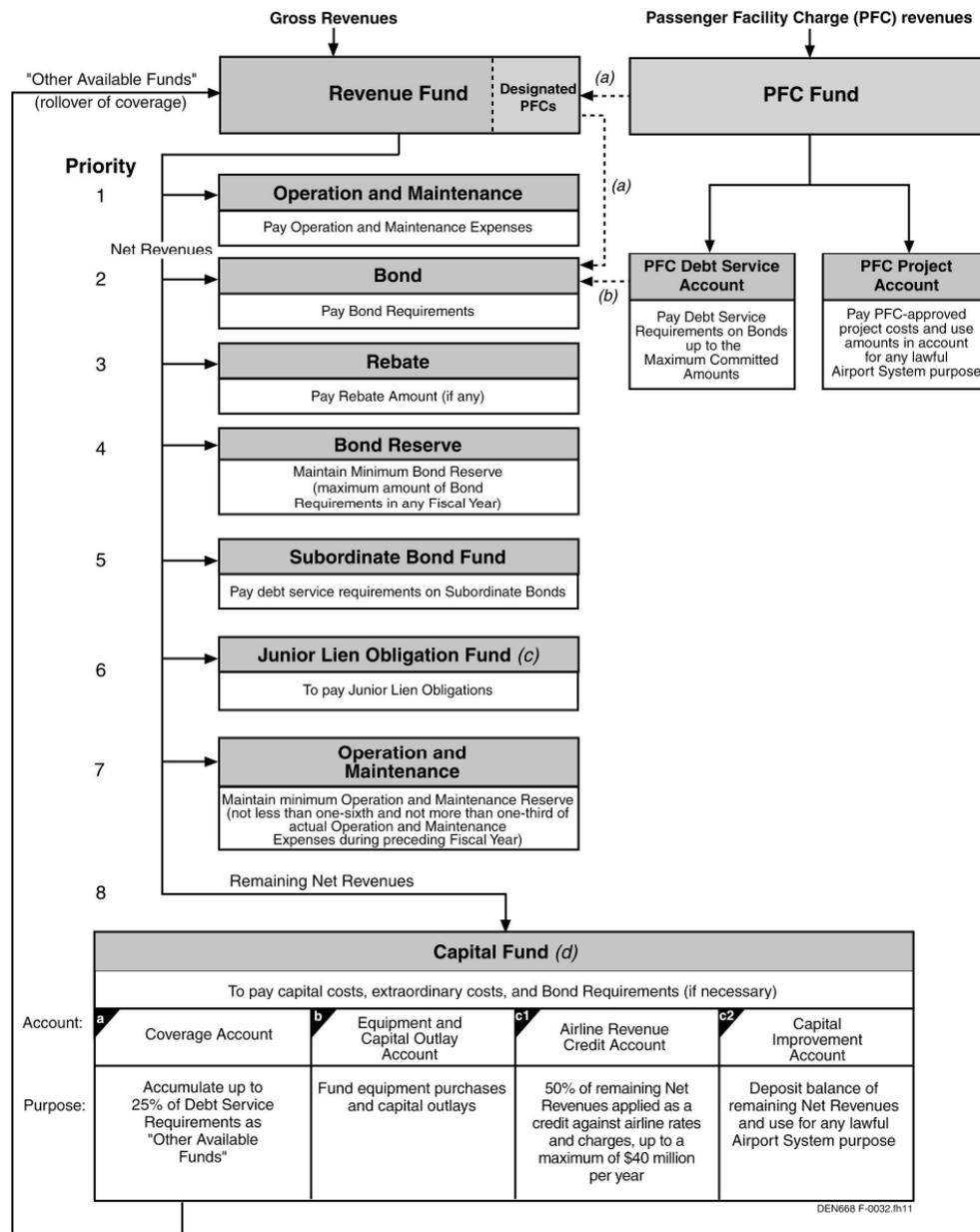
"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Prior to the adoption by the City Council of the Supplemental Ordinance approving the issuance of the Series 2009A-B Bonds (the "Series 2009A-B Supplemental Ordinance"), no Supplemental Ordinance had included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City has included certain revenue derived from the PFCs in the Gross Revenues as further described under "FINANCIAL INFORMATION – Passenger Facility Charges – *Designated Passenger Facility Charges.*" "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see "APPENDIX A – GLOSSARY OF TERMS."

## **Flow of Funds; Revenue Fund**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates the “City and County of Denver, Airport System Fund” (the “Airport System Fund”), and within the Airport System Fund a special fund designated the “City and County of Denver, Airport System Gross Revenue Fund” (the “Revenue Fund”). See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Airport System Fund.” The City is required to set aside in the Revenue Fund all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues” for a further description of the application of Gross Revenues. The flow of funds under the Senior Bond Ordinance is illustrated in the following diagram.

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**Flow of Funds Under the Senior Bond Ordinance and the Subordinate Ordinance**



- (a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently \$1.50 of the \$4.50 PFC) that will be considered Gross Revenues under the Senior Bond Ordinance through 2013, and may continue to be defined as Gross Revenues as determined by the City. See "FINANCIAL INFORMATION – Passenger Facility Charges – Designated Passenger Facility Charges."
- (b) Committed Passenger Facility Charges: Two-thirds of the PFCs received by the City (currently \$3.00 of the \$4.50 PFC) are irrevocably committed through 2013 to the payment of Debt Service Requirements on Senior Bonds. See "FINANCIAL INFORMATION – Passenger Facility Charges – Irrevocable Commitment of Certain PFCs to Debt Service Requirements."
- (c) **This fund does not currently exist.** The City expects to create this fund in the future in order to provide for the payment of obligations in connection with future bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Subordinate Bonds and other subordinate obligations. See "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – Subordinate Bond Ordinance."
- (d) The account structure for the Capital Fund (defined below) may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.

## **PFC Fund and PFC Debt Service Account**

The Senior Bond Ordinance creates within the Airport System Fund the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund” (the “PFC Fund”), including therein the PFC Debt Service Account and the PFC Project Account. Pursuant to a Supplemental Ordinance (the “PFC Supplemental Ordinance”) approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2013, as further discussed in “Rate Maintenance Covenant” below in this section and “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” See also “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund.”

## **Capital Fund**

The Senior Bond Ordinance also creates within the Airport System Fund the “City and County of Denver, Airport System Capital Improvement and Replacement Fund” (the “Capital Fund”), which may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities (as defined in “APPENDIX A – GLOSSARY OF TERMS”), to the extent such costs are not Operation and Maintenance Expenses; the costs of extraordinary and major repairs, renewals, replacements or maintenance items relating to any Airport Facilities of a type not properly defrayed as Operation and Maintenance Expenses; and the Bond Requirements (as defined in “APPENDIX A – GLOSSARY OF TERMS”) of any Senior Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in such payment. The Capital Fund is to be funded from Gross Revenues and certain other amounts as provided in the Senior Bond Ordinance.

The account structure for the Capital Fund is not mandated by the Senior Bond Ordinance but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue Credit Account and the Capital Improvement Account for the purposes described in the flow of funds diagram above. See also “FINANCIAL INFORMATION – Capital Fund” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues – Insurance – Disposal of Airport Property.”

## **Rate Maintenance Covenant**

The City has covenanted in the Senior Bond Ordinance (the “Rate Maintenance Covenant”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each calendar year (each a “Fiscal Year”) the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year. See “Flow of Funds; Revenue Fund” and “Historical Debt Service Coverage” below, as well as “FINANCIAL INFORMATION – Capital Fund.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior

Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “Signatory Airlines”) acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements.”

The term “Debt Service Requirements” in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See “APPENDIX A – GLOSSARY OF TERMS.” As described in “PFC Fund and PFC Debt Service Account” above, the City has irrevocably committed a portion of the moneys (currently the revenues derived from \$3.00 of the \$4.50 PFC and defined herein as the “\$3.00 PFC”) collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through Fiscal Year 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is treated as a reduction in the Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **Bond Reserve Fund**

The Senior Bond Ordinance also creates within the Airport System Fund the Bond Reserve Fund. Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of “Minimum Bond Reserve” in certain regards. See “APPENDIX A – GLOSSARY OF TERMS” and “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Upon the issuance of the Series 2011B-D Bonds, the amount on deposit in the Bond Reserve Fund will be at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys.

## **Additional Parity Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance (“Additional Parity Bonds”) to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the “Additional Bonds Test”), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, the Committed Passenger Facility Charges are considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See “PFC Fund and PFC Debt Service Account” and “Rate Maintenance Covenant” above, “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

The Series 2011B-D Bonds are being issued to refund outstanding Senior Bonds, and therefore the Additional Bonds Test is not applicable to their issuance. See “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Plan of Financing.”

## **Subordinate Bonds and Other Subordinate Obligations**

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of Series A-B Subordinate Commercial Paper Notes (defined herein), and has also entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See “FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing – Master Derivatives Policy.”

## **Historical Debt Service Coverage**

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2006 through 2010 in accordance with the Rate Maintenance Covenant discussed in “Rate Maintenance Covenant” above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

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**Historical Net Revenues and Debt Service Coverage of the Senior Bonds**

(Amounts in thousands, except coverage ratios, and rounded)

	<b>Fiscal Year Ended December 31</b>				
	<b>2006<sup>5</sup></b>	<b>2007</b>	<b>2008</b>	<b>2009<sup>5</sup></b>	<b>2010</b>
Gross Revenues <sup>1</sup>	\$592,110	\$616,106	\$634,453	\$631,592	\$668,885
Operation and Maintenance Expenses <sup>1</sup>	<u>256,191</u>	<u>282,746</u>	<u>305,640</u>	<u>309,270</u>	<u>302,881</u>
Net Revenues	335,919	333,360	328,813	322,322	366,004
Other Available Funds <sup>2</sup>	<u>50,791</u>	<u>53,251</u>	<u>53,575</u>	<u>49,288</u>	<u>57,449</u>
Total Amount Available for Debt Service	\$386,710	\$386,611	\$382,388	\$371,610	\$423,453
Debt Service Requirements for the Senior Bonds <sup>3,4</sup>	\$205,935	\$215,213	\$217,208	\$201,623	\$ _____
Debt Service Coverage <sup>4</sup>	188%	180%	176%	184%	____%

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in "FINANCIAL INFORMATION – Historical Financial Operations." See also "Pledge of Net Revenues" above in this section and "APPENDIX A – GLOSSARY OF TERMS."

<sup>2</sup> Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See "APPENDIX A – GLOSSARY OF TERMS."

<sup>3</sup> Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements, as well as the debt service on certain Senior Bonds that have been economically defeased. See "FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds* – Passenger Facility Charges."

<sup>4</sup> The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

<sup>5</sup> Reflects the restatement of the Fiscal Years 2006 and 2009 financial statements as described in "FINANCIAL INFORMATION – Historical Financial Operations."

Sources: Audited financial statements of the Airport System for Fiscal Years 2006-2010, and Airport management and Department of Aviation management records.

**Proposed Amendments to the Senior Bond Ordinance**

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2011B-D Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE," and to the appointment of UMB Bank, n.a. (as successor to American National Bank) as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

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## **RISKS AND OTHER INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2011B-D Bonds involve investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2011B-D Bonds.

### **Dependence on Levels of Airline Traffic and Activity**

The Series 2011B-D Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2011B-D Bonds, through 2013, and has included a portion of its PFC revenues in Gross Revenues. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Several factors, including (1) the global and national economic recession that began in late 2007, (2) weakened demand for air travel and (3) reduced airline passenger capacity, negatively impacted levels of passenger traffic and associated revenues at the Airport in 2008 and 2009. The number of enplaned passengers at the Airport increased in 2008 although at a lower rate than in 2006 and 2007. This was followed by a decline of 2.0% in 2009. However, the number of enplaned passengers at the Airport rebounded in 2010, with an increase of 3.6% over 2009, and an increase of 2.2% in the first seven months of 2011 compared to the same period in 2010. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors, including the national and local unemployment rate, the prolonged weak global and national economic conditions, political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport, some of which are discussed in further detail hereafter in this section. See also "AVIATION ACTIVITY AND AIRLINES" below, and "AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic" in the March 2011 Report of the Airport Consultant.

### **Concentration of Airline Market Share**

The major air carriers operating at the Airport, by local market share, are United, Frontier and Southwest, as discussed below. These airlines have also been involved in recently completed or pending mergers and consolidations that could affect their future market shares at the Airport to an extent that cannot currently be predicted.

United is the principal air carrier operating at the Airport. United currently leases 35 of the 40 full service jet gates on Concourse B, constituting approximately 38.0% of the current 92 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. In 2010 the United Group accounted for 44.3% of passenger enplanements at the Airport and approximately 51.2% of the airline rentals, fees and charges component of the Airport System's operating revenues, as well as approximately 26.5% of Airport System's Gross Revenues. Effective October 1, 2010, as the result of the merger of United Continental Holdings (formerly known as UAL Corporation and the parent company of United) and Continental, Continental has also become a subsidiary of United Continental Holdings, which is integrating the two airlines under the United brand to operate under a single FAA operating certificate by the end of 2011. The United Group and Continental together accounted for approximately 46.4% of passenger enplanements at the Airport in 2010. In addition, the Airport would rank as the 4<sup>th</sup> busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2010. See "AVIATION ACTIVITY AND AIRLINES – Airline Information – *The United Group*" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *United Use and Lease Agreement*."

Frontier (together with its affiliates) is the second largest air carrier operating at the Airport. Frontier currently leases 18 of the 30 full service jet gates on Concourse A, constituting approximately 19.6% of the current 92 full service jet gates at the Airport. In 2010 the Frontier Group accounted for 21.5% of passenger enplanements at the Airport and approximately 14.2% of the airline rentals, fees and charges component of the Airport System's operating revenues, as well as approximately 7.4% of the Airport System's Gross Revenues. Republic Holdings is currently in the process of integrating the operations of its Midwest Airlines brand, which is not currently operating at the Airport, under the Frontier brand and expects such integration to be complete by the end of 2011. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to its Frontier Express brand. See "AVIATION ACTIVITY AND AIRLINES – Airline Information – *The Frontier Group*" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *Generally*."

Southwest is the third largest air carrier operating at the Airport. Southwest currently leases 17 of the 22 full service jet gates on Concourse C, constituting approximately 18.5% of the current 92 full service jet gates at the Airport. In 2010 Southwest accounted for 18.2% of passenger enplanements at the Airport and approximately 12.2% of the airline rentals, fees and charges component of the Airport System's operating revenues, as well as approximately 6.3% of the Airport System's Gross Revenues. In May 2011, Southwest acquired AirTran Holdings, Inc. and plans to integrate AirTran Airways into the Southwest brand and eventually operate Southwest and AirTran Airways under a single FAA operating certificate by the first quarter of 2012. See "AVIATION ACTIVITY AND AIRLINES – Airline Information – *Southwest*" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *Generally*."

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2010 or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2010. No assurances can be given with regard to the future level of activity of the United Group, the Frontier Group or Southwest at the Airport, or that, in the event that the operations of these airlines at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "Risk of Airline Bankruptcies" below, as well as "AVIATION ACTIVITY AND AIRLINES" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements." See also "AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – Fifth Busiest Southwest Airlines Airport" in the March 2011 Report of the Airport Consultant.

### **Current Economic Conditions**

Historically, the financial performance of the air transportation industry has directly correlated with the condition of the national and global economy. The Denver and Colorado economies are experiencing the effects of the national and global economic slowdown, with contractions in employment, consumer spending, personal income and construction activity. A continuation of these economic conditions would likely have an adverse impact on the air transportation industry. See also "Dependence on Levels of Airline Traffic and Activity" above and "AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic" in the March 2011 Report of the Airport Consultant.

### **Financial Condition of the Airlines; Industry Consolidation**

The recent global recession and record fuel prices in 2008, among other things, caused most airlines to raise fares, add new fees and surcharges and reduce capacity and the size of their fleets, as well as personnel. In addition, several airlines have merged or consolidated, and others have either reorganized under applicable bankruptcy laws or ceased operations. The City is not able to predict whether any future airline mergers, consolidations, reorganizations or liquidations will occur or the impact that any such events may have on the operations of the Airport. See also "Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions – Cost and Availability of Aviation Fuel – Risk of Airline Bankruptcies" in this section and

“AVIATION ACTIVITY AND AIRLINES” below, as well as “AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic” in the March 2011 Report of the Airport Consultant.

### **Cost and Availability of Aviation Fuel**

The price of fuel is one of the most significant factors impacting the airline industry. In 2008, according to the Air Transport Association, fuel had overtaken labor as the industry’s top costs. During the first quarter of 2011, fuel prices increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa. In recent years, some airlines have attempted to pass the higher fuel costs to consumers by increasing the fuel surcharge or increasing the price of airfares and associated services, and have reduced capacity, fleet and personnel. On March 7, 2011, Frontier announced plans to reduce capacity from its previous 2011 projections of 1.5% to 2.5% growth during the second quarter of 2011 to no growth compared with the same period in 2010 in response to the uncertainty related to future oil prices; and on March 8, 2011, United announced plans to reduce capacity from its previous 2011 projections by approximately 1% in May 2011 and 4% in September 2011 in response to the recent increases in fuel prices.

Despite these types of efforts, the significant and prolonged increases in the cost of aviation fuel have had, and are likely to continue to have, an adverse impact on the air transportation industry by increasing airline operating costs, hampering airline financial recovery plans and reducing airline profitability. The City is not able to predict how continued uncertainty with respect to the cost of aviation fuel will impact the Airport or the airlines operating at the Airport. See “Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions – Financial Condition of the Airlines; Airline Consolidation and Mergers” above and “AVIATION ACTIVITY AND AIRLINES” below, as well as “AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – Availability and Price of Aviation Fuel” in the March 2011 Report of the Airport Consultant.

### **Air Travel Security and Public Health Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and are currently occurring in the Middle East and North Africa) and terrorist attacks, as well as public health concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures and the potential exposure to severe illnesses (such as the H1N1 influenza (swine flu) pandemic in 2009 and the outbreak of “Severe Acute Respiratory Syndrome” (“SARS”) in 2003), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. See also “AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – Aviation Safety, Security, and Public Health Concerns” in the March 2011 Report of the Airport Consultant.

### **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES” and “FINANCIAL INFORMATION – Passenger Facility Charges – Federal Grants and Other Funding.”

## **Airport Use and Lease Agreements**

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in February 2025, and the other existing Use and Lease Agreements expire in December 2011, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof or that challenges will not be made by airlines to the rates and charges established by the City or its method of allocating particular costs. See “Risk of Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.”

## **Risk of Airline Bankruptcies**

Since 2001, several airlines with operations at the Airport, including, among others, United, Frontier and Lynx, have filed for bankruptcy protection. However, with limited exceptions, these airlines have successfully reorganized and emerged from bankruptcy protection. The exceptions include Midway Airlines and Vanguard Airlines, which eventually ceased operations; Mesa Air Group, Inc. and its Mesa Airlines subsidiary, which filed for bankruptcy protection in January 2010 and emerged from bankruptcy protection in March 2011, is continuing operations but currently is not serving the Airport; and Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico in August 2010 and has suspended operations. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2011B-D Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

## **Access to Credit Markets; Availability of Funding for the 2011-2016 Capital Program**

The national and international credit markets have experienced substantial disruptions for over three years, and it is not possible to predict the timing or extent of the recovery that may be made by the credit markets. The City plans to access the credit markets in 2012 and future years in order to issue additional Airport System revenue bonds to finance the 2011-2016 Capital Program and to extend or replace certain expiring letters of credit and standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance that secure certain series of Senior Bonds that are outstanding as variable rate obligations. In order to extend or replace these Credit Facilities the City may be required to pay higher fees or may determine that it is necessary to convert to a fixed rate and remarket such series of Senior Bonds, potentially resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets may cause the City to reduce or delay portions of the 2011-2016 Capital Program.

The funding plan for the 2011-2016 Capital Program as described herein assumes that a combination of the proceeds of Airport System revenue bonds, Airport equity, various federal grants and other moneys will be received in amounts and at times necessary to pay the costs of the 2011-2016 Capital Program. No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed.

See “CAPITAL PROGRAM,” “FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Installment Purchase Agreements – Plan of Financing – Capital Fund – Federal Grants and Other Funding.”

## **Limited Purpose of the March 2011 Report of the Airport Consultant**

The March 2011 Report of the Airport Consultant was prepared by the City’s Airport Consultant in connection with the marketing of the Series 2011A Bonds. **The March 2011 Report is incorporated herein by reference solely for the purpose of presenting certain historical information relating to the Airport and**

**the Airport System and not for any other purpose.** The March 2011 Report has not been revised since its dated date, although the City believes that all material facts contained in such historical information (but not including forecasts and estimates and the Excluded Portion) relating to the Airport and the Airport System in the March 2011 Report are true, correct and complete in all material respects, and the City is not aware of any material changes to such facts other than as described in this Official Statement. Consequently, the City makes no representations and gives no assurances herein as to any of the forecasts, estimates or the Excluded Portion in the March 2011 Report or the assumptions underlying such forecasts, and in particular as to whether there have been any material adverse changes thereto. **Because the March 2011 Report has not been updated, prospective investors are advised that the forecasts, estimates and the Excluded Portion in the March 2011 Report should not be relied upon in making any decision to purchase the Series 2011B-D Bonds.**

## **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,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

## **THE AIRPORT SYSTEM**

### **General**

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton International Airport (“Stapleton”). The Airport System also includes certain land still owned by the City at the Stapleton site. See “FINANCIAL INFORMATION – Stapleton.”

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2010, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2010. The Airport was also named the “Best Airport in North America” in 2010 for the sixth consecutive year by *Business Traveler* magazine. See “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

### **Management**

Under the City Charter, the management, operation and control of the Airport System are delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to the Mayor. The Manager of Finance, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds.

**Kim Day** was originally appointed Manager of the Department of Aviation in March 2008 and was reappointed to this position by Michael B. Hancock, Mayor of the City, in July 2011. Ms. Day has more than 31 years of experience in the aviation industry, including eight years in the public sector. She is also a registered architect in California. Prior to joining the City, Ms. Day was an aviation consultant with LeighFisher (formerly known as Jacobs Consultancy Inc.), which currently serves as the Airport Consultant. She had previously served as the Executive Director of Los Angeles World Airports (“LAWA”), which is the largest airport

authority in the world and the agency that manages the four airports owned and operated by the City of Los Angeles, California, including Los Angeles International Airport, after having served as Deputy Director of Project and Facilities Development for LAWA. Prior to joining LAWA, Ms. Day worked for over 20 years as an architect, specializing in the planning and design of aviation projects.

**Cary Kennedy** was appointed the City's Chief Financial Officer and Manager of Finance in July 2011 and Deputy Mayor in August 2011. Ms. Kennedy has over 15 years of experience in financial management of public funds, and most recently served as Treasurer for the State of Colorado where she oversaw the State's \$6 billion investment portfolio. As State Treasurer, Ms. Kennedy supervised the delivery by the State of over \$500 million in lease purchase obligations to provide capital improvements for the State and was involved in developing various legislative policies essential to the State's financial objectives.

**Patrick Heck** became Deputy Manager of Aviation/Finance and Administration on July 16, 2010, after serving as Acting Deputy Manager of Aviation/Finance and Administration since October 2009. Mr. Heck most recently served as Deputy Manager of Aviation/Revenue Management and Business Development, a position he held since October 2007, after having served as Acting Deputy Manager of Aviation/Revenue Management and Business Development since June 2007, and Strategic Advisor for the Airport since August 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

**Mark Nagel** became Acting Deputy Manager of Aviation/Operations in October 2010, after having served as Director of Aviation Security for the Airport since June 2007 and Assistant Director of Aviation Security for the Airport since 1998. Prior to 1998, Mr. Nagel held various positions in the aviation industry, including positions involving airline station operations with British Airways, airport operations at Detroit Metropolitan Wayne County Airport and airport operations at Stapleton and the Airport.

**Kenric G. Greene** became Deputy Manager of Aviation/Maintenance on October 26, 2009, after serving as Senior Advisor to the Manager of Aviation beginning in 2009. Prior to joining the City, Mr. Greene worked for the Port Authority of New York and New Jersey beginning in 1981 where he managed internal management consulting services that were provided to the Aviation and Tunnels, Bridges and Terminals Departments of the agency. In his last assignment with the Port Authority, Mr. Greene served as Assistant Director – Operations in the Aviation Department for John F. Kennedy International Airport, Newark Liberty International Airport and LaGuardia Airport. He has also served as Distribution Director for the Pittsburgh Division of Supervalu, Inc., a Fortune 500 company in the food wholesale and retail industry.

**David Rhodes, P.E.**, became Deputy Manager of Aviation/Planning and Development in August 2009, after having served as Acting Deputy Manager of Aviation/Planning and Development since August 2008 and Assistant Deputy Manager/Director of Engineering since May 2006. Prior to joining the City, Mr. Rhodes was a Regional Manager of Properties and Facilities with United Airlines in Denver from 2000 to 2006, and held various positions with the Aviation and Industrial Division of Burns & McDonnell Engineering from 1977 to 2000, including Project Manager, Branch Office Manager and Associate.

**Robert W. Kastelitz** became Deputy Manager of Aviation/Technologies in September 2009. Mr. Kastelitz has over 17 years of senior IT management experience, including three years as the Assistant Deputy Manager of Aviation for Information Technologies at the Airport and two years as the Deputy Manager for Information Technologies for the Supreme Court of the State of Nevada. Prior to joining the Airport, Mr. Kastelitz served as a Senior IT Manager for Avaya Inc. and held various IT management positions with Lucent Technologies Inc. and AT&T Inc.

**John Ackerman** became Deputy Manager of Aviation/Commercial in September 2010 after having served as the Managing Director of Asset Development for the Airport since 2008. In his current position, he leads commercial activity at the Airport, including existing airline and rental car relationships, concessions and parking operations. The Commercial Division of the Airport is also charged with developing and monetizing all

other airport assets, including land, minerals and the Airport's South Terminal Redevelopment Program. Prior to joining the Airport, Mr. Ackerman worked for United Airlines in the roles of managing director in the airline's Customer Experience group, pilot, operations manager for Ted and instructor pilot at the airline's Flight Training Center. Mr. Ackerman has also led the global financial data feed business of Standard & Poor's in Denver.

*Xavier S.L. DuRán, Esq.*, became Director of the Airport Legal Services section of the City Attorney's Office in July 2009. In this capacity, Mr. DuRán is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Mr. DuRán has been with the City since July of 1990, as a staff attorney for the Prosecution and Code Enforcement section of the City Attorney's office until 1992, as a staff attorney for the Employment Law section until 2000, as the Practice Group Manager for the Employment Law section until 2004, and as the Director of the Litigation section until July of 2009.

## **DENVER INTERNATIONAL AIRPORT**

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12 mile dedicated access road from Interstate 70.

### **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000 feet long by 150 feet wide, and the sixth runway is 16,000 feet long by 200 feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also "CAPITAL PROGRAM" for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a FAA air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases."

### **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses currently having a total of 92 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the Concourse B commuter jet facility described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The terminal and concourses are connected by an underground automated guideway transit system, or "AGTS," and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage

system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which eight gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 40 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B were recently improved in order to accommodate larger regional jet aircraft and provide various enhancements for passengers. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates and commuter aircraft facilities. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of the existing concourses or the construction of two additional concourses. The Airport currently has 54 concessionaires operating at approximately 147 locations in the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – Other Agreements – *Terminal Complex Concessions*.”

Two multi-level parking structures adjacent to the landside terminal provide in excess of 14,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces.

The 2011-2016 Capital Program includes an addition to the landside terminal, known as the South Terminal Redevelopment Program. See “CAPITAL PROGRAM – The 2011-2016 Capital Program – South Terminal Redevelopment Program – Other Projects in the 2011-2016 Capital Program” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking*,” as well as “FINANCIAL ANALYSIS – Airport Capital Program” in the March 2011 Report of the Airport Consultant, for a discussion of the improvements planned for the terminal complex.

## **Other Facilities**

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and other Airport warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to LSG Sky Chefs (the brand name of LSG Lufthansa Service Holding AG) and support facilities originally built for Continental and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases” and “FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds.”

In April 2006, the City awarded a contract to CMCB Development Co. of Denver to develop a 17-acre retail development along Peña Boulevard, the major access highway to the Airport, near the on-site automobile service station. The City entered into a ground lease agreement with DIA Landings, LLC, for this project in May 2007. Grading and site development were completed in August 2008, but due to the continuing adverse economic conditions the project was put on hold. After discussions between the parties, Airport officials have agreed in principle to a mutual termination of the 2007 ground lease agreement, which has not yet been reduced to writing.

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## CAPITAL PROGRAM

It is the City's practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis.

### The 2011-2016 Capital Program

The current capital program for the Airport represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities through 2016 (the "2011-2016 Capital Program"). The Airport System's capital needs between 2011 and 2016, summarized in the following table, have an estimated total cost of approximately \$909.4 million.

While the estimated total cost of the 2011-2016 Capital Program has not changed since March 2011, the City and the Regional Transportation District ("RTD") have determined that the FasTracks bridges in the 2011-2016 Capital Program, described in the following table under the "South Terminal Redevelopment Program," are now to be constructed by RTD. As a result, the City is planning to reallocate the Airport's anticipated costs of these bridges to other projects in the South Terminal Redevelopment Program discussed below, without changing either the estimated total cost of the 2011-2016 Capital Program of approximately \$909.4 million or the estimated total cost of the South Terminal Redevelopment Program of approximately \$467.5 million. Also, although the City has not revised the 2011-2016 Capital Program to reflect changes in the timing for expenditures on the costs of the specific project elements in the 2011-2016 Capital Program, the 2011-2016 Capital Program described below sets forth the current estimated total costs of the 2011-2016 Capital Program expected to be spent between 2011 and 2016.

#### 2011-2016 Capital Program

(Amounts expressed in 000's; totals may not add due to rounding)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
South Terminal Redevelopment Program:							
Terminal renovation	\$ 4,502	\$ 237	\$ --	\$ --	\$ --	\$ --	\$ 4,739
Terminal extension	8,571	8,282	39,869	5,839	--	--	62,561
Airport Hotel	9,471	39,182	89,697	14,504	--	--	152,854
FasTracks train station	8,119	28,652	49,589	11,506	--	--	97,866
Foundations/podiums	30,902	29,361	--	--	--	--	60,263
FasTracks bridges <sup>1</sup>	5,691	5,509	3,271	155	--	--	14,625
Utility relocation	49,444	--	23,209	--	--	--	72,654
Roadway improvements	350	581	1,005	--	--	--	1,937
	<u>117,051</u>	<u>111,804</u>	<u>206,640</u>	<u>32,005</u>	<u>--</u>	<u>--</u>	<u>467,500</u>
Airfield	27,658	9,599	9,488	15,016	15,995	8,660	86,416
Baggage/AGTS	1,600	12,700	19,700	13,000	16,500	16,500	80,000
Cargo/Support	4,977	700	5,106	--	--	--	10,783
Commercial	1,500	--	--	--	--	--	1,500
Environmental/Utilities	19,113	95	--	--	--	--	19,208
Miscellaneous/Public Art Program	6,031	6,098	5,203	4,561	3,866	3,795	29,554
Roads	9,352	4,510	3,325	1,125	1,125	1,125	20,562
Technologies	22,882	4,085	1,690	990	3,550	3,850	37,047
Terminal Complex	82,354	21,449	4,920	12,118	16,128	19,833	156,801
	<u>\$292,517</u>	<u>\$171,040</u>	<u>\$256,073</u>	<u>\$78,814</u>	<u>\$57,164</u>	<u>\$53,763</u>	<u>\$909,371</u>

<sup>1</sup> As also set forth in the March 2011 Report of the Airport Consultant; the FasTracks bridges in the 2011-2016 Capital Program are now to be constructed by RTD. The Airport's cost of these bridges will therefore be reallocated to other projects in the South Terminal Redevelopment Program.

Source: Department of Aviation management records.

### South Terminal Redevelopment Program

The largest component of the 2011-2016 Capital Program is an addition to the landside terminal, known as the South Terminal Redevelopment Program, consisting of a variety of projects described below.

RTD is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, this expansion being known as the “RTD FasTracks Program.” RTD has awarded a design-build-operate-maintain contract for the “East Corridor” of the program, to consist of a commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Corridor rail service currently is planned by RTD to commence in January 2016 and will be funded largely by Denver Transit Partners, a concessionaire selected by RTD to construct, operate and maintain the line. Neither the City nor the Department has any obligation in respect of the construction, operation or maintenance of the rail line, nor will they receive any revenue from the use of the commuter rail service.

In March 2010, the City, for and on behalf of the Department, and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the “FasTracks East Corridor IGA”), pursuant to which RTD agreed to lease property at the Airport and construct the rail lines and supporting infrastructure for the East Corridor project, and the Department, among other things, is required to finance and build a “terminal-to-station” interface at the Airport (the “DIA Rail Station”). The Department will be responsible for operating and maintaining only certain portions of the DIA Rail Station. The term of the FasTracks East Corridor IGA extends through 2056, unless earlier terminated in writing by mutual consent of the parties, or by court order. The FasTracks East Corridor IGA provides that the Department will grant a lease of certain property at the Airport to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

The Department hired a planning and engineering firm to, among other things, develop a concept for the South Terminal Redevelopment Program, the intent of which is to meet the obligations of the Department under the FasTracks East Corridor IGA regarding the construction and opening of the DIA Rail Station. The conceptual design of the South Terminal Redevelopment Program currently includes the following integrated project elements:

- The construction of the DIA Rail Station with public circulation space and two RTD tracks. The Department is planning the DIA Rail Station to provide additional capacity for future transportation modes.
- The expansion of Airport baggage systems to allow passengers using the RTD train service to check-in bags at the DIA Rail Station.
- The expansion of the AGTS to provide needed additional service capacity to the existing concourses.
- The construction of the DIA Rail Station roof, which will also form a plaza that would provide public access between the landside terminal, the DIA Rail Station and the planned Airport Hotel discussed below. The plaza area may also include future concessions for Airport passengers.
- The construction of a proposed 500-room, full service hotel (the “Airport Hotel”) above the DIA Rail Station and plaza, which is planned to be accessible from the landside terminal, the plaza and the DIA Rail Station. The Department has selected Starwood Hotels and Resorts to operate the Airport Hotel under the “Westin” brand. The various agreements relating to the Airport Hotel, between the City, for and on behalf of the Department, and Westin DIA Hotel Operator, LLC, a Delaware limited liability company whose sole member is Starwood Hotels & Resorts Worldwide, Inc., were executed in April of 2011.

The conceptual design of the South Terminal Redevelopment Program also includes the realignment of certain existing on-Airport roadways that serve the landside terminal to accommodate the rail lines, the construction of a bridge over Peña Boulevard for northbound and southbound train service (which project is now to be constructed by RTD and is no longer a part of the 2011-2016 Capital Program) and the relocation of certain utilities.

The Department has established a budget for the South Terminal Redevelopment Program of approximately \$500 million (in 2011 dollars). The Department currently expects that, if any reduction in the currently planned size or scope of the South Terminal Redevelopment Program becomes necessary due to cost constraints, it would likely occur in non-revenue producing portions of the proposed facilities. Further, based on projections of the Department's hospitality consultant, the Airport Hotel is expected to be financially self-sustaining when it opens, and therefore material changes to the size and scope of the Airport Hotel are not currently anticipated. The Department is obligated under the FasTracks East Corridor IGA to have the DIA Rail Station substantially completed by January 1, 2014.

### **Other Projects in the 2011-2016 Capital Program**

In addition to the South Terminal Redevelopment Program, projects in the 2011-2016 Capital Program include, among others, the following, some of which will be undertaken only if they are determined to be financially viable and/or self-sustaining or certain sources of funding become available:

***Airfield:*** Rehabilitation of taxiways and runways as part of the City's pavement management plan, construction of a high speed taxiway to improve airfield efficiency, installation of taxiway lights to improve operations in the airfield during snow conditions and preparation of a benefit cost analysis and certain environmental studies for a seventh runway.

***Terminal Complex and AGTS:*** Improvements to existing concourses, including replacement of loading bridges and escalators and other improvements; relocation of baggage system security screening to the landside terminal; improvements to building systems, including the fire protection system, electrical and mechanical systems, heating and cooling systems and the central utility plant; and upgrades to the AGTS computer hardware.

***Roadways, Public Parking and Ground Transportation:*** Rehabilitation of Peña Boulevard and pavement in targeted roadway and parking areas.

***Other:*** Upgrades to the equipment storage and light maintenance facility, improvements to wastewater systems, improvements to the Airport information technology infrastructure and preparation of various environmental, energy and other studies.

### **Sources of Funding of the 2011-2016 Capital Program**

The City currently expects to fund the 2011-2016 Capital Program primarily with a combination of Airport System revenue bonds (including Senior Bonds, Subordinate Bonds and Junior Lien Obligations), Airport equity, federal grants and various other moneys. To the extent that the City cannot obtain the necessary funding from these sources, the City intends to either defer certain projects or reduce project scopes, as appropriate.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

## Aviation Activity

**Passenger Traffic.** Denver’s central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International for 2010, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2010. The tables set forth below under “*Passenger and Revenue Information*” and “*Summary of Aviation Activity*” present total enplanements at the Airport since it opened and enplaned passengers by airline type and market share of individual airlines serving the Airport for the past five years.

**Passenger and Revenue Information.** As of July 2011 there were 24 passenger airlines providing scheduled service at the Airport, including eleven major/national passenger airlines, four foreign flag passenger airlines and nine regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. See “Airlines Serving the Airport” below. In 2010, the Airport served approximately 26.0 million enplaned passengers (passengers embarking on airplanes), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 54% of the passengers enplaned in 2010 were passengers originating their travel at the Airport and 46% were passengers making connecting flights at the Airport.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport experienced declines in passenger traffic and associated revenues in 2001 and 2002 in the aftermath of the terrorist incidents of September 11, 2001. The Airport was also negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995. The following table sets forth the history of enplaned passengers for the Airport.

**History of Enplaned Passengers at the Airport**

<u>Year</u>	<u>Enplaned Passengers (millions)</u>	<u>Percent Change</u>	<u>Year</u>	<u>Enplaned Passengers (millions)</u>	<u>Percent Change</u>
1995	15.618	--	2003	18.761	5.2%
1996	16.179	3.6%	2004	21.144	12.7
1997	17.530	8.4	2005	21.702	2.6
1998	18.445	5.2	2006 <sup>1</sup>	23.665	9.0
1999	19.031	3.2	2007	24.941	5.4
2000	19.393	1.9	2008	25.650	2.8
2001	18.046	(6.9)	2009	25.128	(2.0)
2002	17.830	(1.2)	2010 <sup>2</sup>	26.025	3.6

<sup>1</sup> Southwest commenced service at the Airport in January 2006.

<sup>2</sup> The number of enplaned passengers at the Airport for 2010 is approximately 0.4% lower than the number previously reported and set forth in the March 2011 Report because of a reporting error made by one of the airlines. As a result, the increase in the number of enplaned passengers at the Airport for 2010 over 2009 is 3.6% rather than the 4.0% increase previously reported.

Source: Department of Aviation management records.

For the first seven months of 2011, the number of enplaned passengers at the Airport increased 2.2% compared to the same period in 2010.

Future aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors, including economic and political conditions, aviation security and

public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly “RISKS AND OTHER INVESTMENT CONSIDERATIONS” above and “AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic” in the March 2011 Report of the Airport Consultant.

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first seven months of 2010 and 2011.

<b>Enplaned Passengers by Airline Type<sup>1</sup></b>								
<b>Year<sup>3</sup></b>	<b>Major/National Airlines<sup>2</sup></b>		<b>Regional/Commuter Airlines</b>		<b>Charter/Miscellaneous Airlines</b>		<b>Total Airlines</b>	
	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>
2006	19,674,467	7.6%	3,791,642	17.7%	199,203	(1.5)%	23,665,312	9.0%
2007	20,774,889	5.6	3,945,388	4.1	220,676	10.8	24,940,953	5.4
2008	21,514,216	3.6	3,945,641	0.0	190,386	(13.7)	25,650,243	2.8
2009	20,646,529	(4.0)	4,239,139	7.4	242,365	27.3	25,128,033	(2.0)
2010 <sup>4</sup>	21,032,064	1.9	4,666,047	10.1	326,811	34.8	26,024,922	3.6
<b>Jan.-Jul.<sup>3</sup></b>								
2010 <sup>5</sup>	12,144,179	(1.2)%	2,705,674	16.0%	198,789	47.7%	15,048,642	2.0%
2011	12,572,150	3.5	2,628,110	(2.9)	182,815	(8.0)	15,383,075	2.2

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers.

<sup>2</sup> Includes Ted from 2006 through 2008 and Lynx from 2007 through March 2011.

<sup>3</sup> See above for a discussion of factors affecting enplanements during this period.

<sup>4</sup> The number of enplaned passengers at the Airport for 2010 is approximately 0.4% lower than the number previously reported and set forth in the March 2011 Report because of a reporting error made by one of the airlines. As a result, the increase in the number of enplaned passengers at the Airport for 2010 over 2009 is 3.6% rather than the 4.0% increase previously reported.

<sup>5</sup> Percentage changes are from the same period in 2009.

Source: Department of Aviation management records.

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The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and the first seven months of 2010 and 2011.

**Percentage of Enplaned Passengers by Airline**

(Totals may not add due to rounding)

<u>Airline</u>	<u>Calendar Year</u>					<u>January – July</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>	<u>2011</u>
United	35.3%	33.4%	32.6%	32.5%	28.4%	29.2%	25.4%
Ted <sup>1</sup>	8.5	7.8	4.3	--	--	--	--
United Express <sup>2</sup>	12.6	12.1	11.3	13.7	16.0	15.8	15.7
Total United Group	56.4	53.3	48.2	46.2	44.3	45.0	41.1
Frontier and Frontier/Republic Lynx <sup>3</sup>	18.7	20.5	22.7	20.6	20.2	19.9	21.5
Frontier JetExpress <sup>4</sup>	--	0.1	2.0	2.4	1.2	1.5	0.2
Total Frontier Group	2.0	2.1	0.8	--	0.1	0.2	--
Southwest	20.7	22.7	25.5	23.0	21.5	21.6	21.7
American Airlines <sup>5</sup>	3.3	5.3	9.3	14.4	18.2	17.1	20.7
America West Airlines <sup>6</sup>	3.8	3.5	3.3	2.8	2.7	2.8	2.3
Continental <sup>5</sup>	1.2	--	--	--	--	--	--
Delta <sup>5,7</sup>	2.3	2.2	2.0	2.0	2.1	2.1	2.9
Northwest <sup>7</sup>	2.4	2.3	2.3	2.4	3.9	4.0	3.8
US Airways <sup>6</sup>	1.9	2.1	1.8	1.8	--	--	--
Other <sup>4</sup>	1.3	2.2	1.8	2.2	2.3	2.3	2.4
Total	6.6	6.4	5.7	5.2	5.0	5.1	5.2
	19.5	18.7	17.0	16.4	16.0	16.3	16.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008.

<sup>2</sup> Several airlines have operated as United Express during this period.

<sup>3</sup> Lynx commenced service at the Airport in December 2007; however, Republic Holdings discontinued Lynx in March 2011.

<sup>4</sup> Several airlines have operated as Frontier JetExpress during this period, the most recent of which was Midwest Express, which ceased operating as such in the fall of 2010.

<sup>5</sup> Does not include commuter affiliates.

<sup>6</sup> The parent companies of America West Airlines and US Airways, Inc. merged in 2005. The two airlines were subsequently consolidated under the US Airways brand, and since October of 2008 have operated under a single FAA operating certificate.

<sup>7</sup> Delta Airlines, Inc. ("Delta") and Northwest Airlines, Inc. ("Northwest") merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Since January 1, 2010, the two airlines have operated under a single FAA operating certificate.

Source: Department of Aviation management records.

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**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first seven months of 2010 and 2011. Totals may not add due to rounding.

	Calendar Year <sup>1</sup>					January – July	
	2006	2007	2008	2009	2010 <sup>2</sup>	2010	2011
<b>Enplaned Passengers (millions):</b>							
United	8.365	8.324	8.361	8.165	7.386	4.397	3.910
Ted <sup>3</sup>	2.011	1.955	1.105	--	--	--	--
United Express	2.971	3.018	2.906	3.438	4.152	2.380	2.409
Total United Group	13.347	13.297	12.372	11.603	11.537	6.778	6.319
Frontier <sup>4</sup>	4.427	5.118	5.812	5.181	5.259	2.989	3.301
Lynx <sup>5</sup>	--	0.017	0.504	0.602	0.311	0.233	0.031
Frontier JetExpress <sup>6</sup>	0.478	0.533	0.216	--	0.025	0.025	--
Total Frontier Group	4.904	5.668	6.531	5.782	5.595	3.247	3.332
Southwest	0.790	1.322	2.379	3.614	4.726	2.576	3.187
Other	4.624	4.654	4.369	4.129	4.166	2.448	2.545
Total	23.665	24.941	25.650	25.128	26.024	15.049	15.383
Percent Change from Prior Year	9.0%	5.4%	2.8%	(2.0)%	3.6%	2.0%	2.2%
<b>Originating Passengers:</b>							
Total Originating Passengers (millions)	13.250	14.243	14.335	13.656	14.101	8.206	8.470
Percent of Total Enplaned	56.0%	57.1%	55.9%	54.3%	54.2%	54.5%	55.1%
United Group Percent of Total Originating	41.2%	38.9%	34.9%	31.2%	29.4%	29.8%	27.4%
Frontier Group Percent of Total Originating	21.0%	22.7%	23.0%	21.0%	20.0%	19.9%	20.1%
Southwest Percent of Total Originating	5.8%	8.8%	14.0%	20.0%	23.9%	23.3%	26.5%
<b>Connecting Passengers:</b>							
Total Connecting Passengers (millions)	10.415	10.698	11.315	11.472	11.923	6.843	6.913
Percent Connecting of Total Enplaned	44.0%	42.9%	44.1%	45.7%	45.8%	45.5%	44.9%
United Group Percent of Total Connecting	75.7%	72.5%	65.2%	64.0%	61.9%	63.3%	57.9%
Frontier Group Percent of Total Connecting	20.3%	22.7%	28.6%	25.4%	23.3%	23.6%	23.5%
Southwest Percent of Total Connecting	0.2%	0.6%	3.3%	7.7%	11.3%	9.7%	13.6%
<b>United Group Passengers:<sup>3</sup></b>							
Percent Originating	40.9%	41.6%	40.4%	36.8%	36.0%	36.0%	36.7%
Percent Connecting	59.1%	58.4%	59.6%	63.2%	64.0%	64.0%	63.3%
<b>Frontier Group Passengers:</b>							
Percent Originating	56.8%	57.1%	50.5%	49.5%	50.4%	50.2%	51.2%
Percent Connecting	43.2%	42.9%	49.5%	50.5%	49.6%	49.8%	48.8%
<b>Southwest Passengers:</b>							
Percent Originating	97.9%	95.2%	84.4%	75.5%	71.4%	74.4%	70.4%
Percent Connecting	2.1%	4.8%	15.6%	24.5%	28.6%	25.6%	29.6%
<b>Average Daily Departures:</b>							
<b>Passenger Airlines:</b>							
United and Ted <sup>3</sup>	230	229	207	171	149	151	136
United Express	191	194	192	216	246	245	248
Frontier, Frontier/Republic and Lynx	125	137	167	158	158	159	151
Frontier JetExpress	24	28	10	--	1	1	--
Southwest	24	39	78	108	124	116	141
Other	179	179	160	149	156	155	167
Total Passenger Airlines	772	806	814	802	833	828	844
<b>All-Cargo Airlines</b>	28	27	26	25	25	24	24
Total	801	833	840	827	858	852	868
Percent Change from Prior Year	6.4%	4.1%	0.8%	(1.6)%	3.8%	2.3%	1.9%
<b>Landed Weight (billion pounds):</b>							
<b>Passenger Airlines:</b>							
United and Ted <sup>3</sup>	13.364	12.808	11.790	10.499	9.568	5.721	4.884
United Express	3.512	3.636	3.616	4.200	4.999	2.873	2.876
Frontier, Frontier/Republic and Lynx	6.087	6.695	7.342	6.768	6.714	3.903	3.860
Frontier JetExpress	0.617	0.699	0.263	--	0.030	0.030	--
Southwest	1.058	1.781	3.508	4.817	5.611	3.051	3.716
Other	5.776	5.851	5.406	5.165	5.130	3.033	3.109
Total Passenger Airlines	30.415	31.471	31.925	31.449	32.053	18.610	18.445
<b>All-Cargo Airlines</b>	1.430	1.363	1.325	1.250	1.222	0.688	0.691
Total	31.844	32.834	33.250	32.699	33.275	19.298	19.135
Enplaned Cargo (million pounds) <sup>7</sup>	280.534	262.724	248.122	221.444	241.710	137.004	144.410
Percent Change from Prior Year	(10.3)%	(6.4)%	(5.6)%	(10.8)%	9.2%	9.6%	5.4%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	428,794	451,228	460,311	456,675	468,962	271,866	268,590
Air Taxi/Commuter/Military/General Aviation	180,723	168,086	165,533	155,302	166,483	94,924	105,174
Total	609,517	619,314	625,844	611,977	635,445	366,790	373,764
Percent Change from Prior Year	7.4%	1.6%	1.1%	(2.2)%	3.8%	2.4%	1.9%

[Footnotes on next page]

- <sup>1</sup> See “Aviation Activity – *Passengers and Revenue Information*” above for a discussion of factors affecting enplanements.
- <sup>2</sup> The number of enplaned passengers at the Airport for 2010 is approximately 0.4% lower than the number previously reported and set forth in the March 2011 Report because of a reporting error made by one of the airlines. As a result, the increase in the number of enplaned passengers at the Airport for 2010 over 2009 is 3.6% rather than the 4.0% increase previously reported.
- <sup>3</sup> Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008.
- <sup>4</sup> Includes Frontier and Frontier/Republic.
- <sup>5</sup> Lynx commenced service at the Airport in December 2007. In March 2011, however, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. See “Airline Information – *The Frontier Group*” hereafter.
- <sup>6</sup> Several airlines operated as Frontier JetExpress during this period, the most recent of which was Midwest Express, which ceased operating as such in the fall of 2010.
- <sup>7</sup> The weight of enplaned cargo does not impact the Airport’s Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records.

## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “Aviation Activity – *Summary of Aviation Activity*” above.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier’s busiest hub, and prior to consolidation with Midwest Airlines was Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2010, approximately 11.9 million passengers (45.8%) of the approximately 26.0 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of the Frontier Group or of Southwest, which accounted for approximately 61.9%, 23.3% and 11.3% of the connecting passengers at the Airport in 2010, respectively. See “Aviation Activity – *Summary of Aviation Activity*” above.

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## Airlines Serving the Airport

The following airlines provided scheduled passenger service at the Airport as of July 2011:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
AirTran Airways <sup>1</sup>	American Eagle Airlines	AeroMéxico
Alaska Airlines	Comair (operating as Delta Connection)	Air Canada
American Airlines	ExpressJet (operating as United Express)	British Airways
Continental <sup>2</sup>	GoJet Airline (operating as United Express)	Lufthansa German Airlines
Delta/Northwest <sup>3</sup>	Great Lakes Aviation	
Frontier	Mesa Airlines (operating as US Air Express)	
Frontier/Republic	Mesaba Airlines (operating as Delta Connection)	
JetBlue Airways	Shuttle America (operating as United Express)	
Southwest <sup>1</sup>	SkyWest Airlines (operating as United Express	
United <sup>2</sup>	and Delta Connection)	
US Airways		

<sup>1</sup> In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest plans to integrate AirTran Airways into the Southwest brand, and expects to eventually operate Southwest and AirTran Airways under a single FAA operating certificate by the first quarter of 2012.

<sup>2</sup> Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. United Continental Holdings is integrating the two airlines under the United brand to operate under a single FAA operating certificate by the end of 2011.

<sup>3</sup> Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Since January 1, 2010, the two airlines operate under a single FAA operating certificate.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, as well as several all-cargo airlines, including, among others, ABX Air, Alpine Aviation, Ameriflight, BAX Global, Capital Cargo International Airlines, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation, and United Parcel Service provide service at the Airport.

## Airline Information

**The United Group.** United is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United's route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 35 of the existing 92 full service jet gates at the Airport, as well as a 16-gate regional jet facility described in "DENVER INTERNATIONAL AIRPORT – Terminal Complex."

The United Group, which until October 1, 2010, consisted of United, its low-fare Ted brand (which was discontinued in 2008) and its United Express commuter affiliates, but did not include Continental, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first seven months of 2010 and 2011, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the years 2006 through 2010. See also "Aviation Activity – Originating and Connecting Passengers" in this section. The operations of Continental, which merged with United effective October 1, 2010, and its Continental Express commuter affiliate, are not included in these figures.

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**United Group Percent of Airport Operations<sup>1</sup>**

	<b>Fiscal Year</b>					<b>January – July</b>	
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
Percent of Total Enplanements at the Airport	56.4%	53.3%	48.2%	46.2%	44.3%	45.0%	41.1%
United Group Percent Originating Passengers	40.9	41.6	40.4	36.8	36.0	36.0	36.7
United Group Percent Connecting Passengers	59.1	58.4	59.6	63.2	64.0	64.0	63.3
Percent of Airport Originating Passengers	41.2	38.9	34.9	31.2	29.4	29.8	27.4
Percent of Airport Connecting Passengers	75.7	72.5	65.2	64.0	61.9	63.3	57.9
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	59.3	57.6	54.2	53.2	51.2	Not Available	
Percent of Airport System Gross Revenues	31.8	28.8	28.0	28.2	26.5	Not Available	

<sup>1</sup> Does not include the operations of Continental, which merged with United effective October 1, 2010, or its Continental Express commuter affiliate.

Source: Department of Aviation management records.

United discontinued Ted in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008. Also in 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce. Such reductions continued in 2009 and 2010. On October 1, 2010, United Continental Holdings (formerly known as UAL Corporation), the parent company of United, completed the merger of United and Continental, and is integrating the two airlines under the United brand to operate under a single FAA operating certificate by the end of 2011. The United Group and Continental together accounted for approximately 46.4% and 44.0% of passenger enplanements at the Airport in 2010 and in the first seven months of 2011, respectively. In addition, the Airport would rank as the 4<sup>th</sup> busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2010. The City makes no representations regarding the financial conditions of United Continental Holdings, United or Continental or their future plans generally or with regard to the Airport in particular.

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*,” “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *United Use and Lease Agreement*” and “FINANCIAL INFORMATION – Special Facilities Bonds.”

**The Frontier Group.** Frontier and its affiliates have the second largest market share at the Airport. The Airport is one of Frontier’s three hubs and in 2010 was the busiest airport in the Frontier system. Prior to consolidation with Midwest Airlines as described below, the Airport was Frontier’s only hub. In December 2007, Frontier’s hubbing operations at the Airport were expanded with the introduction of a sister airline, Lynx, which served smaller airports in the region. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to Frontier Express, a new brand operated by Frontier/Republic and Chataqua Airlines (also a Republic Holdings subsidiary).

Under a Use and Lease Agreement with the City, Frontier currently leases 18 gates at the Airport. In addition, the Frontier Group, consisting of Frontier, Frontier/Republic, Lynx and Frontier JetExpress commuter affiliates, also has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first seven months of 2010 and 2011, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the years 2006 through 2010. See also “Aviation Activity – Originating and Connecting Passengers” in this section.

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### Frontier Group Percent of Airport Operations

	Fiscal Year					January – July	
	2006	2007	2008	2009	2010	2010	2011
Percent of Total Enplanements at the Airport	20.7%	22.7%	25.5%	23.0%	21.5%	21.6%	21.7%
Frontier Group Percent Originating Passengers	56.8	57.1	50.5	49.5	50.4	50.2	51.2
Frontier Group Percent Connecting Passengers	43.2	42.9	49.5	50.5	49.6	49.8	48.8
Percent of Airport Originating Passengers	21.0	22.7	23.0	21.0	20.0	19.9	20.1
Percent of Airport Connecting Passengers	20.3	22.7	28.6	25.4	23.3	23.6	23.5
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	13.0	15.1	14.7	14.3	14.2	Not Available	
Percent of Airport System Gross Revenues	6.9	7.6	7.6	7.6	7.4	Not Available	

Source: Department of Aviation management records.

Frontier Holdings, together with its Frontier and Lynx subsidiaries, filed for protection under the U.S. Bankruptcy Code in April of 2008 and continued operations pending approval of a plan for reorganization in September of 2009. The companies emerged from bankruptcy on October 1, 2009, with Frontier Holdings being acquired by and becoming a wholly-owned subsidiary of Republic Holdings. Republic Holdings also owns a number of regional carriers, including Chautauqua Airlines, Mokulele Airlines, Republic Airlines and Shuttle America. Republic Holdings also owns Midwest Airlines, which ceased to exist as an actual operating airline on November 3, 2009, and its FAA operating certificate was allowed to lapse. Since that time its branding, livery and route structure have been operated by other operating subsidiaries of Republic Holdings. Republic Holdings is currently in the process of integrating the operations of Midwest Airlines under the Frontier brand and expects such integration to be complete by the end of 2011. The City makes no representations regarding the financial conditions of Republic Holdings or the Frontier Group or their future plans generally or with regard to the Airport in particular. See also “Aviation Activity – Originating and Connecting Passengers” in this section, “INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport,*” “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS.”

**Southwest.** Southwest has the third largest market share at the Airport. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 50 cities to which it currently provides nonstop service from the Airport. As of April 2011, the Airport was the 5<sup>th</sup> busiest airport in the Southwest system. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest plans to integrate AirTran Airways into the Southwest brand, and expects to eventually operate Southwest and AirTran Airways under a single FAA operating certificate by the first quarter of 2012.

Under a Use and Lease Agreement with the City, Southwest currently leases 17 gates at the Airport. In addition, Southwest has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first seven months of 2010 and 2011, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the years 2006 through 2010. See also “Aviation Activity” and “Originating and Connecting Passengers” in this section.

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### Southwest Percent of Airport Operations

	Fiscal Year					January – July	
	2006	2007	2008	2009	2010	2010	2011
Percent of Total Enplanements at the Airport	3.3%	5.3%	9.3%	14.4%	18.2%	17.1%	20.7%
Southwest Percent Originating Passengers	97.9	95.2	84.4	75.5	71.4	74.4	70.4
Southwest Percent Connecting Passengers	2.1	4.8	15.6	24.5	28.6	25.6	29.6
Percent of Airport Originating Passengers	5.8	8.8	14.0	20.0	23.9	23.3	26.5
Percent of Airport Connecting Passengers	0.2	0.6	3.3	7.7	11.3	9.7	13.6
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	2.6	4.1	6.9	10.1	12.2	Not Available	
Percent of Airport System Gross Revenues	1.4	2.1	3.6	5.3	6.3	Not Available	

Source: Department of Aviation management records.

The City makes no representations regarding the financial conditions of Southwest or AirTran Airways or their future plans generally or with regard to the Airport in particular.

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.”

**Other Airlines.** Other than the United Group, the Frontier Group and Southwest, no single airline currently accounts for more than 5% of any of passenger enplanements at the Airport. In 2010, Delta, American, US Airways and Continental accounted for approximately 3.9%, 2.7%, 2.3% and 2.1% of passenger enplanements at the Airport, respectively, with all other airlines accounting for an aggregate of approximately 5.0% of passenger enplanements at the Airport. See “Aviation Activity – *Passenger Traffic*” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.”

**Availability of Information Concerning Individual Airlines.** Certain of the airlines or their parent corporations, including United Continental Holdings, Republic Holdings and Southwest, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington DC, 20549, and at the SEC’s regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the “DOT”). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

*None of the City, the Department or the Underwriters undertakes any responsibility for, and none of them makes any representations as to, the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC or the DOT websites.*

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

## AGREEMENTS FOR USE OF AIRPORT FACILITIES

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

### Passenger Airlines Use and Lease Agreements

**Generally.** The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 84 leased gates, eight gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

Several of the Use and Lease Agreements, with the exception of the United Use and Lease Agreement, are to expire by the end of December 2011. The City is actively engaged in discussions with the airlines for new Use and Lease Agreements beginning January 2012. The City expects that new Use and Lease Agreements will be executed by the airlines as their current Use and Lease Agreements expire.

#### Passenger Airlines Use and Lease Agreements with Leased Gates

<u>Airline</u>	<u>Number of Gates</u>	<u>Concourse</u>	<u>Lease Expiration</u>
Alaska Airlines	1	A	December 2011
American Airlines	3	A	December 2011
Frontier	<u>18</u>	A	December 2011
	<u>22</u>		
Continental <sup>1</sup>	3	B	December 2011
United <sup>1</sup>	35	B	February 2025
US Airways	<u>2</u>	B	December 2011
	<u>40</u>		
Delta/Northwest <sup>2</sup>	5	C	December 2011
Southwest <sup>3</sup>	<u>17</u>	C	December 2011
	<u>22</u>		
Total leased gates	<u>84</u>		

<sup>1</sup> Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. United Continental Holdings is integrating the two airlines under the United brand to operate under a single FAA operating certificate by the end of 2011.

<sup>2</sup> Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Effective January 1, 2010, the two airlines operate under a single FAA operating certificate.

<sup>3</sup> In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest plans to integrate AirTran Airways into the Southwest brand, and expects to eventually operate Southwest and AirTran Airways under a single FAA operating certificate by the first quarter of 2012.

Source: Department of Aviation management records.

The following airlines have executed Use and Lease Agreements with the City that do not include leased or preferential gates but in some cases include other leased premises such as ticket counters and offices: AeroMéxico, Air Canada, AirTran Airways, British Airways, ExpressJet, GoJet, Great Lakes Aviation, JetBlue, Lufthansa German Airlines, Mesaba Aviation, Shuttle America and SkyWest. These airlines use gates pursuant to their affiliation with other airlines that lease gates at the Airport, use gates managed by the City or use common use international or commuter gates on Concourse A. These Use and Lease Agreements expire in December 2011. See “AVIATION ACTIVITY AND AIRLINES – Airlines Serving the Airport.”

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with

Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August of such Fiscal Year with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2006 through 2010 is set forth in the following table.

**Cost per Enplaned Passenger**

<u>Year</u>	<u>Cost per Enplaned Passenger</u>	<u>Percent Change</u>
2006	\$11.31	(12.3)% <sup>1</sup>
2007	10.69	(5.5)
2008	10.95	2.4
2009	12.72	16.2
2010	11.77	(7.5)

<sup>1</sup> Compared to the cost per enplaned passenger of \$12.89 for 2005.

Sources: Department of Aviation management records.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of \$40 million. For each of the Fiscal Years 2003 through 2008 and 2010, the maximum of \$40 million was credited to the Airline Revenue Credit Account. The airline revenue credit for Fiscal Year 2009, however, declined to \$25.2 million.

The City may terminate an airline Use and Lease Agreement after a 30-day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not

authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate its Use and Lease Agreement if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 (in 1990 dollars) as discussed in "*United Use and Lease Agreement*" below.

***United Use and Lease Agreement.*** United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "*Generally*" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "United Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. In December 2009, the United Use and Lease Agreement was again amended to temporarily reduce, for a period of six years ending December 31, 2015, the number of gates leased by United on Concourse B by five gates. As a result, United currently leases 35 of the 40 full service jet gates and the 16-gate regional jet facility located on Concourse B. See also "AVIATION ACTIVITY AND AIRLINES – Airline Information – *The United Group*." In connection with the amendment of the United Use and Lease Agreement in December 2009, Continental and US Airways, each belonging to the Star Alliance airline network (to which United belongs), relocated their operations from Concourse A and Concourse C, respectively, to the other five full service jet gates on Concourse B. This consolidation on Concourse B, together with certain relocations of other airlines from Concourse C to Concourse A, made available gates on Concourse C to accommodate the increased service of Southwest at the Airport. The following description of the United Use and Lease Agreement includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed \$20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the \$20 threshold, and in 2010 was \$11.51 (in 1990 dollars). See "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport."

As a result of the United Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by \$4 million annually in each of the years 2004 through 2010, for an aggregate amount of \$28 million over a seven-year period. In years 2006 through 2010, airline rates and charges were to be further reduced on a net basis up to an aggregate amount of \$50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals included, without limitation, revenues from the Additional \$1.50 PFC that commenced April 1, 2001, the City's share of Net Revenues

available for revenue sharing and annual debt service interest savings from refunding outstanding Airport System revenue bonds. The City met the \$4 million per year cost reduction goals through 2010. The net amount available for revenue sharing in 2004 through 2008 and 2010 was in excess of \$55 million in each year so it was not necessary to further reduce airline rates and charges. However, based on the net amount available for revenue sharing in 2009, the City was required to reduce airline rates and charges in 2009 by an additional amount of \$2 million. The City met this obligation, utilizing the sources of funds identified in the Stipulated Order, by recalculating the year-end settlement of 2009 rates and charges and including the adjusted results as part of the 2010 year-end settlement. [The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended.] See also “FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – *Airport Use and Lease Agreements – United’s Airport Use and Lease Agreement*” in the March 2011 Report of the Airport Consultant.

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated baggage system are to continue to be charged to the airlines. See “FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport.” However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million annually in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction occurred only after the reduction in rates and charges to all airlines by \$4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System revenue bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds.

In the 2005 amendment to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: 7.5 million for 2006, 7.6 million for 2007 and 7.7 million for 2008 and subsequent years. If United fails to meet this “Base Hub Commitment” in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City’s commitment to reduce rates and charges to United will decline by \$6.00, such amount to be set-off against United’s share of the Net Revenues credit described above. The United Group had 7.4 million revenue connecting passengers in 2005, 7.9 million revenue connecting passengers in 2006, 7.7 million revenue connecting passengers in 2007, 7.3 million revenue connecting passengers in 2008, 7.2 million revenue connecting passengers in 2009 and 7.3 million revenue connecting passengers in 2010. As a result of United’s failure to meet its Base Hub Commitment in 2008 through 2010, the City off-set United’s share of the Net Revenues credit for these years by an amount equal to \$6.00 multiplied by the shortfall in connecting revenue enplaned passengers in the applicable year. The City expects that United will not meet its Base Hub Commitment in 2011.

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Air Transport International, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation and United Parcel Service, as well as with Air General and Swissport Cargo Services, which have only cargo handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. See also “AVIATION ACTIVITY AND AIRLINES – Airlines Serving the Airport” above.

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport.

To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be materially adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

### **Other Building and Ground Leases**

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In addition, in 1995 the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site. See also "DENVER INTERNATIONAL AIRPORT – Other Facilities," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements."

### **Effect of Bankruptcy on Airline Agreements and Other Obligations**

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

### **Systems Leases**

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

### **Other Agreements**

The City has also entered into various agreements in addition to those described above that generate a significant portion of Gross Revenues. The following is a brief description of some of these additional agreements. The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

***Terminal Complex Concessions.*** Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. Revenues from terminal complex concessions constituted approximately 7.3% and 7.2% of Airport operating revenues in 2009 and 2010, respectively, and 6.2% and 6.5% of Gross Revenues in 2009 and 2010, respectively.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has 54 concessionaires operating at approximately 147 locations in the terminal complex.

***Public Parking.*** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a

concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. Public parking revenues constituted approximately 20.3% and 20.6% of Airport operating revenues in 2009 and 2010, respectively, and 16.7% and 18.5% of Gross Revenues in 2009 and 2010, respectively. Effective June 2011, the Airport increased maximum daily parking rates in an effort to optimize revenue from public parking facilities at the Airport.

**Rental Cars.** The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car privilege fee revenues constituted approximately 7.6% and 7.3% of Airport operating revenues in 2009 and 2010, respectively, and 5.2% and 6.6% of Gross Revenues in 2009 and 2010, respectively.

**Other.** Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2006 through 2010 and the first six months of 2010 and 2011. See also “APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2010 AND 2009,” “APPENDIX F – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010” and “Management’s Discussion and Analysis of Financial Performance” below.

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**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year Ended December 31 <sup>1</sup>					Six Months Ended June 30 (Unaudited)	
	Restated 2006 <sup>2</sup>	2007	2008	Restated 2009 <sup>3</sup>	2010	2010	2011
Operating revenues:							
Facility rentals	\$197,353	\$205,638	\$198,138	\$226,839	\$231,603	\$115,023	\$115,336
Concession income	34,304	40,599	42,297	41,085	43,398	20,833	22,283
Parking income	110,535	116,326	119,283	114,862	123,673	60,721	62,841
Car rentals	41,641	44,998	45,618	42,989	44,181	20,774	20,931
Landing fees	92,390	87,282	94,479	110,084	120,054	59,157	57,319
Aviation fuel tax	20,211	23,385	27,012	16,849	23,681	11,207	14,423
Other sales and charges	11,872	11,922	13,931	11,782	14,813	6,337	8,703
Total operating revenues	<u>508,307</u>	<u>530,151</u>	<u>540,760</u>	<u>564,490</u>	<u>601,402</u>	<u>294,051</u>	<u>301,837</u>
Operating expenses:							
Personnel services	97,592	104,321	114,288	116,540	112,230	51,499	52,718
Contractual services <sup>4</sup>	146,019	153,488	166,299	166,469	172,492	81,823	78,576
Repair and maintenance projects <sup>4</sup>	--	11,555	67,737	69,975	105,943	34,145	28,976
Maintenance, supplies and materials	18,903	21,408	25,506	26,533	19,200	9,610	9,900
Total operating expenses before depreciation, amortization and asset impairment	<u>262,514</u>	<u>290,773</u>	<u>373,829</u>	<u>379,517</u>	<u>409,865</u>	<u>177,077</u>	<u>170,171</u>
Operating income before depreciation, amortization and asset impairment	<u>245,792</u>	<u>239,378</u>	<u>166,931</u>	<u>184,973</u>	<u>191,537</u>	<u>116,974</u>	<u>131,666</u>
Depreciation and amortization	<u>151,506</u>	<u>159,309</u>	<u>168,026</u>	<u>177,583</u>	<u>181,496</u>	<u>86,953</u>	<u>88,781</u>
Operating income	<u>94,286</u>	<u>80,069</u>	<u>(1,095)</u>	<u>7,390</u>	<u>10,041</u>	<u>30,021</u>	<u>42,885</u>
Nonoperating revenues (expenses)							
Passenger facility charges <sup>5</sup>	93,510	97,191	96,786	96,865	102,595	53,292	54,679
Investment income	56,147	82,249	87,483	74,291	47,752	45,540	25,892
Interest expense	(207,385)	(220,064)	(238,643)	(227,122)	(225,054)	(101,781)	(106,742)
Grants	566	324	703	(829)	401	0	0
Other revenue (expense) <sup>6</sup>	(10,609)	(8,827)	8,683	(2,953)	(13,488)	8,761	(5,241)
Net nonoperating revenues (expenses)	<u>(67,772)</u>	<u>(49,127)</u>	<u>(44,987)</u>	<u>(59,749)</u>	<u>(87,795)</u>	<u>5,812</u>	<u>(31,412)</u>
Change in net assets before capital contributions	<u>26,514</u>	<u>30,942</u>	<u>(46,083)</u>	<u>(52,359)</u>	<u>(77,754)</u>	<u>35,833</u>	<u>11,473</u>
Capital grants <sup>7</sup>	29,188	1,894	13,993	36,964	25,690	1,323	15,758
Capital contributions	--	532	400	1,656	4,510	132	0
Change in net assets	<u>\$ 55,702</u>	<u>\$ 33,368</u>	<u>\$ (31,690)</u>	<u>\$ (13,738)</u>	<u>\$ (47,554)</u>	<u>\$37,288</u>	<u>\$27,230</u>

<sup>1</sup> See "Management's Discussion and Analysis of Financial Performance" below.

<sup>2</sup> The figures for 2006 include several prior period adjustments that are reflected in the 2007 financial statements. These adjustments were made to reflect: (1) an increase of approximately \$10.7 million in aviation fuel tax receipts discovered as the result of an audit of State aviation fuel tax receipts; (2) the re-categorization of approximately \$14.6 million of capital expenditures to operation and maintenance expenses; and (3) the addition of approximately \$196.8 million of assets financed with Special Facilities Bonds, and associated depreciation, to the Airport financial statements. See "Aviation Fuel Tax" and "Special Facilities Bonds" below.

<sup>3</sup> The figures for 2009 include prior period adjustments that are reflected in the 2010 financial statements. These adjustments were made in connection with the Airport System's decision to adopt Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"). See Note 22 to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement for additional information concerning these adjustments for 2009.

<sup>4</sup> Prior to 2007, repair and maintenance projects were included as part of contractual services. Contractual services and repair and maintenance services increased significantly in 2008 and later years due in part to a substantial increase in the cost of AGTS and baggage system repair and maintenance, City agency charges, management services and major repair and maintenance projects.

<sup>5</sup> These amounts constitute the revenues derived from the entire \$4.50 PFC net of the PFC collection fee retained by the airlines. During this period all PFC revenue has been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See "Passenger Facility Charges" below.

<sup>6</sup> Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

<sup>7</sup> These amounts constitute amounts received from FAA grants.

Sources: Audited financial statements of the Airport System for Fiscal Years 2006-2010, and Department of Aviation for unaudited figures for the six months ended June 30, 2010 and 2011.

## Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2006 through 2010 and the six months ended June 30, 2011 and 2010. The effects of the restatement of the 2006 and 2009 financial statements are included in the discussion. All figures presented below are approximate unless otherwise stated.

**Six Months Ended June 30, 2011 vs. Six Months Ended June 30, 2010.** Operating revenues at the Airport were \$301.8 million for the six month period ending June 30, 2011, an increase of \$7.8 million (2.7%) as compared to the six months ended June 30, 2010. This increase in operating revenues was primarily due to the increase of \$3.9 million (3.6%) in concession, parking and car rental revenues as compared to the six months ended June 30, 2010, resulting from the 2.6% increase in passenger traffic and a 1.1% increase in per passenger spend rate for the six months ended June 30, 2011. Revenues increased as a result of increased collections from the aviation fuel tax and other sales and charges while revenues from facility rentals and landing fees decreased due a rate decrease and a nominal decrease in landed weight.

Operating expenses, exclusive of depreciation and amortization, were \$170.2 million for the six month period ending June 30, 2011, a decrease of \$6.9 million (3.9%) as compared to the six months ended June 30, 2010. This decrease was attributable to a decrease in costs relating to snow removal, gas and electricity, repair and maintenance of machinery, commercial and chemical solvents and major repair and maintenance of construction projects, and was offset by an increase in personnel costs for services from other city agencies, professional services contracts, management services and runway lighting.

Nonoperating expenses, net of nonoperating revenues, increased by \$37.2 million (64.0%) to \$31.4 million in the first six months of 2011 as compared to net nonoperating revenues of \$5.8 million for the six month period ending June 30, 2010. The increase in net nonoperating expenses was largely the result of a decrease in investment income of \$19.6 million (43.2%) due to a decrease in yields and an unrealized loss on investments of \$6.5 million. This increase was offset by an unrealized gain on investments due to the decrease in fair value of derivative instruments, and an increase of \$5.0 million in interest expense, an increase of \$11.2 million in Stapleton clean up expenses and an increase in other income due to the one time revenue of the swap termination payment of \$12.0 million received in 2010. The increase in net nonoperating expenses was also offset by an increase in PFC revenues of \$1.4 million.

Capital grants and contributions totaled \$15.8 million for the first six months ending June 30, 2011, compared to \$1.5 million for the first six months ending June 30, 2010. The increase in capital grants and contributions was due to final payouts of the grant allocations arising under the American Recovery and Reinvestment Act of 2009 ("ARRA") by the first quarter of Fiscal Year 2011, which is discussed in "Federal Grants and Other Funding – *American Recovery and Reinvestment Act of 2009*" below, and the final payouts of other grants received by the Airport in 2007 through 2010 that were related to the rehabilitation of aprons and taxiways.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2011 compared to the same period in 2010 is included as part of the financial statements of the Airport System appearing as "APPENDIX F – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010."

**2010 vs. 2009.** Operating revenues at the Airport were \$601.4 million for the year ended December 31, 2010, an increase of \$36.9 million (6.5%), as compared to December 31, 2009. This increase in revenues was primarily related to the increase in passenger traffic of 3.6% which contributed to the increase in concession, parking and car rental revenues. Revenues from facility rentals, landing fees and aviation fuel tax also increased.

Operating expenses, exclusive of depreciation and amortization, were \$409.9 million for the year ended December 31, 2010, an increase of \$30.3 million (8.0%) as compared to December 31, 2009. This increase was attributable to increases in expenses relating to electricity, repair and maintenance of the baggage system,

nonstructural improvements and roads, and repair and maintenance in connection with construction projects associated with flight information display systems, the removal of the baggage system, repairs to the central plant and to roadways and surfaces (including aprons and ramps), airfield lighting, Concourse A gate expansion, remodeling projects, the Airport's South Terminal Redevelopment Program and parking garage stair replacements.

Nonoperating expenses, net of nonoperating revenues, increased by \$28.0 million to \$87.8 million in 2010 as compared to net nonoperating expenses of \$59.8 million in 2009. The increase in net nonoperating expenses was largely the result of a decrease in investment income of \$26.5 million, net of a receipt of \$11.1 million for the termination of certain interest rate swap agreements referred to as the "2007A Swap Agreements" and further described in Note 12 to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement. There was also an increase of \$5.7 million (5.9%) in PFC revenues and an increase in expenses relating to the remediation of certain environmental conditions at Stapleton.

In 2010 and 2009, capital grants totaled \$25.7 million and \$37.0 million, respectively. The decrease was due to the decrease in reimbursements in FAA grants and a decrease in receipts by the Airport of grant allocations arising under the ARRA as discussed in "Federal Grants and Other Funding – *American Recovery and Reinvestment Act of 2009*" below.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2010 compared to 2009 is included as part of the financial statements of the Airport System appearing as "APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2010 AND 2009.

**2009 vs. 2008.** Operating revenues at the Airport were \$564.5 million for the year ended December 31, 2009, an increase of \$23.7 million (4.4%), as compared to December 31, 2008. This increase in revenues was primarily related to the increase in facility rentals and landing fees (due mainly to an increase in landing fee rates), which was offset by a decrease in passenger traffic that, in turn, led to a decrease in concession, parking, aviation fuel tax and car rental revenues. Passenger traffic decreased 2.0% for the year ended December 31, 2009.

Operating expenses, exclusive of depreciation and amortization, were \$379.5 million for the year ended December 31, 2009, an increase of \$5.7 million (1.5%) as compared to December 31, 2008. This increase was attributable to increases in personnel costs, repair and maintenance projects related to United's relinquishment of gates on Concourse B, maintenance, supplies and materials (particularly commercial chemicals and solvents) and contractual services.

Nonoperating expenses, net of nonoperating revenues, increased by \$14.8 million to \$59.8 million in 2009 as compared to net nonoperating expenses of \$45.0 million in 2008. The increase in net nonoperating expenses was largely the result of a decrease in investment income of \$13.2 million due to a decrease in yields and an unrealized loss on investments of \$23.9 million, offset by an increase in the fair value of derivative instruments. Other expense (net) also increased by \$11.6 million (134.2%) due to an increase in expenses related to the remediation of certain environmental conditions at Stapleton and the reversal of K-9 grant moneys that were not received by the Airport. Interest expense also declined in 2009, and there was a small increase in PFC revenues.

In 2009 and 2008, capital grants totaled \$37.0 million and \$14.0 million, respectively. The increase was due to the increase in reimbursements in FAA grants and receipt by the Airport of grant allocations in connection with the American Recovery and Reinvestment Act of 2009 ("ARRA") as discussed in "Federal Grants and Other Funding – *American Recovery and Reinvestment Act of 2009*" below.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2009 compared to 2008 is included as part of the financial statements of the Airport System appearing as "APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2010 AND 2009.

**2008 vs. 2007.** Operating revenues at the Airport were \$540.8 million for the year ended December 31, 2008, an increase of \$10.6 million (2.0%), as compared to December 31, 2007. This increase in revenues was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, fuel tax and car rental revenues. Passenger traffic increased 2.8% for the year ended December 31, 2008.

Operating expenses, exclusive of depreciation and amortization, were \$373.8 million for the year ended December 31, 2008, an increase of \$83.0 million (28.6%) as compared to December 31, 2007. This increase was attributable to increases in personnel costs and costs related to shuttle buses, electricity, snow removal and AGTS trains, as well as major repair and maintenance expenses.

Nonoperating expenses, net of nonoperating revenues, were \$45.0 million in 2008 as compared to net nonoperating expenses of \$49.1 million in 2007. The reduction in net nonoperating expenses in 2008 was due in part to an increase in investment income of \$5.2 million, or 6.4%, over 2007, which was due to the investment during the year of additional proceeds from notes payable and the unrealized gain on investments of \$23.8 million. In addition, Stapleton costs decreased \$17.5 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. See "Stapleton" below. Interest expense also increased in 2008, due largely to increased interest costs associated with then outstanding issues of bonds bearing interest in auction rate and variable rate modes because of market conditions. Some of these issues were refunded in 2008.

In 2008 and 2007, capital grants totaled \$14.0 million and \$1.9 million, respectively. The increase was due to the final reimbursements of portions of the costs of the deicing containment facility and airfield pavement projects. In 2008, there was a capital contribution related to a hazardous materials response vehicle.

**2007 vs. 2006.** Operating revenues at the Airport were \$530.2 million for the year ended December 31, 2007, an increase of \$21.9 million (4.3%), as compared to December 31, 2006. This increase in revenues was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, fuel tax and car rental revenues. Passenger traffic increased 5.4% for the year ended December 31, 2007.

Operating expenses, exclusive of depreciation, were \$290.8 million for the year ended December 31, 2007, an increase of \$28.3 million (10.8%) as compared to December 31, 2006, and an increase of \$26.8 million (10.1%) as compared to the original 2007 operations and maintenance budget. This increase was attributable to an increase in personnel costs, snow removal, other City agency costs associated with snow removal, janitorial services and repair and previously capitalized maintenance costs that were determined to be non-capital expenditures. The preliminary 2008 Budget was revised for the same reasons.

Nonoperating expenses, net of operating revenues, were \$49.1 million in 2007 as compared to net nonoperating expenses of \$67.8 million in 2006. The reduction in net nonoperating expenses in 2007 was due in part to an increase in investment income of \$26.1 million (46.5%) resulting from an increase in yields and additional investments of cash received from the Senior Bonds issued in 2007 and an increase in PFC revenues of \$3.7 million (3.9%) resulting from an increase in passenger traffic. In addition, Stapleton costs decreased \$5.3 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. See "Stapleton" below. Interest expense also increased in 2007 by \$12.7 million associated with the Senior Bonds issued in 2007.

In 2007 and 2006, capital grants totaled \$1.9 million and \$29.2 million, respectively. The decrease was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally funded, and funding ceased in 2006. No grants relating to this project were received in 2007. In 2007, there was a capital contribution related to two donated airplanes.

## **Senior Bonds**

**Outstanding Senior Bonds.** The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2011B-D Bonds and the refunding and defeasance of the Refunded Bonds. See also "Plan of Financing" below.

### Outstanding Senior Bonds

<u>Issue</u>	<u>Prior to Issuance of the Series 2011B-D Bonds</u>	<u>After Issuance of the Series 2011B-D Bonds</u>
Series 1991D Bonds <sup>1</sup>	\$ 57,875,000	\$ 57,875,000
Series 1992C Bonds <sup>1</sup>	40,080,000	40,080,000
Series 1992F Bonds <sup>2</sup>	23,100,000	23,100,000
Series 1992G Bonds <sup>2</sup>	19,200,000	19,200,000
Series 1995C Bonds	7,305,000	7,305,000
Series 1997E Bonds	54,470,000	54,470,000
Series 1998A Bonds <sup>3</sup>	128,695,000	_____*
Series 1998B Bonds <sup>3</sup>	103,395,000	_____*
Series 2000A Bonds	12,960,000	12,960,000
Series 2001A Bonds <sup>3</sup>	225,830,000	_____*
Series 2001B Bonds <sup>3</sup>	16,675,000	_____*
Series 2001D Bonds <sup>3</sup>	46,940,000	_____*
Series 2002C Bonds <sup>2,5</sup>	35,500,000	35,500,000
Series 2002E Bonds <sup>3</sup>	131,390,000	_____*
Series 2003A Bonds <sup>3</sup>	161,965,000	_____*
Series 2003B Bonds <sup>3</sup>	91,460,000	_____*
Series 2005A Bonds <sup>3</sup>	227,740,000	_____*
Series 2006A Bonds <sup>5</sup>	279,585,000	279,585,000
Series 2006B Bonds	90,365,000	90,365,000
Series 2007A Bonds	188,350,000	188,350,000
Series 2007B Bonds	24,250,000	24,250,000
Series 2007C Bonds	34,635,000	34,635,000
Series 2007D Bonds	147,815,000	147,815,000
Series 2007D2 Bonds	29,200,000	29,200,000
Series 2007E Bonds	47,400,000	47,400,000
Subseries 2007F1 Bonds <sup>2,5,6</sup>	51,825,000	51,825,000
Subseries 2007F2 Bonds <sup>2,5,6</sup>	51,600,000	51,600,000
Subseries 2007F3 Bonds <sup>2,5,6</sup>	51,575,000	51,575,000
Subseries 2007F4 Bonds <sup>2,5,6</sup>	51,525,000	51,525,000
Subseries 2007G1 Bonds <sup>2,5</sup>	73,700,000	73,700,000
Subseries 2007G2 Bonds <sup>2,5</sup>	73,700,000	73,700,000
Subseries 2008A1 Bonds	161,100,000	161,100,000
Series 2008B Bonds <sup>2,4,5</sup>	75,700,000	75,700,000
Subseries 2008C1 Bonds <sup>2,4,5</sup>	92,600,000	92,600,000
Subseries 2008C2 Bonds <sup>2,4,5</sup>	100,000,000	100,000,000
Subseries 2008C3 Bonds <sup>2,4,5</sup>	100,000,000	100,000,000
Series 2009A Bonds	170,190,000	170,190,000
Series 2009B Bonds	65,290,000	65,290,000
Series 2009C Bonds <sup>2,5</sup>	104,655,000	104,655,000
Series 2010A Bonds	171,360,000	171,360,000
Series 2011A Bonds	349,730,000	349,730,000
Series 2011B-D Bonds	--	_____*
	<u>\$3,970,730,000</u>	<u>\$_____*</u>

<sup>1</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease \$54.88 million of Series 1991D Bonds and Series 1992C Bonds. Annually since 2006, the City used Airport Net Revenues and revenues from PFCs to establish an escrow to defease or call Senior Bonds related to the discontinued automated baggage system. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2010 appended to this Official Statement.

<sup>2</sup> These Senior Bonds constitute variable interest rate obligations that are either secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance or currently constitute credit facility bonds owned by certain banks as described in footnote 4 below. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>3</sup> Together with other available Airport System moneys, all or a portion of these outstanding Senior Bonds are expected to be refunded with the proceeds of the Series 2011D Bonds. See "APPLICATION OF PROCEEDS" above and "Plan of Financing" below.

<sup>4</sup> These credit facility Senior Bonds bear interest at a fixed spread to one-month LIBOR for three or five year terms pursuant to private placement transactions with certain banks.

<sup>5</sup> A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement, effectively converting the floating rates of the variable rate bonds to fixed rates and converting the fixed rates of the fixed rate bonds to variable rates.

<sup>6</sup> The Subseries 2007F1 Bonds, the Subseries 2007F2 Bonds, the Subseries 2007F3 Bonds and the Subseries 2007F4 Bonds currently are in an auction rate mode.

Sources: The Department of Aviation and Jefferies & Company, Inc.

\* Preliminary, subject to change

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

**Estimated Senior Bonds Debt Service Requirements.** The following table sets forth the City's estimated aggregate debt service payment schedules for the Senior Bonds both prior to and after the issuance of the Series 2011B-D Bonds and the refunding and defeasance of the Refunded Bonds. The schedules do not include the costs associated with related credit facility obligations, and assume that the City will elect to exercise its option to redeem certain Senior Bonds prior to their stated maturities.

**Estimated Senior Bonds Debt Service Requirements<sup>1, 2, 3</sup>**  
(Totals may not add due to rounding)

<u>Year</u>	<u>Prior to Issuance of the Series 2011B-D Bonds</u>	<u>After Issuance of the Series 2011B-D Bonds</u>
2011	\$ 333,210,561	\$
2012	341,301,250	
2013	355,581,426	
2014	355,771,103	
2015	355,596,465	
2016	359,994,419	
2017	352,211,932	
2018	344,717,393	
2019	356,255,636	
2020	361,991,556	
2021	347,479,770	
2022	357,993,273	
2023	354,601,995	
2024	365,456,312	
2025	373,874,711	
2026	103,147,969	
2027	101,531,357	
2028	102,361,207	
2029	103,105,057	
2030	102,583,963	
2031	103,187,026	
2032	103,095,951	
2033	64,374,413	
2034	22,843,151	
2035	22,842,126	
2036	22,856,476	
2037	22,853,808	
2038	22,857,393	
2039	<u>22,857,727</u>	<u>                    </u>
	<u>\$6,236,535,424</u>	<u>\$                    </u>

<sup>1</sup> Includes the Debt Service Requirements for the economically defeased Senior Bonds. See "Outstanding Senior Bonds" above.

<sup>2</sup> The interest rate for variable rate bonds is assumed to be 4.100% for non-AMT bonds, 4.250% for AMT bonds or a fixed spread to one-month LIBOR (one-month LIBOR assumed to be 5.467%).

<sup>3</sup> Interest on the Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See "Subordinate Bonds and Other Subordinate Obligations – Subordinate Hedge Facility Obligations" below.

Source: Jefferies & Company, Inc.

## **Subordinate Bonds and Other Subordinate Obligations**

***Subordinate Bond Ordinance.*** Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the “Subordinate Bond Ordinance”).

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to \$800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager’s certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

The Subordinate Bond Ordinance also permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and other subordinate obligations (“Junior Lien Obligations”).

***Outstanding Subordinate Bonds and Junior Lien Obligations.*** No Subordinate Bonds or Junior Lien Obligations are currently outstanding.

***Subordinate Commercial Paper Notes.*** On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (Tax-Exempt) and its Airport System Subordinate Commercial Paper Notes, Series B (Taxable) (collectively, the “Series A-B Subordinate Commercial Paper Notes”), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport

System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Subordinate Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of \$300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Subordinate Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Subordinate Commercial Paper Notes. The current credit facility securing the Series A-B Subordinate Commercial Paper Notes is an irrevocable direct-pay letter of credit issued by Barclays Bank PLC in a stated amount that may secure up to an aggregate of \$128 million in principal amount of Series A-B Subordinate Commercial Paper Notes. Currently there are no Series A-B Subordinate Commercial Paper Notes outstanding, however, the City expects that it may begin to make draws on the Series A-B Subordinate Commercial Paper Notes in March 2012 in connection with the 2011-2016 Capital Program.

***Subordinate Hedge Facility Obligations.*** Since 1998, the City has entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Senior Bond Ordinance and the Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement.

For Fiscal Year 2010, the Airport System adopted GASB 53, which establishes accounting and financial reporting for all state and local governments that enter into derivative instruments. The effect of adopting GASB 53 on the financial statements of the Airport System for Fiscal Years 2010 and 2009 is summarized in Note 22 (Change in Accounting Principle) to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement.

See also “Master Derivatives Policy” below and “APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2010 AND 2009.”

### **Special Facilities Bonds**

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and subsequently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the “1992 Special Facilities Bonds”), United executed a 31-year combined special facilities and ground lease (the “1992 Lease”) for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of \$270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the “2007 Special Facilities Bonds”) issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the “Amended Lease”). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See “DENVER INTERNATIONAL AIRPORT – Other Facilities” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases.”

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its \$36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A and \$38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B currently outstanding in the aggregate principal amount of \$21,840,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport.

### **Installment Purchase Agreements**

The City has entered into certain Installment Purchase Agreements with GE Capital Public Finance, Inc., Siemens Financial Services, Inc., Koch Financial Corporation and Chase Equipment Leasing Inc. in order to provide for the financing of certain portions of the Airport's capital program, including, among other things, the acquisition of various runway maintenance (including snow removal) vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in the landside terminal and the funding of the portion of the costs of modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage "in-line" with the existing baggage systems facilities. The aggregate outstanding principal amount of the Installment Purchase Agreements as of June 30, 2011, was \$17,213,089. The City has recently requested to receive bids by September 20, 2011, for the financing of similar types of vehicles and equipment using an installment purchase agreement in the maximum principal amount of \$21,000,000. This financing transaction is expected to close in November 2011.

The obligation of the City under each Installment Purchase Agreement to make payments thereunder is a special obligation of the City payable solely from the Capital Fund and such other legally available funds as the City may apply, but none of these Installment Purchase Agreements constitutes a pledge of the Capital Fund or any other revenues of the Airport System.

### **Plan of Financing**

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc., as the Financial Consultants, have prepared the Plan of Financing in anticipation of the issuance of the Series 2011B-D Bonds. The Plan of Financing assumes the issuance of the Series 2011B-D Bonds for the purpose of refunding and defeasing the Refunded Bonds to achieve debt service savings. The Plan of Financing also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds, Subordinate Bonds and commercial paper notes in 2011 through 2018 for the purpose of refunding and defeasing additional outstanding Senior Bonds and funding certain projects in the 2011-2016 Capital Program.

The issuance of such Senior Bonds and Subordinate Bonds as assumed in the Plan of Financing will depend upon various factors, including market conditions, the continued need for or priority of particular projects in the 2011-2016 Capital Program, the eventual scope and timing of particular planned projects and the financial feasibility of issuing additional Senior Bonds or Subordinate Bonds. Consequently, there can be no assurance that any of the additional Senior Bonds or Subordinate Bonds assumed in the Plan of Financing will be issued.

See also "INTRODUCTION – The Series 2011B-D Bonds – *Purpose*," "CAPITAL PROGRAM" and "Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes*" above.

## **Capital Fund**

Moneys in the Capital Fund may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities, to the extent such costs are not Operation and Maintenance Expenses; the costs of extraordinary and major repairs, renewals, replacements or maintenance items relating to any Airport Facilities of a type not properly defrayed as Operation and Maintenance Expenses; and the Bond Requirements of any Senior Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in such payment. The amount on deposit in the Capital Fund as of June 30, 2011, was approximately \$238.6 million. Such amount has been designated for use by the City as follows: (1) \$67.1 million for the Coverage Account (constituting Other Available Funds); (2) \$7.1 million to cover existing obligations and contingencies; and (3) \$164.4 million for any lawful Airport System purpose. See also “SECURITY AND SOURCES OF PAYMENT – Flow of Funds; Revenue Fund – Capital Fund” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues – Insurance – Disposal of Airport Property.”

## **Rentals, Fees and Charges for the Airport**

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatories to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally “AGREEMENTS FOR USE OF AIRPORT FACILITIES.”

The City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable. However, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.”

## **Passenger Facility Charges**

**General.** Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. § 40117 (the “PFC Enabling Act”). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected and remitted to

\$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also “AIRLINE BANKRUPTCY MATTERS – PFCs” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2006 through 2010 and the first six months of 2010 and 2011 are set forth in the following table. See also “APPENDIX A – GLOSSARY OF TERMS” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

<b>PFC Revenues</b>		
<b><u>Year</u></b>	<b><u>PFC Revenues (thousands)<sup>1</sup></u></b>	<b><u>Percent Change</u></b>
2006	93,510	11.3% <sup>2</sup>
2007	97,191	3.9
2008	96,786	(0.4)
2009	96,865	0.1
2010	102,565	5.9
<b><u>Jan.-Jun.</u></b>		
2010	53,292	--
2011	54,679	2.6

<sup>1</sup> These amounts constitute the revenues derived from the entire \$4.50 PFC net of the collection fee retained by the airlines.

<sup>2</sup> Compared to the PFC revenue of \$84,000 for 2005.

Sources: Audited financial statements of the Airport System for Fiscal Years 2005-2010, and Department of Aviation for unaudited figures for the six months ended June 30, 2010 and 2011.

The City’s authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through December 31, 2010, the City had collected approximately \$1.2 billion (36.4%) of such PFC revenues. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City’s ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds. See also “Federal Grants and Other Funding” below for a discussion of pending legislation affecting the maximum permissible PFC.

***Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*** The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. Prior to the adoption of the Series 2009A-B Supplemental Ordinance, no Supplemental Ordinance had included PFC revenues in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City has included the Additional \$1.50 PFC in Gross Revenues in each of the Fiscal Years 2009 through 2013,

inclusive, as further described below under “*Designated Passenger Facility Charges.*” The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds” and “APPENDIX A – GLOSSARY OF TERMS.”

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined “Committed Passenger Facility Charges” to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from the \$3.00 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority:

- (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the “Maximum Committed Amounts”); and
- (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied as described in clause (1).

The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through Fiscal Year 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The Committed Passenger Facility Charges expected to be deposited by the City in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of Fiscal Years 2011 through 2013. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current \$4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds. See also “*Designated Passenger Facility Charges*” below.

***Designated Passenger Facility Charges.*** Under the Series 2009A-B Supplemental Ordinance, the City has included the Additional \$1.50 PFC in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and the amounts resulting from the collection of the Additional \$1.50 PFC are to continue to be included in Gross Revenues in each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges

are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in (1) are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts will be irrevocably committed to pay Debt Service Requirements on such identified Bonds and would be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance. In the Series 2009A-B Supplemental Ordinance, Designated Passenger Facility Charges is defined to include the Additional \$1.50 PFC and such additional charges as provided for in any written notice from the Manager to the Treasurer. See “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant” below and “APPENDIX A – GLOSSARY OF TERMS.”

### **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. State aviation fuel tax receipts remitted to the Airport were approximately \$16.2 million and \$10.7 million in 2010 and in the first six months of 2011, respectively.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts were approximately \$7.5 million and \$3.7 million in 2010 and in the first six months of 2011, respectively.

### **Federal Grants and Other Funding**

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds.

***Airport Improvement Program.*** One source of federal grants benefiting the Airport is the Airport Improvement Program (the “AIP”) established pursuant to the Airport and Airway Improvement Act of 1982 (Public Law 97-248). The AIP is administered by the FAA and is funded from the Airport and Airway Trust Fund. The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA.

Congressional authorization of the AIP and the continued funding of the Airport and Airway Trust Fund officially expired on September 30, 2007. Legislation to reauthorize and fund the AIP beyond such date (the “FAA Reauthorization”) has been under consideration by Congress since that time but never enacted. However, Congress has approved several short-term extensions to the AIP, the most recent of which, the Airport and Airway Extension Act of 2011, Part IV (Public Law 112-27), extended FAA authority to provide AIP grants until September 16, 2011. The imposition and collection of PFCs is not impacted by the delay in enacting the FAA Reauthorization. See “Passenger Facility Charges” above.

The current proposed FAA Reauthorization is contained in the FAA Reauthorization Act of 2011 (the “2011 Reauthorization Act”) that is currently pending before Congress. The House of Representatives version of the 2011 Reauthorization Act (H.R. 658), which was passed by the House of Representatives on April 1, 2011, provides for general FAA funding authorization through September 30, 2015, and revises requirements for the AIP. In particular, the House of Representatives version will fund the AIP in an amount of \$3.2 billion for fiscal year 2011 and in an amount of \$3.0 billion in each of the fiscal years 2012 through 2014. The bill currently retains the \$4.50 PFC rate and does not provide for any increases in such rate. The Senate version of the 2011 Reauthorization Act (S. 223), which was passed by the Senate on February 17, 2011, provides for general FAA funding authorization through September 30, 2013, and also revises requirements for the AIP. While the Senate bill retains the \$4.50 PFC rate, it permits an increase in PFCs for up to six airports in a pilot program. The Senate bill will also fund the AIP in an amount of \$4.1 billion for fiscal year 2011. The 2011 Reauthorization Act will become effective once the House and Senate versions have been reconciled, consolidated and passed by each chamber. See “Passenger Facility Charges” above.

In its proposed Fiscal Year 2012 federal budget, the Administration has proposed to decrease AIP funding to 2008 levels and to eliminate entitlement and discretionary funding for large-hub airports such as the Airport. The Administration’s proposed budget also includes an unspecified increase in the maximum PFC level, which could potentially offset any reduction in AIP funding if a large-hub airport operator applies for and receives authorization to impose and use the increased maximum PFC level.

***American Recovery and Reinvestment Act of 2009.*** The Airport has also received grant allocations through the American Recovery and Reinvestment Act of 2009. ARRA provided for grants in an approximate amount of \$1.3 billion for projects and programs administered by the FAA. Grant moneys provided by ARRA are distributed to eligible government agencies by the U.S. Department of Transportation and may fund supplemental projects that qualify for AIP funds but that are not considered planned expenditures from airport-generated revenues or from other state and local sources. The Airport has received an aggregate of approximately \$11.5 million in grants under ARRA to be used for capital improvement projects at the Airport, including the rehabilitation of a runway and airport ramps. Rehabilitation of the runway was completed in late 2009. Rehabilitation of the airport ramps has commenced and is ongoing.

## **Stapleton**

When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton’s approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the “Redevelopment Plan”). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation (“SDC”), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period commencing with the first purchase which occurred in May 2001 at land values set forth in a December 1999 appraisal (approximately \$123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has sold a total of approximately 1,615 acres of Stapleton property for a total of approximately \$51.7 million, and there are approximately 248 acres of pending sales in the amount of approximately \$8.6 million. An additional area of open space of approximately 483 acres has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have

been deposited to the Capital Fund. See “SECURITY AND SOURCES OF PAYMENT – Capital Fund” and “Capital Fund” above in this section.

The City allocated approximately \$120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the “Stapleton Airlines Agreement”), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of \$15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of \$85 million. This amount has been funded as follows: \$13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; \$30 million from Airport System revenue bonds; and \$41.9 million advanced from the Capital Fund. The debt service on these bonds is being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional \$20 million for such additional remediation from the City’s share of Airport Net Revenues. The City has paid \$20 million for such additional remediation, and does not expect to incur additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

### **Noise Agreement with Adams County**

The City and Adams County, Colorado, the county from which land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the “Intergovernmental Agreement”), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

Calculated noise levels that exceed the standards set forth in the Intergovernmental Agreement by more than two decibels in a year are potential Class II violations of the Intergovernmental Agreement that permit Adams County to send a notice of violation to the City. Upon receipt by the City of such notice, the City and Adams County may jointly petition the FAA to implement changes in flight procedures or Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition, thereby curing the Class II violation. If the City does not act within 90 days following the FAA’s failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County \$500,000 for each annual Class II violation that occurs at any grid point or for each instance in which the noise contour restriction is exceeded.

Annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2010, have been prepared by the City in accordance with the

Intergovernmental Agreement. Over that period of time, the potential Class II violations have decreased to the extent that the annual noise reports for the calendar years ending December 31, 2005, 2006, 2007 and 2010, reported only one potential Class II violation for each year (maximum potential liability of \$500,000 per year), no potential Class II violations for 2008 and 2009 and no noise contour violations in any of those six years. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise violations that occurred in 1995 and, together with interest, was paid by the City, the City settled with, and paid to, Adams County, and certain other cities, their claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. Since the one potential Class II violation in 2007 was cured in 2008, there will be no liability for any Class II violations in 2007, 2008 or 2009, and Adams County has made no claim for any of those years. The noise report for the second quarter of 2011 indicates that the potential Class II violation occurring in 2010 has not been cured based on the six months ended June 30, 2011, and if it is not cured by the end of 2011 there is a potential liability of \$500,000 for the 2010 year. In the City's judgment, it is likely that noise levels at a limited number of grid points may in future years exceed the levels established under the Intergovernmental Agreement.

### **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in "Investment Securities" as defined therein. See "APPENDIX A – GLOSSARY OF TERMS."

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

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

### **Master Derivatives Policy**

The City's Master Derivatives Policy provides guidelines concerning the use by the City's Department of Finance of swaps, caps, floors, collars, options on swaps ("swaptions") and other derivative financial products, including Subordinate Hedge Facility Obligations. Such derivative financial products are collectively referred to herein as "Swaps." See also "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligations.*"

In accordance with the Master Derivatives Policy, the Treasurer is to develop the terms and provisions of each Swap with the input and advice of the City's financial advisors or swap advisors. Proposed Swaps must be approved by the City Council through the adoption of a swap ordinance

(a “Swap Ordinance”). The Swap Ordinance establishes the authorized parameters for notional amount, maturity, source of payment and other requirements relating to a Swap.

The Master Derivatives Policy does not restrict the City in the use of Swaps but provides that the City is to consider certain strategies in applying Swaps, including the following strategies: managing the City’s exposure to floating and fixed interest rates through interest rate swaps, caps, floors, collars and other swaptions products; hedging floating rate risk with caps, collars, basis swaps and other instruments; locking in fixed rates in current markets for use at a later date through the use of forward swaps, swaptions, rate locks, options and forward delivery products; reducing the cost of fixed or floating rate debt through swaps and related products to create “synthetic” fixed or floating rate debt; more rapidly accessing the capital markets than may be possible with conventional debt instruments; managing the City’s exposure to the risk of changes in the legal and regulatory treatment of tax-exempt debt; and other applications to enable the City to lower costs or strengthen the City’s balance sheet.

The Master Derivatives Policy requires the City to make its best efforts to work with qualified swap counterparties that have a general credit rating of at least “Aa3” or “AA-” by two of the nationally recognized rating agencies or are a triple-A rated derivative products subsidiary as rated by at least two nationally recognized credit rating agencies, but not a terminating structure (continuation structures may be approved). For lower rated counterparties, the City is to require credit enhancement consistent with the Master Derivatives Policy. In cases where the counterparty’s obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the City is to thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it fully meets the City’s requirements.

### **Property and Casualty Insurance**

The City maintains property insurance for most of the City’s real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. For the first time as of September of 2010, the Airport and the City share a property insurance policy with a total loss limit of \$1.5 billion, subject to a \$250,000 per occurrence deductible. This is based on a reported value of approximately \$5.3 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$92.3 million (which is included in the \$5.3 billion total). Terrorism and non-certified acts of terrorism are included under the Airport’s property insurance at a sublimit of \$1 billion. As an additional cost savings initiative, Airport management has determined that it is not cost effective to maintain property insurance on the Airport’s runways and roadways, which are valued at approximately \$1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A \$50 million per occurrence liability limit is currently provided with various aviation specific sublimits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of \$450 million per occurrence in excess of the \$50 million primary layer. War risk and terrorism is included in this coverage with a \$1 billion limit.

### **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of Article X, Section 20 of the State constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. “Enterprises” are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote

that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **AIRLINE BANKRUPTCY MATTERS**

Since 2001, several airlines with operations at the Airport, including, among others, United, Frontier and Lynx, have filed for bankruptcy protection. However, with a few exceptions, all of these airlines have reorganized and emerged from bankruptcy protection. The exceptions include Midway Airlines and Vanguard Airlines, which eventually ceased operations; Mesa Air Group, Inc. and its Mesa Airlines subsidiary, which filed for bankruptcy protection in January 2010 and emerged from bankruptcy protection in March 2011, is continuing operations but currently is not serving the Airport; and Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico in August 2010 and has suspended operations. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2011B-D Bonds. See also “AVIATION ACTIVITY AND AIRLINES – Airline Information,” “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.” The following is a discussion of various impacts to the Airport of an airline bankruptcy.

### **Assumption or Rejection of Agreements**

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements. Generally, a debtor airline has 120 days to make the decision to assume or reject its agreements but may request an extension of up to an additional 90 days. A debtor may not extend the time to make a decision beyond 210 days from the petition.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages. The amount of such damages in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

## **Prepetition Obligations**

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

## **PFCs**

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections. However, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

## **LITIGATION**

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

## **RATINGS**

Moody's Investors Service, Inc., Standard & Poor's Ratings Service, Inc. and Fitch, Inc. have published ratings of "\_\_\_" (\_\_\_\_\_ outlook), "\_\_\_" (\_\_\_\_\_ outlook) and "\_\_\_" (\_\_\_\_\_ outlook), respectively, with respect to the Series 2011B-D Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2011B-D Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2011B-D Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such

ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings is likely to have an adverse effect on the market price of the Series 2011B-D Bonds.

## UNDERWRITING

The Series 2011B-D Bonds are being purchased from the City by the underwriters set forth on the cover pages hereof (the “Underwriters”) as follows: for the Series 2011B Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2011B Bonds less an underwriting discount of \$ \_\_\_\_\_; for the Series 2011C Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2011C Bonds less an underwriting discount of \$ \_\_\_\_\_; and for the Series 2011D Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2011D Bonds less an underwriting discount of \$ \_\_\_\_\_. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and \_\_\_\_\_, as representative of the Underwriters (the “Series 2011B-D Bond Purchase Agreement”), the Underwriters agree to accept delivery of and pay for all of the Series 2011B-D Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2011B-D Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2011B-D Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2011B-D Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2011B-D Bonds that such firm sells.

Piper Jaffray & Co., one of the Underwriters of the Series 2011B-D Bonds, has entered into an agreement (the “PJC Agreement”) with Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series 2011B-D Bonds. Under the PJC Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

## CONTINUING DISCLOSURE

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the MSRB and EMMA. In addition, in order to provide certain continuing disclosure with respect to the Series 2011B-D Bonds in accordance with Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2011B-D Bonds in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain specified events. See “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and believes that it has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2011B-D Bonds are subject to the approval of Hogan Lovells US LLP, Denver, Colorado, Bond Counsel, and Bookhardt & O'Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Douglas J. Friednash, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado.

## TAX MATTERS

### The Series 2011B-C Bonds

*The information in this section applies solely to the Series 2011B-C Bonds.*

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2011B-C Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2011B-C Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2011B-C Bonds, Hogan Lovells US LLP, Bond Counsel to the City, and Bookhardt & O'Toole, Bond Counsel to the City, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2011B Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011B Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporation, and (2) interest on the Series 2011C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation's adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings includes interest on the Series 2011C Bonds. An increase in a corporation's alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2011B-C Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2011B-C Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2011B-C Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2011B-C Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Bond Counsel to the City have further advised the City and the Underwriters that under existing law and to the extent interest on any Series 2011B-C Bonds is excluded from gross income for federal income tax purposes, any original issue discount on such Series 2011B-C Bonds will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Series 2011B-C Bonds. Generally, original issue discount is the excess of the stated redemption price at maturity of any Series 2011B-C Bond over the issue price of the Series 2011B-C Bond. Purchasers of any such Series 2011B-C Bonds should consult with their own tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2011B Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability in such year even though no cash attributable to such original issue discount has been received in such year.

If a holder purchases a Series 2011B-C Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2011B-C Bond with "amortizable bond premium" equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2011B-C Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2011B-C Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2011B-C Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2011B-C Bond. Purchasers of Series 2011B-C Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2011B-C Bonds.

Other than the matters specifically referred to above, Bond Counsel to the City express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2011B-C Bonds. Prospective purchasers of the Series 2011B-C Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2011B-C Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2011B-C Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2011B-C Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2011B-C Bonds; (3) interest on the Series 2011B-C Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2011B-C Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2011B-C Bonds.

The Internal Revenue Service (the "Service") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2011B-C Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2011B-C Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2011B-C Bonds could adversely affect their value and liquidity.

Bond Counsel to the City will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the City are not binding on the courts or the Service; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2011B-C Bonds, the exclusion of interest on the Series 2011B-C Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2011B-C Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2011B-C Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2011B-C Bonds in light of their particular tax situation.

### **The Series 2011D Bonds**

*The information in this section applies solely to the Series 2011D Bonds*

**As described in greater detail below, interest on the Series 2011D Bonds is included in gross income for federal and State of Colorado income tax purposes.**

The following is a summary of material U.S. federal income tax considerations of the ownership and disposition of the Series 2011D Bonds. This summary is based upon provisions of the Code, applicable regulations, administrative rulings and judicial decisions in effect as of the date hereof, any of which may subsequently be changed, possibly retroactively, or interpreted differently by the Service so as to result in U.S. federal income tax consequences different from those discussed below. Except where noted, this summary deals only with a 2011D Bond held as a capital asset by a beneficial owner who is a U.S. holder (as defined below) who purchases the 2011D Bond on original issuance at the first price at which a substantial portion of such Series 2011D Bonds are sold for cash to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, referred to herein as the "issue price." This summary does not address all aspects of U.S. federal income taxes and does not deal with all tax consequences that may be relevant to holders in light of their personal circumstances or particular situations, such as:

- tax consequences to dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies and traders in securities that elect to use a mark-to-market method of accounting for their securities;
- tax consequences to persons holding Series 2011D Bonds as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- tax consequences to persons whose "functional currency" is not the U.S. dollar;
- tax consequences to entities treated as partnerships for U.S. federal income tax purposes and investors therein;
- tax consequences to certain former citizens or residents of the United States;

- alternative minimum tax consequences, if any;
- any state, local or foreign tax consequences; and
- estate or gift taxes.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds Series 2011D Bonds, the tax treatment of a partner or member will generally depend upon the status of the partner or member and the activities of the entity. If you are a partner or member in such an entity holding the Series 2011D Bonds, you should consult your tax advisors.

**If you are considering the purchase of Series 2011D Bonds, you should consult your tax advisors concerning the U.S. federal income tax consequences to you of the purchase, ownership and disposition of Series 2011D Bonds in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction.**

In this discussion, the term “U.S. holder” refers to a beneficial owner of Series 2011D Bonds that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

### **U.S. Internal Revenue Service Circular 230 Disclosure**

Pursuant to U.S. Internal Revenue Service Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. The following description was written to support the marketing of the Series 2011D Bonds. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

***Payment of Interest.*** Stated interest on a Series 2011D Bond will generally be taxable to a U.S. holder as ordinary income at the time it is received or accrued in accordance with the U.S. holder’s usual method of accounting for tax purposes.

***Original Issue Discount.*** If any Series 2011D Bonds are issued with original issue discount, or “OID,” a U.S. holder of such Series 2011D Bonds will be subject to special tax accounting rules, as described in greater detail below. In that case, U.S. holders should be aware that they generally must include OID in gross income in advance of the receipt of cash attributable to that income.

A Series 2011D Bond with an “issue price” that is less than its stated redemption price at maturity (the sum of all payments to be made on the Series 2011D Bond other than payments of stated interest) will generally be issued with OID in an amount equal to that difference if that difference is at least 0.25%

of the stated redemption price at maturity multiplied by the number of complete years to maturity. The “issue price” of a Series 2011D Bond will be the first price at which a substantial amount of such Series 2011D Bonds is sold to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

A U.S. holder generally must include OID in gross income in advance of the receipt of some or all of the related cash payments using the “constant yield method” described in the following paragraphs.

The amount of OID that a U.S. holder must include in income is the sum of the “daily portions” of OID with respect to the Series 2011D Bond for each day during the taxable year or portion of the taxable year in which such holder held that Series 2011D Bond. The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. The “accrual period” for a Series 2011D Bond may be of any length and may vary in length over the term of the Series 2011D Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of:

- the Series 2011D Bond’s “adjusted issue price” at the beginning of the accrual period multiplied by its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period, over
- the sum of all stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a Series 2011D Bond at the beginning of any accrual period is equal to its issue price increased by the OID that has accrued for each prior accrual period. Under these rules, a U.S. holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

U.S. holders may elect to treat all interest on any Series 2011D Bond as OID and calculate the amount includible in gross income under the constant yield method described above. The election is to be made for the taxable year in which such holder acquired the Series 2011D Bond and may not be revoked without the consent of the Service. U.S. holders should consult with their own tax advisors about this election.

***Sale, Redemption or Other Taxable Disposition of Series 2011D Bonds.*** A U.S. holder will generally recognize gain or loss upon the sale, redemption or other taxable disposition of a Series 2011D Bond equal to the difference between the amount realized (less accrued stated interest, which will be taxable as such) upon the sale, redemption or other taxable disposition and the U.S. holder’s adjusted tax basis in the Series 2011D Bond. Legal defeasance of the Series 2011D Bonds may result in a deemed exchange of such Series 2011D Bonds, in which event the holder will recognize gain or loss as described in the preceding sentence. A U.S. holder’s adjusted tax basis in a Series 2011D Bond will generally be equal to the amount that such U.S. holder paid for the Series 2011D Bond increased by any previously accrued OID. Any gain or loss recognized on a taxable disposition of the Series 2011D Bond will be capital gain or loss. If, at the time of the sale, redemption or other taxable disposition of the Series 2011D Bond, a U.S. holder is treated as holding the Series 2011D Bond for more than one year, this capital gain or loss will be long-term capital gain or loss. Otherwise, this capital gain or loss will be short-term capital gain or loss. In the case of certain non-corporate U.S. holders (including individuals), long-term capital gain generally will be subject to U.S. federal income taxation at preferential rates. A U.S. holder’s ability to deduct capital losses may be limited.

**Information Reporting and Backup Withholding.** Information reporting requirements generally will apply to interest (including OID) on the Series 2011D Bonds and the proceeds of a sale of a Series 2011D Bond paid to a U.S. holder unless the U.S. holder is an exempt recipient (such as a corporation). Backup withholding will apply to those payments if the U.S. holder fails to provide its correct taxpayer identification number, or certification of exempt status, or if the U.S. holder is notified by the Service that it has failed to report in full payments of interest and dividend income. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability if the required information is furnished in a timely manner to the Service.

## EXPERTS

Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2011B-D Bonds and in such capacity have prepared the Plan of Financing.

The March 2011 Report of the Airport Consultant incorporated herein by reference was prepared by LeighFisher in its capacity as Airport Consultant to the City and in connection with the marketing of the Series 2011A Bonds. The March 2011 Report has not been revised since its dated date. **BECAUSE THE MARCH 2011 REPORT HAS NOT BEEN UPDATED, PROSPECTIVE INVESTORS ARE ADVISED THAT THE FORECASTS, ESTIMATES AND EXCLUDED PORTION IN THE MARCH 2011 REPORT SHOULD NOT BE RELIED UPON IN MAKING ANY DECISION TO PURCHASE THE SERIES 2011B-D BONDS.** See "INTRODUCTION – Limited Purpose of March 2011 Report of the Airport Consultant."

## FINANCIAL STATEMENTS

The financial statements of the Airport System as of and for the years ended December 31, 2010 and 2009 are attached to this Official Statement as "APPENDIX E – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2010 AND 2009." BKD, LLP, the City's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix E hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of Appendix E was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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**MISCELLANEOUS**

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2011B-D Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

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

**CITY AND COUNTY OF DENVER, COLORADO**

By \_\_\_\_\_  
Manager of Aviation

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

\* \* \*

## APPENDIX A

### GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for certain proposed amendments to the definitions.

“*Additional Parity Bonds*” means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2011B-D Bonds.

“*AGTS*” means the Airport’s automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The term does not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System Fund,” created under the Senior Bond Ordinance.

“*Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund,” created in the Senior Bond Ordinance.

“*Bond Requirements*” for any period means the Debt Service Requirements payable during such period, excluding the amount of any Obligations payable (or for which reserves are required to be deposited) during such period.

“*Bond Reserve Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund,” created under the Senior Bond Ordinance.

“*Bonds*” or “*Senior Bonds*” means bonds, notes, certificates, commercial paper, or other securities issued by the City or by the City, for and on behalf of the Department, pursuant to the provisions of the Senior Bond Ordinance which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including, without limitation,

Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds, Subordinate Bonds or any Obligations (except as represented by any bonds registered in the name of any provider of any Credit Facility or its nominee as a result of a purchase by a draw on the Credit Facility).

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Senior Bond Ordinance.

“*Capitalized Interest Account*” means the special and separate subaccount within the Project Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account,” created under the Senior Bond Ordinance.

“*Chief Financial Officer*” means the Chief Financial Officer and *ex-officio* Treasurer of the City appointed by the Mayor, currently being the Manager of Finance.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

“*City Council*” means the City Council of the City.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the “*Tax Code*” is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

“*Committed Passenger Facility Charges*” means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

“*Completion Bonds*” means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities,

including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

“*Credit Enhanced Bonds*” means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

“*Credit Facility Obligations*” means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

“*Debt Service Requirements*” for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Senior Bond Ordinance, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to

bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate Debt Service Requirements shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

“*Department of Aviation*” or “*Department*” means the Department of Aviation of the City and its successor in functions, if any.

“*Designated Passenger Facility Charges*” mean amounts received by the City from the PFCs approved by the FAA by letter dated January 30, 2001, excluding the Committed Passenger Facility Charges, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues. Designated Passenger Facility Charges also include such additional charges as provided for in any written notice from the Manager to the Treasurer.

“*DTC*” means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2011B-D Bonds.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Event of Default*” means each of the events declared an “event of default” under the General Bond Ordinance or the Series 2011B-D Supplemental Ordinances.

“*Facilities*” or “*Airport Facilities*” means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

“*Financial Consultant*” means any financial consultant which is appointed by the City with respect to any series of Bonds.

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

“*Fiscal Year*” means the 12 months commencing on January 1 of any calendar year and ending on December 31 of the same calendar year, or any other 12-month period which the appropriate authority designates as the fiscal year for the operation of the Airport System.

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” means the General Bond Ordinance passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2011B-D Supplemental Ordinances.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City’s sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing

of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

“*Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction entered into by the City, for and on behalf of the Department, and a Hedge Provider, which is intended to be integrated with and to convert or limit the interest rate on any Bonds.

“*Hedge Facility Obligations*” means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City are not to be secured under the Senior Bond Ordinance on a parity with the Bonds.

“*Hedge Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as is acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

“*Hedge Termination Payment*” means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

“*Improvement Project*” means any project to acquire, improve or equip (or any combination thereof) Facilities, as authorized and described by Supplemental Ordinance.

“*Independent Accountant*” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not

connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“*Interest Account*” means the special and separate subaccount within the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Interest Account,” created under the Senior Bond Ordinance.

“*Interest Payment Date*” means, with respect to the Series 2011B-D Bonds, each November 15 and May 15, commencing May 15, 2012.

“*Investment Securities*” means, to the extent the following are permitted investments under the City’s investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders’ equity (e.g., capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which is established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker’s acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer’s deposit must not exceed 5% of the

aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the “escrow”), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below “A-“ (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation’s counterparty rating or that corporation’s investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

“*Junior Lien Obligations*” means bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and other subordinate obligations.

“*Manager*” means the manager of the City’s Department of Aviation, or his or her designee and successor in functions, if any.

“*Mayor*” means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

“*Minimum Bond Reserve*” means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it will be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined is not to be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Minimum Operation and Maintenance Reserve*” means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Ninth Supplemental Ordinance*” means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superseded to the extent provided in the PFC Supplemental Ordinance.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such

insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

*“Operation and Maintenance Fund”* means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Senior Bond Ordinance.

*“Operation and Maintenance Reserve Account”* means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Senior Bond Ordinance.

*“Option Bonds”* means Bonds which by their terms may be tendered for payment by and at the option of the owners thereof prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the owners thereof.

*“Ordinance”* means the General Bond Ordinance of the City passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental

Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D-E Supplemental Ordinance, Ordinance No. 415, Series of 2007; the Series 2007F1-F4 Supplemental Ordinance, Ordinance No. 625, Series of 2007, as amended by Ordinance No. 363, Series of 2008; the Series 2007G1-G2 Supplemental Ordinance, Ordinance No. 626, Series of 2007, as amended and restated by the Amended and Restated Series 2007G1-G2 Supplemental Bond Ordinance, Ordinance No. 722, Series of 2007; the Series 2008A Supplemental Ordinance, Ordinance No. 179, Series of 2008; the Series 2008B Supplemental Ordinance, Ordinance No. 322, Series of 2008; the Series 2008C1-C3 Supplemental Ordinance, Ordinance No. 483, Series of 2008; the Series 2009A-B Supplemental Ordinance, Ordinance No. 578, Series of 2009; the Series 2009C Supplemental Ordinance, Ordinance No. 577, Series of 2009; the Series 2010A Supplemental Ordinance, Ordinance No. 107, Series of 2010; the Series 2010B Supplemental Ordinance, Ordinance No. 108, Series of 2010; the Series 2011A Supplemental Ordinance, Ordinance No. 181, Series of 2011; the Series 2011B Supplemental Ordinance, Ordinance No. \_\_\_\_, Series of 2011; the Series 2011C Supplemental Ordinance, Ordinance No. \_\_\_\_, Series of 2011; the Series 2011D Supplemental Ordinance, Ordinance No. \_\_\_\_, Series of 2011; and the PFC Supplemental Ordinance.

*“Other Available Funds”* means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

*“Outstanding”* when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds have been executed and delivered; and, (d) except any Bonds held as Bank Bonds (as defined in any related Supplemental

Ordinance), any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City are to be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” means any entity providing paying agency services for the Series 2011B-D Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof for the Series 2011B-D Bonds.

“*PFC Debt Service Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Debt Service Account,” created under the Senior Bond Ordinance.

“*PFC Fund*” means the special and separate account designated as the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund,” created under the Senior Bond Ordinance.

“*PFC Project Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Project Account,” created under the Senior Bond Ordinance.

“*PFC Supplemental Ordinance*” means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

“*Pledged Revenues*” means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

“*Principal Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Principal Account,” created under the Senior Bond Ordinance.

“*Project Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Project Fund,” created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

“*Proposed Amendments*” means the proposed amendments to the Senior Bond Ordinance as set forth in “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

“*Purchase Price*” means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

“*Rating Agencies*” means any of Moody’s, S&P or Fitch then maintaining ratings on any of the Bonds at the request of the City.

“*Redemption Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Redemption Account,” created under the Senior Bond Ordinance.

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Registrar*” means, when used with respect to the Series 2011B-D Bonds, Zions First National Bank, Denver, Colorado, and any successors and assigns thereof.

“*Regularly Scheduled Hedge Payments*” means the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Senior Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, designated as the depository for the Series 2011B-D Bonds, and includes any nominee or successor thereof.

“*Senior Bond Ordinance*” means the Ordinance, as amended and supplemented by any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2011B-D Supplemental Ordinances.

“*Series 1991D Bonds*” means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of \$600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of \$107,585,000.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$415,705,000.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$206,665,000.

“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$103,395,000.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$330,625,000.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of \$395,635,000.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of \$16,675,000.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$70,540,000.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000.

“*Series 2002E Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of \$203,565,000.

“*Series 2003A Bonds*” means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$161,965,000.

“*Series 2003B Bonds*” means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of \$125,000,000.

“*Series 2005A Bonds*” means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$227,740,000.

“*Series 2006A Bonds*” means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$279,585,000.

“*Series 2006B Bonds*” means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$170,005,000.

“*Series 2007A Bonds*” means the Airport System Revenue Bonds, Series 2007A, issued on August 29, 2007, in the original aggregate principal amount of \$188,350,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007B Bonds*” means the Airport System Revenue Bonds, Series 2007B, issued on August 29, 2007, in the original aggregate principal amount of \$24,250,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007C Bonds*” means the Airport System Revenue Bonds, Series 2007C, issued on August 29, 2007, in the original aggregate principal amount of \$34,635,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007D Bonds*” means the Airport System Revenue Bonds, Series 2007D, issued on August 29, 2007, in the original aggregate principal amount of \$147,815,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007D2 Bonds*” means the Airport System Revenue Bonds, Series 2007D2, issued on October 4, 2007, in the original aggregate principal amount of \$31,950,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007E Bonds*” means the Airport System Revenue Bonds, Series 2007E, issued on October 4, 2007, in the original aggregate principal amount of \$47,400,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

“*Series 2007F1-F4 Bonds*” means the Airport System Revenue Bonds, Series 2007F1-F4, issued on November 14, 2007, in four subseries as auction rate bonds in the original aggregate principal amount of \$208,025,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

“*Series 2007G1-G2 Bonds*” means the Airport System Revenue Bonds, Series 2007G1-G2, issued on November 14, 2007, in two subseries as variable rate bonds in the original aggregate principal amount of \$148,500,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

“*Series 2008A1-A4 Bonds*” means the Airport System Revenue Bonds, Series 2008A1-A4, issued on April 14, 2008, in four subseries as both fixed rate and variable rate (term) rate bonds in the original aggregate principal amount of \$608,840,000.

“*Series 2008B Bonds*” means the Airport System Revenue Bonds, Series 2008B, issued on June 30, 2008, as variable rate bonds in the original aggregate principal amount of \$81,800,000 and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 2008C1-C3 Bonds*” means the Airport System Revenue Bonds, Series 2008C1-C3, issued in three subseries on November 4, 2008 (Subseries 2008C2 and Subseries 2008C3), and November 7, 2008 (Subseries 2008C1), as variable rate bonds and additionally secured by individual Credit Facilities, in the original aggregate principal amount of \$292,600,000.

“*Series 2009A Bonds*” means the Airport System Revenue Bonds, Series 2009A, issued on October 28, 2009, in the original aggregate principal amount of \$170,190,000.

“*Series 2009A-B Bonds*” means the Series 2009A Bonds and the Series 2009B Bonds.

“*Series 2009B Bonds*” means the Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds – Direct Payment), issued on October 28, 2009, in the original aggregate principal amount of \$65,290,000.

“*Series 2009C Bonds*” means the Airport System Revenue Bonds, Series 2009C, issued on November 6, 2009, in the original aggregate principal amount of \$104,655,000 as variable rate bonds and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

“*Series 2010A Bonds*” means the Airport System Revenue Bonds, Series 2010A, issued on March 9, 2010, in the original aggregate principal amount of \$171,360,000.

“*Series 2011A Bonds*” means the Airport System Revenue Bonds, Series 2011A, issued on April 14, 2011, in the original aggregate principal amount of \$349,730,000

“*Series 2011B Bonds*” means the Airport System Revenue Bonds, Series 2011B, in the original aggregate principal amount of \$\_\_\_\_\_,\* offered pursuant to this Official Statement.

“*Series 2011B Supplemental Ordinance*” means the “Series 2011B Airport System Supplemental Bond Ordinance,” as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2011B Bonds.

“*Series 2011B-C Bonds*” means, collectively, the Series 2011B Bonds and the Series 2011C Bonds.

“*Series 2011B-D Supplemental Ordinances*” means, collectively, the Series 2011B Supplemental Ordinance, the Series 2011C Supplemental Ordinance and the Series 2011D Supplemental Ordinance.

“*Series 2011C Bonds*” means the Airport System Revenue Bonds, Series 2011C, in the original aggregate principal amount of \$\_\_\_\_\_,\* offered pursuant to this Official Statement.

“*Series 2011C Supplemental Ordinance*” means the “Series 2011C Airport System Supplemental Bond Ordinance,” as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2011C Bonds.

“*Series 2011D Bonds*” means the Taxable Airport System Revenue Bonds, Series 2011D, in the original aggregate principal amount of \$\_\_\_\_\_,\* offered pursuant to this Official Statement.

“*Series 2011D Supplemental Ordinance*” means the “Series 2011D Airport System Supplemental Bond Ordinance,” as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2011D Bonds.

“*Sinking Fund Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account,” created under the Senior Bond Ordinance.

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\* Preliminary, subject to change

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Special Facilities Bonds*” means bonds or other securities to finance the cost of any Special Facilities and which are payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease of such Special Facilities.

“*Stapleton*” means the site of the former Stapleton International Airport, which is part of the Airport System.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

“*Subordinate Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

“*Subordinate Bond Ordinance*” means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

“*Subordinate Contract Obligations*” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

“*Subordinate Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

“*Subordinate Credit Facility Obligations*” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Subordinate Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

“*Subordinate Hedge Facility Obligations*” means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Supplemental Ordinance*” means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

“*Term Bonds*” means Bonds of a series with a fixed maturity date or dates which do not constitute consecutive periodic installments and which Bonds are designated as Term Bonds by the Supplemental Ordinance authorizing their issuance.

“*Treasurer*” means the City’s Manager of the Department of Finance, Chief Financial Officer, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least five business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2011D Bonds to be redeemed; except that, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year is to be used.

“*Twenty-first and Twenty-seventh Supplemental Ordinances*” means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superseded to the extent provided in the PFC Supplemental Ordinance.

“*Underwriters*” means, with respect to the Series 2011B-D Bonds, the underwriters identified on the cover of this Official Statement.

“*Variable Rate Bonds*” means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue, but which is subject to a maximum limitation.

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## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2011B-D BONDS.”

*Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

#### **Description of the Bonds**

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2011B-D Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided in the Senior Bond Ordinance, is a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest will accrue for the period after such nominal date.

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid; provided that if at the time of notice of any optional redemption of the Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account available for payment pursuant to the Senior Bond Ordinance and sufficient to redeem all of the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

#### **Additional Parity Bonds**

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

(a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, as determined by the Independent Accountant, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

## **Security**

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to

constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment. No property of the City, subject to such exception, is liable to be forfeited or taken in payment of the Bond Requirements of the Bonds.

### **The Airport System Fund**

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

### **Application of Revenues**

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System, upon their receipt from time to time by the City, are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds (in computing any required credit with respect to any Variable Rate Bonds the interest rate used is to be as provided by Supplemental Ordinance);

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption

Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36<sup>th</sup> month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

### **PFC Fund**

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2010	\$119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

Notwithstanding the provisions of the PFC Supplemental Ordinance relating to the use of Passenger Facility Charges in excess of the Committed Passenger Facility Charges, Designated Passenger Facility Charges are to be included in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and are to continue to be included in Gross Revenues of the Airport System each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to continue to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in clause (1) above are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence have been irrevocably committed to pay Debt Service Requirements on such identified Bonds and are to be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance.

### **Project Fund**

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payments will comply with the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money

then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the required Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

### **Investments**

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. Any bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain is realized by the receipt of an interest-earned notice, or otherwise. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

### **Insurance**

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed

Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

### **Records, Reports and Audits**

The City has covenanted that it will keep complete and correct books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with generally accepted accounting principles; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System and any Special Facilities as is deemed appropriate; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

## **Defeasance**

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America (“Federal Securities”) which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

As to Variable Rate Bonds, the amount required for the interest thereon will be calculated at the maximum rate which such Variable Rate Bonds may bear; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Federal Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Variable Rate Bonds, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing such Variable Rate Bonds or otherwise existing under the Senior Bond Ordinance.

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See “APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

## **Modification of the Senior Bond Ordinance**

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See "APPENDIX C – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

## **Events of Default**

The Senior Bond Ordinance provides that each of the following events is an "Event of Default": (a) the City's failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the City's failure to perform (or in good faith begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after receipt of notice by the City from the owners of 10% in principal amount of all Bonds then Outstanding of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason); (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining

to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it will not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

### **Remedies of Owners of Bonds**

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

### **Covenant Against Competing Facilities**

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

### **Corporate Existence**

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with

respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

### **Disposal of Airport Property**

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

### **Tax Covenant**

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

### **Miscellaneous**

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

### **Series 2011B-D Supplemental Ordinances**

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2011B-D Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

\* \* \*

## APPENDIX C

### PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

*The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2011B-D Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." **The Proposed Amendments are shown in blackline.***

#### DEFINITIONS—Section 102 A.

The following definitions are to be amended to read as follows:

**(8.1) "Balloon Maturities" means, with respect to any series of Bonds or other Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, that portion of that series which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Bonds or other Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument.**

**(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).**

**(47) "Minimum Bond Reserve" means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the**

**Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations.** With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ **(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~ **(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~ **(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

(50) “Net Rent Lease” means a lease **or license** of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals **or other payments** during the term thereof **for the use of certain facilities**, and to pay in addition all operation and maintenance expenses relating to ~~the leased~~ **such** facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

**(56.1) “Other Defeasance Securities” means any type of security or obligation, in addition to Federal Securities, that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category of, or are otherwise approved by, such Rating Agencies; provided that such security or obligation must be a permitted investment under the City’s investment policy as then in effect.**

(58) The term “owner” or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book-entry form; **provided that with respect to any series of Bonds which is insured by a bond insurance policy, the term “owner” for purposes of all consents, directions, and notices provided for in this Instrument and any applicable Supplemental Ordinance, shall mean the issuer of such bond insurance policy so long as such policy issuer has not defaulted under its policy.**

**(71.2) “Released Revenues” means revenues of the Airport System in respect of which the following have been filed with the Clerk:**

**(a) \_\_\_\_\_ a certificate of the Manager describing such revenues and requesting that such revenues be excluded from the term Gross Revenues;**

**(b) \_\_\_\_\_ either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an**

Airport Consultant's certificate containing the estimates required by Section 704B, to the effect that, based upon reasonable assumptions, projected Net Revenues for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager's certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 150% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge and lien of this Instrument will not, in and of itself, cause the interest on any outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues from the pledge and lien of this Instrument will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the revenues described in the Manager's certificate shall no longer be included in Gross Revenues and shall be excluded from the pledge and lien of this Instrument.

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

(77) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to art. VIII hereof. The Cost of any Special Facilities may include the types of costs included herein under the definition of "Cost," and may also include indirect costs for improvements to other parts of the Airport System or public utilities and other infrastructure not owned by the City that the Manager deems necessary and desirable in connection with such Special Facilities.

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such

Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

(f) If all or any portion of an outstanding series of Bonds constitutes Short-Term/Demand Obligations, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Bonds only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

(g) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

The following new subparagraph (i) is to be added to the definition of "Gross Revenues":

(i) Any Released Revenues in respect of which there have been filed with the Clerk a Manager's certificate, an Airport Consultant's certificate, and an opinion of Bond Counsel and the other documents contemplated in the definition of "Released Revenues."

## OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

### **Section 709. Contract Obligations.**

**The City or the City for and on behalf of the Department may incur Contract Obligations for any Improvement Project or Refunding Project. Such Contract Obligations shall be incurred pursuant to a Supplemental Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Contract Obligations; (ii) shall provide the terms and conditions of such Contract Obligations; (iii) shall provide for the payment of such Contract Obligations; and (iv) may provide for such other matters as the Manager and the City shall determine. Prior to the incurrence of any Contract Obligations there shall be filed with the Clerk the certificates, opinions and reports described in subsections B and C of Section 704 hereof; provided that for the purposes of such certificates, opinions and reports Contract Obligations shall be treated, as nearly as practicable, as Bonds.**

A new Section 806 is to be added as follows:

### **Section 806. Loan Agreements for Special Facilities Bonds.**

**In connection with Special Facilities to be used by one or more persons, in lieu of a Net Rent Lease the City may also enter into a loan or financing agreement under which the user or users of the Special Facilities agree to pay all expenses of operation and maintenance and to make payments sufficient to pay the principal of, interest on, and any redemption premium due in connection with Special Facilities Bonds to be issued by the City to finance such Special Facilities. Except for ground rentals or payments in lieu of ground rentals to be received by the City, all or part of the payments to be made under such loan or financing agreement may be assigned by the City to secure the payment of Special Facilities Bonds issued by the City to finance such Special Facilities.**

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

**Section 1106. Notice to Rating Agencies.**

**The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.**

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

F. Prejudicial Modification. ~~Modifications~~ **Other modifications** materially and prejudicially affecting the rights of the owners of ~~any~~ **some (but not all)** Bonds then Outstanding.

**OTHER CHANGES**

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

\* \* \*

## APPENDIX D

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department, the Paying Agent, the Registrar or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2011B-D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2011B-D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2011B-D Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2011B-D Bonds. The Series 2011B-D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered bond certificate will be issued for each maturity of the Series 2011B-D Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The Series 2011B-D Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2011B-D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011B-D Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011B-D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2011B-D Bonds except in the event that use of the book-entry system for the Series 2011B-D Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011B-D 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 2011B-D 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 2011B-D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011B-D 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 2011B-D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011B-D Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2011B-D Bonds may wish to ascertain that the nominee holding the Series 2011B-D 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 the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2011B-D Bonds within a maturity of the Series 2011B-D Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2011B-D 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 the Series 2011B-D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2011B-D 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to

time. Payments with respect to the Series 2011B-D Bonds to Cede & Co., or to 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 is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011B-D Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the Series 2011B-D Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2011B-D Bonds. In that event, certificates representing the Series 2011B-D Bonds will be printed and delivered to DTC.

\* \* \*

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**APPENDIX E**

**ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM  
FOR FISCAL YEARS 2010 AND 2009**

This appendix includes the following sections from the 2010 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 9 and 10); Management's Discussion and Analysis (pages 11 through 24); Financial Statements and Notes thereto (pages 25 through 66); and Supplemental Information (pages 67 through 70). The Introduction (pages 1 through 8) and Annual Financial Information (pages 71 through 78) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.

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**APPENDIX F**

**UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM  
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**

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## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “*Disclosure Undertaking*”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “*City*”), in connection with the issuance of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011B,” in the aggregate principal amount of \$ (the “*Series 2011B Bonds*”), the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011C,” in the aggregate principal amount of \$ (the “*Series 2011C Bonds*”), and the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011D,” in the aggregate principal amount of \$ (the “*Series 2011D Bonds*” and, collectively with the Series 2011B Bonds and Series 2011C Bonds, the “*Bonds*”), by the City, for and on behalf of its Department of Aviation (the “*Department*”). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented, and as further supplemented by Ordinance No. , Series of 2011 in connection with the issuance of the Series 2011B Bonds, by Ordinance No. , Series of 2011 in connection with the issuance of the Series 2011C Bonds and by Ordinance No. , Series of 2011 in connection with the issuance of the Series 2011D Bonds, each adopted by the City Council of the City on September , 2011 (collectively, the “*Ordinance*”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

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

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

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds identified to the satisfaction of the City.

“*Commission*” means the Securities and Exchange Commission.

“*Event*” or “*Events*” means any of the events listed in Sections 3(a) and 3(b) of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at <http://emma.msrb.org>. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“Obligated Person” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

“Official Statement” means the final Official Statement dated \_\_\_\_\_, 2011, together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

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

“Rule” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Treasurer” means the Manager of Finance of the City’s Department of Finance, Chief Financial Officer, *ex-officio* Treasurer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with respect to the Fiscal Year ended December 31, 2011, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross-reference to other documents which have been submitted to the MSRB or other repositories in accordance with the Rule or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines (“United”), which includes itself and its United Express commuter affiliates, is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under

federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

### **Section 3. Reporting of Events.**

(a) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) defeasances;
- (7) rating changes;
- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person.

For the purposes of the event identified in paragraph (3)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds, if material:

- (1) non-payment related defaults;
- (2) modifications to the rights of the beneficial owners of the Bonds;
- (3) bond calls;

- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (6) appointment of a successor or additional trustee or a change in the name of a trustee.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for owners of Bonds. If the Treasurer determines that such event would constitute material information for owners of Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

(c) At any time the Bonds are outstanding under the Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an “obligated person” with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney’s Opinion selected by the City, a copy of which opinion shall be given to the representative of the Participating Underwriters. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and delivery of the Bonds and the Participating Underwriters consent thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the

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

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 9. Filing.** The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

[Date and Signatures]

\* \* \*

**Schedule 1**

“*Annual Financial Information*” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings “CAPITAL PROGRAM” and “AVIATION ACTIVITY AND AIRLINES – Aviation Activity,” and data concerning outstanding debt, fund balances and results of operations of the type included under the heading “FINANCIAL INFORMATION.”

\* \* \*

APPENDIX I

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

J.P. Morgan Securities LLC  
as Representative of the Underwriters  
Denver, Colorado

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2011B – \$ \_\_\_\_\_\*  
Series 2011C – \$ \_\_\_\_\_\*  
Series 2011D – \$ \_\_\_\_\_\***

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Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the “City”), in connection with the City’s issuance, for and on behalf of its Department of Aviation (the “Department”), of \$ \_\_\_\_\_\* aggregate principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011B” (the “**Tax-Exempt Series 2011B Bonds**”), \$ \_\_\_\_\_\* aggregate principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011C” (the “**Tax-Exempt Series 2011C Bonds**” and, together with the Tax-Exempt Series 2011B Bonds, the “**Tax-Exempt Bonds**”), and \$ \_\_\_\_\_\* aggregate principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011D” (the “**Taxable Series 2011D Bonds**” and, together with the Tax-Exempt Bonds, the “**Series 2011B-D Bonds**”) pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. \_\_\_\_, Series of 2011, with respect to the Tax-Exempt Series 2011B Bonds, Ordinance No. \_\_\_\_, Series of 2011, with respect to the Tax-Exempt Series 2011C Bonds, and Ordinance No. \_\_\_\_, Series of 2011, with respect to the Taxable Series 2011D Bonds (collectively, the “**Ordinance**”). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2011B-D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2011B-D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the “**Supplemental Public Securities Act**”), the Charter of the

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\* Preliminary, subject to change

City, Ordinance No. 755, Series of 1993, designating the Department as an “enterprise” within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2011B-D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2011B-D Bonds, the forms of the Series 2011B-D Bonds, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2011B-D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2011B-D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the “**State**”), with the power to adopt the Ordinance and issue the Series 2011B-D Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2011B-D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2011B-D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Tax-Exempt Series 2011B Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Tax-Exempt Series 2011B Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). It should be noted, however, that interest on the Tax-Exempt Series 2011B Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Tax-Exempt Series 2011C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following sentence, corporations. For corporations only, interest on the Tax-Exempt Series 2011C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The foregoing opinions assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax

purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. To the extent interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Tax-Exempt Bonds, including whether interest on the Tax-Exempt Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

7. Interest on the Taxable Series 2011D Bonds is included in gross income for federal and State income tax purposes. This opinion is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the Code. The opinion set forth in this paragraph is provided to support the marketing of the Taxable Series 2011D Bonds. We express no opinion herein regarding other federal, State or local tax consequences arising with respect to the Taxable Series 2011D Bonds.

It is to be understood that the rights of the owners of the Series 2011B-D Bonds and the enforceability of the Series 2011B-D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2011B-D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2011B-D Bonds.

Respectfully submitted,

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