

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER ____, 2013

NEW ISSUE - BOOK ENTRY ONLY

Fitch: "[AAA]"
Moody's: "[Aaa]"
Standard & Poor's: "[AAA]"
See "RATINGS"

In the opinion of Greenberg Traurig, LLP and The Holt Group LLC, Co-Bond Counsel, dated as of the date of delivery of the Bonds, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance with certain covenants and the accuracy of the certifications and representations of the City, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. Co-Bond Counsel is further of the opinion that under State of Colorado statutes as presently enacted and construed, to the extent interest is excluded from gross income for federal income tax purposes, such interest is excluded from income for State of Colorado income tax purposes. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

CITY AND COUNTY OF DENVER, COLORADO

\$121,635,000*

GENERAL OBLIGATION
BETTER DENVER AND REFUNDING BONDS
SERIES 2013A

Dated: Date of Delivery

Due: August 1, as shown below

The General Obligation Better Denver and Refunding Bonds, Series 2013A (the "Bonds") are issued by the City and County of Denver, Colorado (the "City") as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as securities depository for the Bonds. Purchases by each actual purchaser of the Bonds (the "Beneficial Owners") of the Bonds are to be made in book-entry form only. Beneficial Owners are not to receive certificates evidencing their interests in the Bonds. See "THE BONDS--Book-Entry Form."

The Bonds bear interest at the rates set forth and are payable on February 1, 2014, and semiannually thereafter on February 1 and August 1, to and including the maturity dates shown below (unless the applicable Bonds are redeemed earlier). The principal of, premium, if any, and interest on the Bonds are payable by Zions First National Bank, Denver, Colorado, as paying agent, to DTC. DTC is required to remit such principal, premium and interest payments to the Beneficial Owners of the Bonds, as more fully described herein. See "THE BONDS--Book-Entry Form."

The Bonds are subject to redemption prior to their respective maturities as described herein under "THE BONDS--Redemption."

MATURITY SCHEDULE
(CUSIP® 6-digit issue number: _____)

General Obligation
Better Denver and Refunding Bonds
Series 2013A

Maturing (August 1)	Principal Amount*	Interest Rate	Yield ⁽¹⁾	CUSIP® Issue Number ⁽²⁾	Maturing (August 1)	Principal Amount*	Interest Rate	Yield ⁽¹⁾	CUSIP® Issue Number ⁽²⁾
2014	\$15,885,000	%			2023	\$0	%		
2015	15,765,000				2024	5,695,000			
2016	16,475,000				2025	5,980,000			
2017	17,365,000				2026	2,395,000			
2018	13,950,000				2027	2,515,000			
2019	4,685,000				2028	0			
2020	4,920,000				2029	2,640,000			
2021	5,165,000				2030	2,775,000			
2022	5,425,000								

(Plus accrued interest from _____, 2013)

(1) This information is not provided by the City.

(2) Neither the City nor the Underwriters takes responsibility for the accuracy of CUSIP numbers which are included solely for the convenience of the owners of the Bonds.

The Bonds are being issued for the purpose of (i) financing various civic facilities for the City, (ii) advance refunding certain of the City's outstanding general obligation bonds, and (iii) paying the costs of issuing the Bonds. See "USE OF PROCEEDS."

The Bonds are general obligations of the City secured by a pledge of the full faith and credit of the City and are payable from general ad valorem taxes required to be levied on all the taxable property within the City without limitation as to rate and in an amount sufficient to pay the principal of and interest on the Bonds when due, except to the extent other legally available funds are applied for such purpose. See "THE BONDS--Security."

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read this Official Statement in its entirety to obtain information essential to making informed investment decisions.

2013-0885-A

The Bonds are offered when, as and if issued, subject to the approval of legality and certain other legal matters by Greenberg Traurig, LLP, Denver, Colorado and The Holt Group LLC, Denver, Colorado, as Co-Bond Counsel, and certain other conditions. It is expected that the Bonds in book-entry form will be available for deposit with The Depository Trust Company and delivery in New York, New York, on or about September, ___, 2013.

The date of this Official Statement is September ___, 2013.

* Preliminary, subject to change.

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**CITY AND COUNTY OF DENVER
CITY OFFICIALS**

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City Council

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Albus Brooks
Charlie Brown
Jeanne Faatz
Christopher Herndon
Robin Kneich
Peggy Lehmann

Paul D. López
Judy H. Montero
Chris Nevitt
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Doug Linkhart
Jose Cornejo
Penny May

Manager of the Department of General Services
Manager of the Department of Aviation
City Attorney
Manager of the Department of Public Safety
Manager of Community Planning and Development
Manager of the Department of Parks and Recreation
Manager of Finance, *ex officio* Treasurer, and Chief
Financial Officer/Deputy Mayor
Manager of the Department of Environmental Health
Manager of the Department of Public Works
Manager of the Department of Human Services

Clerk and Recorder

Debra Johnson

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Denver, Colorado

The Holt Group LLC
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Greenwood Village, Colorado

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the City or the Underwriters. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or others since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized or in which any person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information contained in this Official Statement has been obtained from the City and other sources which are deemed reliable.

This Official Statement is submitted in connection with the sale of the Bonds, and may not be reproduced or used, in whole or in part, for any other purpose.

THE PRICES AT WHICH THE BONDS ARE OFFERED MAY VARY FROM THE INITIAL OFFERING PRICES APPEARING ON THE COVER PAGE. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL OFFERING PRICES TO PARTICULAR PURCHASERS, AND THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE HAS APPROVED OR DISAPPROVED THE BONDS OR THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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

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OFFICIAL STATEMENT

Relating to

\$121,635,000*

CITY AND COUNTY OF DENVER, COLORADO GENERAL OBLIGATION BETTER DENVER AND REFUNDING BONDS SERIES 2013A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information in connection with the issuance by the City and County of Denver, Colorado (the “City”), a municipal corporation and political subdivision of the State of Colorado (the “State”), organized and existing as a home rule city under the provisions of Article XX of the State Constitution and the home rule charter of the City (the “City Charter”), of its \$121,635,000* General Obligation Better Denver and Refunding Bonds, Series 2013A (the “Bonds”).

The Bonds are issued for the purpose of (i) financing various civic facilities, (ii) advance refunding, paying and discharging a portion of the City’s outstanding general obligation bonds, and (iii) paying the costs of issuance of the Bonds. See “USE OF PROCEEDS.”

The Bonds mature and are paid in the years and amounts set forth on the cover page of this Official Statement. Interest on the Bonds accrues at the rates set forth on the cover page of this Official Statement and is payable by check, draft or wire transfer to the registered owners of the Bonds. Interest is to be calculated on the basis of a 360-day year of twelve 30-day months.

This Official Statement includes financial and other information about the City and also contains descriptions of the Bonds and related documents. None of such information or descriptions purports to be complete. Except for any updated financial information provided herein, all references to financial and other information about the City are qualified in their entirety by reference to “APPENDIX A — Basic Financial Statements of the City, for the Fiscal Year Ended December 31, 2012.” All references to the Bonds and related documents are qualified in their entirety by reference to the approved form of the Bonds and such related documents.

This Official Statement contains economic and demographic information as of May 2013 about the City and its metropolitan area prepared by Development Research Partners for use by the City. See “APPENDIX B - An Economic and Demographic Overview of the Denver Metropolitan Region.”

* Preliminary, subject to change.

The City has delivered to the Underwriters an undertaking to provide continuing disclosure (the “Continuing Disclosure Undertaking”) relating to certain information contained in this Official Statement. See “CONTINUING DISCLOSURE” and “APPENDIX C - Form of Continuing Disclosure Undertaking.”

THE BONDS

Authority

The Bonds are issued pursuant to the City Charter, the Denver Revised Municipal Code, an election duly called and held in the City on November 6, 2007 (the “Better Denver Election”), the Supplemental Public Securities Act (part 2 of article 57 of title 11, Colorado Revised Statutes, as amended), the Public Securities Refunding Act (part 1 of article 56 of title 11, Colorado Revised Statutes, as amended), and an ordinance (the “Bond Ordinance”), duly adopted by the City Council, which permits the bonds authorized therein to be issued in one or more subseries as determine in accordance with the Bond Ordinance. The Bonds are one such subseries. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Bond Ordinance.

Description

The Bonds. The Bonds bear interest from their date of initial delivery to maturity or prior redemption at the rates set forth on the cover page of this Official Statement. The Bonds shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof.

Security

The Bonds are general obligations of the City and are payable from general ad valorem taxes required to be levied on all the taxable property within the City without limitation as to rate and in an amount sufficient to pay the principal of, interest on and premium, if any, on the Bonds, except to the extent that other legally available funds are applied for such purpose. In the Bond Ordinance, the City irrevocably covenants to budget and appropriate sufficient funds to pay the principal of, interest on and premium, if any, on the Bonds when due and to levy and collect ad valorem taxes for this purpose. However, the security for the Bonds is not limited to ad valorem tax collections. The City pledges its full faith and credit for the payment of the Bonds. See generally “FINANCIAL INFORMATION CONCERNING THE CITY--Property Taxation.”

The City Charter establishes a bonded indebtedness sinking fund and a bonded indebtedness interest fund (together, the “Bond Fund”) for the purpose of paying the principal of and interest on the City’s general obligation bonds. Separate tax levies are made for each distinct segregated fund, and tax receipts are apportioned to each such fund as received. These tax levies are specifically dedicated and are therefore only available for the purpose of paying the principal of and interest on the City’s general obligation bonds. See “FINANCIAL INFORMATION CONCERNING THE CITY -- The Bond Fund” and Table 10 — “CITY AND COUNTY OF DENVER - CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS.”

Payment of Principal and Interest; Record Date

The principal of, interest on and any premium due in connection with the redemption of the Bonds shall be payable in lawful money of the United States of America to the registered owners of the Bonds by Zions First National Bank, Denver, Colorado, or its successor, as paying agent (the "Paying Agent"). Interest on the Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on February 1 and August 1, commencing February 1, 2014. The principal and the final installment of interest shall be payable to the owner of each Bond upon presentation and surrender thereof at maturity or upon prior redemption by check or draft sent to the owner at the address appearing on the registration books of the City maintained by Zions First National Bank, Denver, Colorado, or its successor, as registrar (the "Registrar") or by wire transfer to such bank or other depository as the owner shall designate in writing to the Paying Agent. Except as hereinbefore and hereinafter provided, the interest shall be payable to the owner of each Bond determined as of the close of business on the fifteenth day (whether or not a business day) of the calendar month immediately preceding such interest payment date (the "Record Date") irrespective of any transfer of ownership of the Bond subsequent to the Record Date and prior to such interest payment date by check or draft or wire transfer directed to such owner as aforesaid. Any principal or interest not paid when due and any interest accruing after maturity shall be payable to the owner of each Bond entitled to receive such principal or interest determined as of the close of business on a Special Record Date, irrespective of any transfer of ownership of the Bond subsequent to the Special Record Date and prior to the date fixed by the Paying Agent for the payment of such principal or interest, by check or draft or wire transfer directed to such owner as aforesaid. Notice of the Special Record Date and of the date fixed for the payment of such interest shall be given by sending a copy thereof by first-class postage prepaid mail at least fifteen (15) days prior to the Special Record Date to the owner of each Bond upon which principal or interest will be paid determined as of the close of business on the day preceding such mailing at the address appearing on the registration books of the City. Any premium shall be payable to the owner of each Bond being redeemed upon presentation and surrender thereof upon prior redemption by check or draft or wire transfer directed to such owner as aforesaid. So long as the owner of any Bond is the Securities Depository or a nominee therefor, the Securities Depository shall disburse any payments received, through Participants or otherwise, to the Beneficial Owners.

Neither the City nor the Paying Agent has any obligation for the payment to the participants of the Securities Depository ("Participants"), any Beneficial Owner or any other person (except a registered owner of Bonds) of the principal of, interest on and any premium due in connection with the Bonds.

Neither the City nor the Registrar has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its Participants regarding any ownership interest in the Bonds or the delivery to any Participant, Beneficial Owner or any other person (except a registered owner of Bonds) of any notice with respect to the Bonds.

Redemption

The Bonds maturing on or prior to _____ are not subject to optional redemption prior to their respective maturity dates. The Bonds maturing after

_____, are subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the Bonds of a maturity are to be redeemed, by lot within a maturity, on _____, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

Unless waived by the owners of any Bonds to be redeemed, notice of redemption is to be given by the Paying Agent in the name of the City by sending a copy thereof by first-class postage prepaid mail, or by using such other method required by the Securities Depository, not less than thirty (30) days or more than sixty (60) days prior to the redemption date to the owner of each of the Bonds being redeemed determined as of the close of business on the day preceding the first mailing of such notice at the address appearing on the registration books of the City. Failure to mail any notice as aforesaid or any defect in any notice so sent with respect to any Bond shall not affect the validity of the redemption proceedings with respect to any other Bond. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds called for redemption.

Debt Service Requirements

Table 1 sets forth the debt service requirements to maturity of the Bonds and the debt service requirements of the City's other general obligation bonds outstanding as of the date of issuance of the Bonds, and assuming the refunding of the Refunded Bonds.

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Table 1

GENERAL OBLIGATION BONDS DEBT SERVICE

<u>Year</u>	<u>Series 2013A Bonds</u>		<u>Total</u>	<u>Other Outstanding General Obligation Bonds⁽²⁾</u>		<u>Combined Total</u>
	<u>Principal⁽¹⁾</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	
2014	\$15,885,000			\$31,058,500	\$41,399,059	
2015	15,765,000			35,365,000	36,996,159	
2016	16,475,000			36,945,000	35,514,584	
2017	17,365,000			38,705,000	33,636,209	
2018	13,950,000			45,470,000	31,754,556	
2019	4,685,000			40,940,000	29,557,076	
2020	4,920,000			42,820,000	27,586,400	
2021	5,165,000			44,860,000	25,457,713	
2022	5,425,000			38,085,500	32,216,141	
2023	\$0			48,360,000	22,015,474	
2024	5,695,000			50,645,000	19,732,745	
2025	5,980,000			53,050,000	17,335,249	
2026	2,395,000			48,830,000	14,796,503	
2027	2,515,000			50,540,000	12,037,608	
2028	0			52,315,000	9,182,098	
2029	2,640,000			54,150,000	6,226,300	
2030	2,775,000			56,050,000	3,166,825	
Total	\$121,635,000			\$768,189,000	\$398,610,696	

* Preliminary, subject to change.

(1) Assumes that no optional redemptions are made prior to maturity.

(2) Excludes the Refunded Bonds and bonds issued by the Denver Water Board. Includes the Series 1999A, 2005, 2006, 2007, 2008, 2009AB, 2010AB, 2010D, and 2011A Bonds. Interest on the 2010B Build America Bonds is included as the gross amount without regard to the BAB Credit. See "DEBT STRUCTURE OF THE CITY-- General Obligation Bonds."

Source: The Financial Advisor.

Transfer and Exchange

The Bonds are transferable only upon the registration books of the City by Zions First National Bank, Denver, Colorado, or its successor, as transfer agent (the "Transfer Agent"), at the request of the registered owner or his, her or its duly authorized attorney-in-fact or legal representative. The Transfer Agent is not required to transfer ownership of any Bond during the 15 days prior to the first mailing of any notice of redemption or to transfer ownership of any Bond selected for redemption on or after the date of such mailing. The registered owner of any Bonds may also exchange such Bonds for another Bond or Bonds of authorized denominations. Transfers and exchanges are to be made without charge, except that the Transfer Agent may require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Bonds. No transfer of any Bond shall be effective until entered on the registration books of the City. In the case of every transfer or exchange, the Registrar is to authenticate and the Transfer Agent is to deliver to the

new registered owner a new Bond or Bonds of the same aggregate principal amount, maturing in the same year and bearing interest at the same per annum rate as the Bonds surrendered. Transfers by Beneficial Owners are to be made as described under “THE BONDS — Book-Entry Form.”

Neither the City nor the Transfer Agent has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its Participants regarding any ownership interest in the Bonds or transfers thereof.

Book-Entry Form

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness of such information. Prospective investors in the Bonds, the Beneficial Owners and any other interested person should confirm with DTC or the Direct Participants, as the case may be, all standards and procedures applicable to the book-entry only system.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC.

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, 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, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’

records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants (collectively, the "Participants") through which the Beneficial Owners entered into the transactions. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the underlying documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant to be redeemed.

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

Principal, interest and redemption payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payment 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 (or its nominee), the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 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, Bond certificates are required to be printed and delivered.

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

USE OF PROCEEDS

Generally

Table 2 shows the estimated sources and uses of funds in connection with the issuance of the Bonds:

Table 2
SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of Bonds
Premium
Total

\$121,635,000*

Uses of Funds

Deposit to Bond Proceeds Fund
Deposit to Refunding Escrow Fund
Costs of Issuance⁽¹⁾
Additional Proceeds
Total

* Preliminary, subject to change

(1) Includes Underwriter's compensation.

Source: Financial Advisor.

Better Denver Projects

In 2004, Denver's then-current mayor appointed a 115-member Infrastructure Task Force to examine and prioritize the City's capital facility and infrastructure needs. In a process that lasted more than a year and included input from more than 1,500 residents, the task force developed eight separate ballot questions (the "Better Denver Ballot Questions") authorizing debt in the aggregate principal amount of \$549,730,000 that were approved by the City's electors at the Better Denver Election. See "DEBT STRUCTURE OF THE CITY--General Obligation Bonds" for discussion of bonds previously issued pursuant to the Better Denver Election. A separate ballot question in 2007 authorizing a 2.5 mill levy on all taxable property in the City was also approved at the Better Denver Election in order to fund the restoration, rehabilitation, refurbishment and replacement of the City's capital infrastructure. The Better Denver Ballot Questions authorized funding for approximately 215 capital projects (collectively, the "Better Denver Projects") throughout the City within the following categories:

Health and Human Services. Bonds issued under this Better Denver Ballot Question will fund projects including expansion of hospital facilities, repair of heating, plumbing and electrical systems in low-income child care facilities and the replacement of a 25-year-old animal shelter. Prior to the issuance of the Bonds, the entire \$48,583,000 of electoral

authorization for such purposes has been issued and no such electoral authorization under the related Ballot Question remains.

Libraries. All 23 of the City's library facilities (except for the main branch) are to be improved under this Better Denver Ballot Question. Improvements include repair of roofs, heating, ventilation and cooling systems, boilers, electrical systems, fire alarms, and network infrastructure at many locations. Some funds are also to be used to bring libraries into compliance with the American with Disabilities Act. Additionally, the City anticipates funding the construction of three new branch libraries for under-served or high-growth communities. Prior to the issuance of the Bonds, \$51,883,000 of electoral authorization for such has been issued and no such electoral authorization under the related Ballot Question remains.

Streets, Transportation and Public Works. The City believes that projects financed under this Better Denver Ballot Question will help increase traffic capacity in targeted areas and help make Denver more pedestrian-friendly and sustainable. Specific projects include construction and reconstruction of roadways and streetscapes, widening of sidewalks, improvement of pedestrian walkways, provision of access to transit lines and facilitation of transit oriented development. Prior to the issuance of the Bonds, \$149,786,000 of electoral authorization for such purposes has been issued and no such electoral authorization under the related Ballot Question remains.

Parks and Recreation. Construction of new recreation centers, refurbishment of existing park features, replacement of outdated irrigation systems and attending to overdue park maintenance projects are some of the projects to be funded pursuant to this Better Denver Ballot Question. Upon the issuance of the Bonds, a portion of electoral authorization for such purposes is expected to have been issued and a minor portion of electoral authorization under the related Ballot Question is expected to remain. See "RELATED FINANCINGS."

Deferred Maintenance for Public Office Buildings. Denver's City and County Building, also known as City Hall, opened in 1932 and currently houses offices of the Mayor, meeting chambers of the City Council and courtrooms for County and District Court. Exterior maintenance of this historic structure are to include repair of the front steps, replacement of concrete, tuck-pointing, and cleaning masonry while interior upgrades are expected to include replacement of windows and blinds for energy conservation and functionality, remodeling of restrooms, addition of exit lights, modification of existing bronze doors, repair of heating, ventilation and cooling systems and installation of a sprinkler system in the basement. Projects will also be funded at the Denver Permit Center and are expected to include repair of the heating, ventilation and cooling system, upgrade of building electrical systems, and repair or exterior concrete and sidewalks. Prior to the issuance of the Bonds, \$10,350,000 of electoral authorization for such purposes has been issued and no such electoral authorization under the related Ballot Question remains.

New Construction and Deferred Maintenance for Cultural Facilities. The City has a number of prized cultural facilities. Two Better Denver Ballot Questions authorized overdue maintenance and repairs as well as new construction for various of these facilities. Upon the issuance of the Bonds, portion of electoral authorization for such purposes is expected

to have been issued and a minor portion of electoral authorization under the related Ballot Question is expected to remain. See “RELATED FINANCINGS.”

Public Safety. This Better Denver Ballot Question authorized funding for a new crime lab and firing range for the City’s police department and construction or renovation of new fire stations for the fire department. Prior to the issuance of the Bonds, \$65,195,000 of electoral authorization for such purposes has been issued and no such electoral authorization under the related Ballot Question remains.

The financing of new money projects are authorized by the Better Denver Ballot Questions. Upon the issuance of the Bonds, \$537,730,000 of electoral authorization under the Denver Ballot Questions is expected to be issued and a minor portion of such authorization will remain. See “RELATED FINANCINGS” and “DEBT STRUCTURE OF THE CITY--General Obligation Bonds.”

The Refunding Project

The Bonds are also being issued for the purpose of refunding, paying and discharging all or a portion of the City’s outstanding general obligation bonds that include: the General Obligation Art Museum Bonds, Series 2002 (the “Series 2002 Bonds”); the General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A (the “Series 2003A Bonds”); the General Obligation Medical Facilities Bonds, Series 2003B (the “Series 2003B Bonds”, and collectively with the Series 2002 Bonds and the Series 2003A Bonds, the “Refunded Bonds”) as described below (the “Refunding Project”). Table 3 sets forth the outstanding scheduled principal maturities of the Refunded Bonds.

Table 3

REFUNDED BONDS⁽¹⁾

(\$ in thousands)

	Series 2002	Series 2003A	Series 2003B
2014	\$4,080	\$730	\$10,685
2015	4,285	760	11,120
2016	4,510	790	11,590
2017	4,760	825	12,085
2018		865	12,620
TOTAL	17,635	3,970	58,100

The Series 2002 Bonds are a portion of the general obligation bonds that were authorized and issued by the City based on the results of a special municipal election held in the City on November 2, 1999 (the “1999 Election”). The registered voters within the City approved \$62,500,000 of general obligation bonds for the purposes of expanding and improving the

⁽¹⁾ Preliminary, subject to change.

Denver Art Museum and \$62,500,000 of general obligation bonds for the purposes of expanding and improving the Denver Zoological Gardens.

The Series 2003A Bonds are a portion of the general obligation bonds that were authorized and issued by the City based on the results of a special municipal election held in the City on November 5, 2002 and based on the results of the 1999 Election. The registered voters within the City approved \$25,000,000 for the purposes of financing and/or refinancing the cost of a renovation of the Denver Auditorium Theatre. In addition, the Series 2003A Bonds were used for the purposes of expanding and improving the Denver Zoological Gardens.

The Series 2003B Bonds are a portion of the general obligation bonds that were authorized and issued by the City based on the results of a general municipal election held in the City on May 6, 2003. The registered voters within the City approved \$149,000,000 for the purposes of financing and/or refinancing the cost of healthcare facilities for Denver Health Medical Center.

The Refunding Escrow

The Bond Ordinance establishes the “City and County of Denver, Colorado, General Obligation Better Denver and Refunding Bonds, Series 2013, Escrow Fund” and consisting of the separate accounts known as the: “Series 2002 Bonds Escrow Account”; “Series 2003A Bonds Escrow Account”; “Series 2003B Bonds Escrow Account”; “Series 2005 Bonds Escrow Account”; and “Series 2006 Bonds Escrow Account”. See “RELATED FINANCINGS.” A portion of the proceeds of the Bonds are to be deposited by the City in the Escrow Fund to be maintained at Zions First National Bank, Denver, Colorado, or its successor, as escrow agent (the “Escrow Bank”), pursuant to a refunding Escrow Agreement, dated as of October 2, 2013 (the “Escrow Agreement”).

The Escrow Agreement requires that monies in the Escrow Fund be invested in direct obligations of, or obligations unconditionally guaranteed by, the United States of America (“Federal Securities”) maturing and bearing interest at such times and in such amounts that the principal of and interest thereon, as the same become due, are sufficient to pay the principal of, interest on and any premium due in connection with the redemption of the Refunded Bonds as they become due. Amounts on deposit in the Escrow Fund are not available to pay the principal of or interest on the Bonds, and the Registered Owners of the Refunded Bonds have no claim to the assets of the Escrow Fund. The Escrow Agreement provides that the Refunded Bonds are to be called for redemption as follows:

<u>Refunded Series</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2002		
2003A		
2003B		

The accuracy of the mathematical computations of the adequacy of cash and Federal Securities to be held in the Escrow Account, together with the interest to be earned thereon, to pay the principal of and interest on the Refunded Bonds according to the schedule set forth in the Escrow Agreement is to be verified in a report prepared by Causey Demgen & Moore P.C., a firm of certified public accountants, licensed to practice in the State of Colorado.

RELATED FINANCINGS

Pursuant to the authorization set forth in the Bond Ordinance, the City intends to issue two additional subseries of bonds concurrently with the issuance of the Bonds for the purpose of (i) advance refunding, paying and discharging a portion of the City's outstanding general obligations bonds, and (ii) paying the costs of issuance of such bonds. Specifically, the City intends to sell to a national bank (the "Bank") its City and County of Denver, Colorado General Obligation Refunding Bonds Series 2013B1 in the estimated principal amount of \$43,955,000, which will be used to advance refund, pay and discharge all or a portion of those certain General Obligation Justice System Facilities and Zoo Bonds, Series 2005 (the "Series 2005 Bonds"). In addition, the City intends to sell to the Bank its City and County of Denver, Colorado General Obligation Refunding Bonds Series 2013B2 in the estimated principal amount of \$78,655,000, which will be used to advance refund, pay and discharge all or a portion of those certain General Obligation Justice System Facilities Bonds, Series 2006 (the "Series 2006 Bonds").

Finally, pursuant to the authorization granted under the 2007 Election, the City is considering the issuance of an additional series of bonds for the purpose of (i) financing various civic facilities, and (ii) paying the costs of issuance of such bonds. As currently planned, these "mini-bonds" will be sold directly to Colorado residents and will utilize some or all of the remaining electoral authorization under the Better Denver Ballot Questions. See "USE OF PROCEEDS – Better Denver Projects". If any electoral authorization remains under the Better Denver Ballot Questions following the mini-bond offering, the City may issue privately place an additional series of bonds to utilize all remaining electoral authorization.

CITY GOVERNMENT ORGANIZATION

General Information

The City is located on the front range of the Rocky Mountains in the north-central part of the State of Colorado. The City is the capital of the State and is the service, retail, financial, transportation and distribution center of the Rocky Mountain region. As of December 31, 2012, the population of the City and County of Denver was approximately 634,265, and over 2.8 million people, representing more than half of the population of the State, resided in the Denver metropolitan area.

Organization

The City was originally incorporated by a special act passed at the first session of the Legislative Assembly of the Territory of Colorado, adopted and approved on November 7, 1861. The State Constitution was adopted by the people of the State on March 14, 1876, and the

Territory was admitted into the Union as a state by proclamation of President Grant on August 1, 1876. Article XX was added to the State Constitution at the State's general election in November 1902. The City was reorganized thereunder as the consolidated municipal government known as the City and County of Denver and exists as a "home-rule" city under the City Charter adopted by the qualified electors of the City on March 29, 1904, as amended from time to time. The City is a single governmental entity performing both municipal and county functions.

Government

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

The elected officials of the City, all of whose current terms expire in July, 2015, are as follows:

Michael B. Hancock	Mayor
Dennis J. Gallagher	Auditor
Albus Brooks	Councilmember — District 8
Charlie Brown	Councilmember — District 6
Jeanne Faatz	Councilmember — District 2
Christopher Herndon	Councilmember — District 11
Robin Kneich	Councilmember — At-Large
Peggy Lehmann	Councilmember — District 4
Paul D. López	Councilmember — District 3
Judy H. Montero	Councilmember — District 9
Chris Nevitt	Councilmember — District 7
Deborah Ortega	Councilmember — At-Large
Jeanne Robb	Councilmember — District 10
Susan K. Shepherd	Councilmember — District 1
Mary Beth Susman	Councilmember and President — District 7

Debra Johnson

Clerk and Recorder

The City Auditor is responsible for internal audits of the City and, with the Audit Committee, oversees the audit of the City's comprehensive annual financial report. The Auditor is elected every four years and is limited to three terms. The current City Auditor is Dennis J. Gallagher who was elected to another four-year term at the May 3, 2011 election.

The Clerk and Recorder is responsible for performing all the duties of the City Clerk as provided for in the City Charter and City ordinances, as well as the duties of the Public Trustee and the County Clerk and Recorder provided by the State Constitution and statutes, with the exception of those relating to the registration of motor vehicles. The Clerk and Recorder also has oversight of the Election Division. The Clerk and Recorder is elected every four years and is limited to three terms. The current Clerk and Recorder is Debra Johnson who was elected to a four-year term at the June 7, 2011 election.

As of July 12, 2013, the appointed members of the Mayor's cabinet were the following individuals:

Adrienne Benavidez	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
Douglas J. Friednash, Esq.	City Attorney
Alex J. Martinez	Manager of the Department of Public Safety
Rocky Piro	Manager of Community Planning and Development
Lauri Dannemiller	Manager of the Department of Parks and Recreation
Cary Kennedy	Manager of Finance, <i>ex officio</i> Treasurer, and Chief Financial Officer/Deputy Mayor
Doug Linkhart	Manager of the Department of Environmental Health
Jose Cornejo	Manager of the Department of Public Works
Penny May	Manager of the Department of Human Services

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

The City Charter provides that a vacancy in the office of Mayor is to be filled by a special election except that, if the vacancy occurs within the final six months of a term of office, the acting Mayor, determined as described below, is to discharge the duties of the Mayor for the unexpired portion of the term. Prior to the special election or for the remainder of the unexpired

portion of the term, in the event a vacancy occurs in the office of the Mayor, the City Charter provides for succession to such office by the Deputy Mayor, who is to resign and become acting Mayor. If the Deputy Mayor refuses or is unable to serve as acting Mayor, the President of the City Council is to resign as President and become acting Mayor. If the President of the Council refuses or is unable to serve as acting Mayor, the City Council is to elect one of their number as acting Mayor.

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

FINANCIAL INFORMATION CONCERNING THE CITY

Budget Policy

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

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

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

Bond Fund

The City Charter establishes a bonded indebtedness sinking fund and a bonded indebtedness interest fund within the Bond Fund for the purpose of paying the principal of and interest on the City's general obligation bonds. Separate tax levies are made for each distinct segregated fund, and tax receipts are apportioned to each such fund as received. These tax levies

are specifically dedicated and are therefore only available for the purpose of paying the principal of and interest on the City's general obligation bonds. See "THE BONDS--Security" and Table 10 — "CITY AND COUNTY OF DENVER - CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS."

The City previously issued its Taxable General Obligation Better Denver Bonds (Direct Pay Build America Bonds), Series 2010B (the "2010B Bonds") as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 and, at the time they were issued, expected to receive a cash subsidy payment from the United States Department of Treasury equal to 35% of the interest payable on the 2010B Bonds on or about each interest payment date (the "BAB Credit"). Any BAB Credit received by the City with respect to the 2010B Bonds is to be used to pay interest on the City's General Obligation Bonds, but the mill levy securing the Bonds shall be reduced only to the extent the BAB Credits have already been received by the City. The Budget Control Act of 2011 (the "2011 Budget Act") required the Joint Select Committee on Deficit Reduction and Congress to propose and enact legislation before January 2, 2013 that would reduce the federal deficit by \$1.2 trillion. On January 2, 2013, the President signed into law the "American Taxpayer Relief Act of 2012" (the "2012 Act"), which, among other things, revised income tax rates on ordinary and capital gain income, modified estate tax rates, permanently extended a number of tax provisions that had already expired at the end of 2011 and 2012, and extended unemployment benefits, Medicare payments and farm subsidies. However, the 2012 Act did not include the deficit reducing legislation that is required by the 2011 Budget Act. Instead, the 2012 Act extended the deadline for Congress to enact deficit reducing legislation until March 1, 2013. Congress failed to enact specific deficit reduction measures by March 1, 2013 and automatic comprehensive budget sequestration and cuts to defense and nondefense spending went into effect. At this time, the full impact of sequestration is unclear. In 2013, the City received the full BAB Credit with respect to the payment on February 1, 2013 for the 2010B Bonds. However, the BAB Credit for the August 1, 2013 payment was reduced by 8.7% and the BAB Credit may be reduced in future years as a result of the federal sequestration. The City does not anticipate that any reduction in the BAB Credit will affect its ability to pay debt service on the Bonds.

General Fund

The General Fund is the principal operating fund of the City. Information contained in this section has been derived from the annual financial reports of the City, the General Fund budget for the years 2012 and 2013 and information prepared by the Department of Finance.

Major Revenue Sources. The major revenue sources for the City's General Fund are sales and use taxes and the City's property tax. Other revenue sources include intergovernmental revenues, charges for services, franchise fees and other taxes.

As of January 1, 2013, the general sales tax was a fixed-rate (3.62%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. In November 2006, the voters of the City approved an increase of the City's sales tax of 0.12% to fund increased access to and quality of preschool programs for City residents. The revenue from this increase is only available for such purpose and cannot be used for General Fund revenue.

Collection of the 0.12% sales tax increase commenced January 1, 2007 and is set to expire in December, 2016. Additionally, there are separate sales tax surcharges for short-term car rental, prepared food and beverages and aviation fuels. A portion of these charges is used for debt service payments. The general use tax is a fixed-rate (3.62%) tax imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis.

Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of exempt property include property used for religious or charitable purposes and property owned by governmental entities. The General Fund net property tax mill levy was as follows for the related tax collection years: 6.389 mills for 2009; 5.867 mills for 2010; 6.174 mills for 2011; 7.174 mills for 2012; and 10.61 mills for taxes being collected in 2013. In collection years 2009, 2010, 2011, 2012, and 2013, the City applied additional mills of 2.350, 2.170, 2.281, 2.631, and 2.752, respectively, to the City's Capital Improvement Project Fund (the "CIP Fund") instead of its General Fund. The City has in turn redirected the occupational privilege tax (the "OPT") previously credited to the CIP Fund to the General Fund. These actions were designed to create greater stability in General Fund Revenues due to the historically more predictable OPT revenues. On November 6, 2012 Denver voters passed ballot Initiative 2A that permanently removed TABOR restrictions regarding the collection and retention of all Denver property taxes. See "LEGAL MATTERS-- Constitutional Revenue, Spending and Debt Limits."

The Occupational Privilege Tax ("OPT") is levied on each employee, with certain exemptions, earning \$500 or more per month who performs services within the City for an employer for any period of time. Proceeds are used to partially compensate for the City's services as an employment center. OPT revenues accounted for approximately 5.0% of total annual General Fund revenues from 2008 through 2012.

Other amounts collected by the City and accounted for in the General Fund include the lodgers' tax, the automobile ownership tax, franchise fees and the telecommunications business tax. The lodgers' tax is levied on the purchase price of hotel, motel and similar temporary accommodations in the City. The automobile ownership tax is levied on all motor vehicles registered with the City's Division of Motor Vehicles and is based on the age and value of the vehicle. Franchise fees include the utility franchise fee imposed upon Xcel Energy for its franchise to serve customers in the City and the franchise fee imposed on Comcast for operation of its cable television franchise within the City. The telecommunications business tax is imposed on providers of local exchange telecommunication service based upon the number of customer accounts.

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

Intergovernmental revenues received by the City include State grants and other revenues. Various highway taxes and fees collected by the State are shared with local

governments including the City. The State-imposed cigarette tax is also shared with the City and included in intergovernmental revenues.

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

Major Expenditure Categories. The General Fund accounts for all expenditures normally associated with basic municipal functions. Expenditures under the General Fund include General Government, Public Safety, Public Works, Health, Parks and Recreation, and Cultural Activities. The largest portion of the 2012 expenditure Budget (49.8%) was allocated to Public Safety, which is primarily responsible for administering the police, fire and sheriff's departments' services. For the 2013 enacted Budget, Public Safety represents 51.4% of the General Fund.

Management Discussion of Recent Financial Results

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

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

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

2010. Sales and use tax collections ended the year 5.7% ahead of 2009. Additionally, the City contributed a one-time use of excess fire pension mill levy funds in an amount of \$18 million to the General Fund. The fire pension mill levy funds are typically used to pay for the City's contribution towards the Old and New Hire Fire Pension Plans and the

unfunded liability that exists for the Old Hire Pension Plan. There was no required contribution towards the unfunded liability on the Old Hire Fire Pension Plan in 2010, allowing these funds to be spent on General Fund fire operating costs. See "FINANCIAL INFORMATION CONCERNING THE CITY — Retirement Plans." With this contribution, total General Fund revenues increased by 6.9% over 2009. With respect to expenditures, City departments saved over \$30 million from the original 2010 budget. This was done through both permanent savings such as reducing positions and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, decreased 2.3% from 2009.

2011. 2011 General Fund revenue collections of the sales and use tax was 7.7% higher than 2010 due primarily to tax audit revenues being collected in 2011 rather than 2012 because of a one-time sales tax amnesty program . This early collection accounts for \$18.6 million or 3.1% of the 4.6% General Fund revenue growth rate. With respect to expenditures, City departments saved over \$14 million from the original 2011 budget. This was done through both permanent savings such as reducing positions and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, grew 2.9% from 2010.

2012. 2012 General Fund core revenue collections, which do not include audit revenues, of sales and use tax were 7.4% higher than 2011 due primarily to strong economic performance in retail sales. Total sales and use tax revenue collections for the general fund were 2.3% higher than 2011. With respect to expenditures, City departments saved \$8 million from the original 2012 budget. This in-year savings was achieved by holding positions vacant and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, grew 6.3% from 2011.

Management Discussion of 2013 Budget

The 2013 Budget adopted in November 2012, projected revenue growth of 3.5% over the 2012 revised budget. As part of that revenue growth, sales and use tax revenues (non-audit collections) were projected to grow by 4.0%. After the passage of ballot measure 2A that removed TABOR limitations from the City's General Fund, the revenue forecast was revised up in December 2012 to 6.9% to reflect the \$32.9 million increase in property tax generated by the measure. General Fund expenditures were projected to grow by 3.9% over 2012 revised budget, due to growth in expenditures, the operation and maintenance of new facilities constructed with bond dollars, including a new branch library. The 2013 Budget also included pay raises as outlined in current collective bargaining agreements as well as merit increases for Career Service employees. 2013 General Fund expenditures were reduced as a result of the uniform civilianization, health insurance and pension savings, workers compensation savings, fleet and utility savings. After the passage of Initiative 2A, the expenditure forecast was increased by \$26.4 million or 2.7% to reflect the restoration of library hours, hiring 100 police and firefighters, providing Denver children free access to recreation centers, paving 300 lane miles of residential streets, amongst other service increases.

Revised projections for 2013 anticipate an increase of 6.2% in total sales and use tax collections. Total 2013 General Fund revised revenue is forecast increase of 7.4% over 2012 collections due primarily to the passage of ballot measure 2A. The ballot measure represents 3.5% of the 7.4% total revenue growth increase. For 2014, there is no projected budget deficit and is the first year in five years to not experience a deficit.

General Fund Financials

The following pages include Table 4, General Fund Balance Sheet; Table 5, Statement of Revenues, Expenditures and Changes in Fund Balance for 2008 through 2012; Table 6, General Fund Budget Summary in dollars; and Table 7, General Fund Budget Summary by percentage.

Table 4

**CITY AND COUNTY OF DENVER
GENERAL FUND BALANCE SHEET
For the years ending December 31, 2008-2012
(\$ in thousands)**

ASSETS	<u>2008</u>	<u>2009</u>	<u>2010¹</u>	<u>2011¹</u>	<u>2012¹</u>
Cash and cash equivalents	\$94,089	\$28,021	\$116,023	\$120,191	\$146,392
Cash on hand	30	34	32	101	70
Receivables (net of allowances for uncollectibles):					
Taxes	117,668	116,253	123,142	134,806	163,031
Notes	25	23	1,652	641	480
Accounts	13,737	19,760	18,931	20,187	21,140
Accrued interest	781	542	646	1,135	1,030
Due from other funds	31,596	44,001	2	150	
Interfund receivable	215	224	24,122	15,537	9,204
Prepaid items and other assets	861	-	1,064	330	159
Restricted assets:					
Cash and cash equivalents	21,001	20,207	19,952	42,528	45,283
Assets held for disposition	-	-	-	11,436	11,436
TOTAL ASSETS	<u>\$280,003</u>	<u>\$229,065</u>	<u>\$259,738</u>	<u>\$347,042</u>	<u>\$398,225</u>
LIABILITIES					
Vouchers payable	\$10,672	\$10,639	\$13,097	\$16,362	\$16,719
Accrued liabilities	19,160	21,781	25,683	26,622	30,200
Due to other funds	3,450	3,873	31	65	111
Interfund Payable	-	-	2,940	1,964	3,199
Deferred revenue	75,252	79,552	82,757	87,701	121,104
Compensated Absences	-	-	-	-	26
Advances	-	-	151	18	18
TOTAL LIABILITIES	<u>\$108,554</u>	<u>\$115,845</u>	<u>\$124,659</u>	<u>\$132,732</u>	<u>\$171,377</u>
FUND BALANCE					
Reserved for prepaid items and other assets	21,001	20,230	-	-	-
Undesignated	150,448	92,990	-	-	-
TOTAL FUND BALANCE	<u>171,449</u>	<u>113,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 280,003</u>	<u>\$ 229,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable	-	-	1,064	330	159
Restricted	-	-	52,652	54,049	56,566
Committed	-	-	-	12,039	15,084
Unassigned	-	-	127,191	147,892	155,039
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>180,907</u>	<u>214,310</u>	<u>226,848</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>-</u>	<u>-</u>	<u>\$ 305,566</u>	<u>\$ 347,042</u>	<u>\$ 398,225</u>

1 For the 2011 and 2012 Comprehensive Annual Report, the City implemented the provision of GASB 54, which clarifies existing fund type definitions. The effect of the implementation resulted in a restatement of fund balance in the 2011 and 2012 results column that was previously reported in the Human Services Fund and Other Governmental Funds. The 2010 results were restated to reflect the implementation of GASB 54 in 2011.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2008 - 2012)

Table 5

**CITY AND COUNTY OF DENVER GENERAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2008-2012
(\$ in thousands)**

REVENUES	<u>2008</u>	<u>2009</u>	<u>2010</u> ¹	<u>2011</u> ¹	<u>2012</u> ¹
Taxes:					
Property	\$62,703	\$64,396	\$83,763	\$73,331	\$79,199
Sales and Use	430,928	387,838	409,816	441,187	451,352
Other	80,284	72,123	74,757	74,757	81,579
Licenses and Permits	27,763	23,229	28,571	29,714	33,906
Intergovernmental Revenues	32,107	31,955	28,377	26,274	25,913
Charges for Services	137,160	138,563	146,654	153,861	162,086
Investment Income	11,692	4,512	7,885	8,096	4,606
Fines and Forfeitures	38,416	41,389	44,322	55,090	53,227
Other Revenues	<u>8,663</u>	<u>11,863</u>	<u>13,632</u>	<u>9,164</u>	<u>7,414</u>
TOTAL REVENUES	<u>829,716</u>	<u>775,868</u>	<u>837,777</u>	<u>872,778</u>	<u>899,282</u>
EXPENDITURES					
Current:					
General Government	175,817	165,897	169,548	168,801	174,272
Public Safety	423,136	429,718	434,128	444,721	469,039
Public Works	81,710	79,506	80,368	84,263	90,007
Health	42,438	43,750	43,145	43,109	43,765
Parks and Recreation	49,516	46,183	46,642	48,100	53,188
Culture and Entertainment	32,531	32,222	32,585	33,152	34,736
Community Development	17,209	16,343	14,864	14,608	15,687
Economic Opportunity			456	353	205
Obligation Retirement	<u>4,425</u>	<u>2,071</u>	<u>3,990</u>	<u>4,445</u>	<u>4,602</u>
TOTAL EXPENDITURES	<u>826,782</u>	<u>815,690</u>	<u>825,726</u>	<u>841,552</u>	<u>885,501</u>
Excess of Revenues Over Expenditures	<u>2,934</u>	<u>(39,822)</u>	<u>12,051</u>	<u>31,226</u>	<u>13,781</u>
OTHER FINANCING SOURCES (USES)					
Other	9,784	1,594	3,677	463	1,379
Operating Transfers In	30,731	30,577	54,321	31,578	36,073
Operating Transfers Out	<u>(67,591)</u>	<u>(50,578)</u>	<u>(47,226)</u>	<u>(29,864)</u>	<u>(38,695)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,076)</u>	<u>(18,407)</u>	<u>10,772</u>	<u>2,177</u>	<u>(1,243)</u>
Net Change in Fund Balances	<u>(24,142)</u>	<u>(58,229)</u>	<u>22,823</u>	<u>33,403</u>	<u>12,538</u>
Fund Balance – January 1	<u>195,591</u>	<u>171,449</u>			
FUND BALANCE – December 31	<u>\$171,449</u>	<u>\$113,220</u>			
Fund Balance - January 1, as previously reported			113,220	136,061	155,039
Change in accounting principal GASB 54			<u>44,864</u>	<u>44,846</u>	<u>44,846</u>
Fund Balance - January 1 as restated			<u>158,084</u>	<u>180,907</u>	<u>214,310</u>
Fund Balance - December 31			<u>\$180,907</u>	<u>\$214,310</u>	<u>\$226,848</u>

1 For the 2011 and 2012 Comprehensive Annual Report, the City implemented the provision of GASB 54, which clarifies existing fund type definitions. The effect of the implementation resulted in a restatement of fund balance in the 2011 and 2012 results column that was previously reported in the Human Services Fund and Other Governmental Funds. The 2010 results were restated to reflect the implementation of GASB 54 in 2011.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2008 - 2012)

Table 6

GENERAL FUND BUDGET SUMMARY
2012 ACTUAL RESULTS, 2012 BUDGET AND 2013 BUDGET
Prepared in Budgetary Format
(\$ in thousands)

	<u>2012 Results¹</u>	<u>2012 Budget</u>	<u>2013 Budget²</u>
REVENUES			
Taxes			
Property	\$79,199	\$72,390	\$106,791 ³
Sales and Use	451,352	441,074	471,619
Other	81,579	85,082	80,076
Licenses and Permits	33,906	21,763	22,799
Intergovernmental Revenues	25,913	27,274	26,901
Charges for Services	162,086	161,234	165,153
Investment Income	4,606	3,474	2,682
Fines and Forfeitures	53,227	59,590	61,778
Transfers In	36,073	30,373	34,699
Other Revenues	8,793	6,085	5,427
TOTAL FINANCIAL SOURCES	936,734	908,339	977,925
EXPENDITURES			
General Government	190,164	217,035	227,227
Public Safety	469,039	460,591	475,089
Public Works	90,007	85,291	90,308
Health	43,765	43,827	44,287
Parks and Recreation	53,188	46,840	54,252
Cultural Activities	34,736	32,105	34,389
Debt Service	4,602		
Transfers Out	38,695	40,727	62,865
General Fund Contingency		18,622	19,708
Merit Reserve		4,700	
Estimated Unspent Appropriations	-	(17,500)	(17,900)
TOTAL EXPENDITURES BUDGET	924,196	932,237	990,226
FUND BALANCES⁴			
Net Change in Fund Balance	12,538	(23,898)	(12,301)
Fund Balance January 1	214,310		
Fund Balance December 31	226,848		
Undesignated Fund Balance January 1	147,892	123,897	130,986
Undesignated Fund Balance December 31	155,039	99,999	118,685
Prepaid items and other Reserves	-	20,475	20,594
Total Fund Balance December 31	\$155,039	\$120,475	\$139,279

-
- 1 The City's Comprehensive Annual Reports and Budgets use slightly different reporting codes for specific revenue and expenditure categories. Accordingly, there may be differences in some line item descriptions and totals.
 - 2 The 2013 Budget numbers reflect changes made to the initial budget after the passage of ballot question 2A, which eliminated TABOR restrictions on all tax collections within Denver. Property Tax Mill Levy for the General Fund was increased from 9.805 to 13.362. See GENERAL FUND – *Major Revenue Sources*.
 - 3 Increase in property tax collections is due to the passage of ballot question 2A. See footnote 2
 - 4 For the 2012 Comprehensive Annual Financial Report, the City follows GASB 54, which clarifies existing fund type definitions. The Comprehensive Annual Financial Report list Fund Balance as a change in all fund balances, which

includes the General Fund and other Governmental Funds. The Office of Management and Budget does not use this methodology for the Budget, therefore Fund balances should only be compared within the Budget Columns.
(Sources: 2012 CAFR, 2013 Budget Book, Ordinance 657, Series of 2012)

Table 7

**GENERAL FUND BUDGET SUMMARY
2012 ACTUAL RESULTS, 2012 REVISED BUDGET AND 2013 BUDGET
(by percentage)**

	<u>2012 Results¹</u>	<u>2012 Budget</u>	<u>2013 Budget</u>
REVENUES			
Taxes			
Property	8.5%	8.0%	10.9%
Sales and Use	48.2	47.1	50.3
Other	8.7	9.1	8.5
Licenses and Permits	3.6	2.3	2.4
Intergovernmental Revenues	2.8	2.9	2.9
Charges for Services	17.3	17.2	17.6
Investment Income	0.5	0.4	0.3
Fines and Forfeitures	5.7	6.4	6.6
Transfers In	3.9	3.2	3.7
Other Revenues	<u>0.9</u>	<u>0.6</u>	<u>0.6</u>
TOTAL FINANCIAL SOURCES	100.0%	100.0%	100.0%
EXPENDITURES			
General Government	20.6%	23.3%	22.9%
Public Safety	50.8	49.8	51.4
Public Works	9.7	9.2	9.8
Health	4.7	4.7	4.8
Parks and Recreation	5.8	5.1	5.9
Cultural Activities	3.8	3.5	3.7
Other Financing and Adjustments	0.5	-	-
Transfers Out	4.2	4.4	6.8
General Fund Contingency	-	2.0	2.1
Merit Reserve	-	0.5	-
Estimated Unspent Appropriations	<u>-</u>	<u>-1.9</u>	<u>-1.9</u>
TOTAL EXPENDITURES BUDGET	100.0%	100.0%	100.0%

¹ The City's Comprehensive Annual Reports and budgets use slightly different reporting codes for specific revenue and expenditure categories. Accordingly, there may be differences in some line item descriptions and totals.

Collection of Taxes

The City Charter provides that the Manager of Finance shall collect taxes in the same manner and at the same time as State taxes are collected. All laws of the State for the assessment and collection of general taxes, including laws for the sale of property for taxes and the redemption of the same apply except as modified by the City Charter.

Sales and Use Taxes

The City's sales and use tax collections historically account for over one-half of the General Fund revenues. As of January 1, 2013, the fixed-rate general sales tax of 3.62% was imposed on the sale of all tangible personal property not specifically exempted and on certain services and a general use tax of 3.62% is imposed on the storage, use and consumption of tangible personal property not specifically exempted. Included within such sales and use tax rates are 0.12% increases approved by the City's voters on November 7, 2006 to fund increased access to and quality of preschool programs for City residents, and the revenues from this increase in the sales and use tax are only available for such purpose. This rate increase became effective on January 1, 2007 and will expire on December 31, 2016. The City's practice is to account for sales and use taxes on a combined basis.

The City imposes specific tax rates for the following goods or services:

GENERAL FUND SALES AND USE TAX RATES

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

(1) Includes 0.12% City sales tax dedicated to increasing access to and quality of preschool programs for City residents. The revenue from this portion of the sales tax is only available for such purpose, and cannot be used for General Fund revenue. Collection of this dedicated sales tax increase started January 1, 2007.

The above general fund sales and use tax Rates effective for 2013 reflects the City's total tax rate for goods and services as set forth; however, portions of the prepared food and beverage tax, automobile rental tax and lodgers' taxes are reflected in the general fund's sales and use tax category while the remainder is either contractually pledged to the Denver Metropolitan Convention and Visitors Bureau or to certain Excise Tax Revenue Bonds and recorded in another Fund.

Table 8 reflects the City's General Fund sales and use tax collections for the past ten years.

Table 8

CITY AND COUNTY OF DENVER
GENERAL FUND SALES AND USE TAX REVENUES
2003 — 2012
(\$ In Thousands)

<u>Year</u>	<u>Revenues</u> ¹	<u>Percent Change</u> ¹
2003	\$366,627	(2.32)%
2004	361,988	(1.27)
2005	389,731	7.66
2006	397,163	1.91
2007	418,177	5.29
2008	430,928	3.05
2009	387,838	(10.00)
2010	409,817	5.67
2011	441,187	7.65
2012	451,352	2.30

¹ The revenues and percent changes reflect increases including amounts received as a result of sales tax audit collections.

(Source: Department of Finance)

Financial Statements

The basic financial statements of the City for the year ending December 31, 2012, included in APPENDIX A to this Official Statement have been audited by BKD LLP (“BKD”), independent public accountants, as stated in their report appearing herein. The agreement between the City and BKD relating to provision of audit services provides that the City is not required to obtain BKD’s consent for the inclusion of financial statements in the City’s offering documents. Accordingly, the consent of BKD to the inclusion of APPENDIX A was not sought or obtained. BKD has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of this report and BKD should not be considered to be associated with the Official Statement in any manner.

Financial statements of the City for fiscal years ending on or prior to December 31, 2012 are available for inspection at the Department of Finance, 201 West Colfax, Department 1004, Denver, Colorado 80202, or on the City’s website (denvergov.org) under the Controller’s webpage. The information presented on the City’s website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Property Taxation

Assessed Valuation. The assessed value of real property for tax purposes is computed using statutory actual values as determined from manuals published by the Administrator of the State Division of Property Taxation and from data developed by the Manager of Finance, *Ex Officio* Assessor, based on evidence collected from the marketplace. Table 9 sets forth the State property appraisal method for assessment years 2003 through 2012.

Table 9

STATE PROPERTY APPRAISAL METHOD

<u>Collection Year</u>	<u>Assessment Year</u>	<u>Value Calculated As of</u>	<u>Based on the Market Period</u>
2004	2003	July 1, 2002	January 1, 2001 to June 30, 2002
2005	2004	July 1, 2002	January 1, 2001 to June 30, 2002
2006	2005	July 1, 2004	January 1, 2003 to June 30, 2004
2007	2006	July 1, 2004	January 1, 2003 to June 30, 2004
2008	2007	July 1, 2006	January 1, 2005 to June 30, 2006
2009	2008	July 1, 2006	January 1, 2005 to June 30, 2006
2010	2009	July 1, 2008	January 1, 2007 to June 30, 2008
2011	2010	July 1, 2008	January 1, 2007 to June 30, 2008
2012	2011	July 1, 2010	January 1, 2009 to June 30, 2010
2013	2012	July 1, 2010	January 1, 2009 to June 30, 2010

As of January 1, 1985, the State General Assembly was required to determine the percentage of the aggregate statewide valuation for assessment that is attributable to residential real property. For each subsequent year, the General Assembly was and is required to re-determine the percentage of the aggregate statewide valuation for assessment which is attributable to each class of taxable property, after adding any increased valuation for assessment attributable to new construction and increased oil and gas production. For each year in which there is a change in the level of value, the General Assembly is required to adjust the assessed valuation ratio for residential real property as necessary to maintain the previous year's percentage of aggregate statewide valuation attributable to residential real property. The Colorado General Assembly set the residential real property assessed valuation ratio at 7.96% of its statutory actual value for assessment years 2003 through 2012. In December 2012, the Colorado Legislative Council (the research division of the Colorado General Assembly) projected that the residential assessment rate will remain at 7.96% through levy year 2015. This projection is only an estimate, however, and is subject to change. For assessment year 2002, residential real property was valued for assessment at 9.15% of its statutory actual value. All other taxable property (with certain specified exceptions) has had an assessed valuation ratio throughout these tax years of 29% of statutory actual value.

The City's assessed valuation is established by the Assessor of the City, except for public utility property, which is assessed by the Administrator of the State Division of Property

Taxation. Property taxes are levied on all real and personal property, except certain categories of exempt property. Classes of property not subject to property taxes include, but are not limited to, property of the United States of America; property of the State and its political subdivisions; property of school districts; property used as an integral part of a licensed school childcare center, inventories of merchandise and supplies that are held for consumption by a business or are held primarily for sale; agricultural and livestock products; agricultural equipment; property used for religious or charitable purposes; and noncommercial personal property.

The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009, 2010, and 2011), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied and used as the primary residence if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans' provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service- connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the City. No later than April 15th the State Treasurer issues a warrant to each county treasurer for the amount needed to reimburse local governments for lost property tax revenue from the senior citizens and disabled veterans exemptions. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

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

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

The Treasurer is empowered to sell at public auction property upon which levied taxes remain unpaid, after due process of law. Tax lien sales are held in November of the year in which the taxes become delinquent. All tax certificates not sold to buyers at the annual tax lien sale are bid on by the City. Property that thereby becomes the property of the City or another

taxing entity is removed from the tax rolls. Three years after the date of sale, a tax deed may be issued by the Treasurer for unredeemed tax certificates.

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

In 2007, Denver voters approved a 2.5 mill levy designated for capital maintenance projects in the City. This earmarked tax is exempt from TABOR revenue limits. In 2012, this capital maintenance levy generated approximately \$26.3 million.

Table 10 sets forth the mill levies for the City, School District No. 1, and the Urban Drainage and Flood Control District for the last five levy years. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities" for a discussion of mill levies attributable to other taxing entities which overlap or partially overlap the boundaries of the City.

Table 10

**CITY AND COUNTY OF DENVER
CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾
(By Assessment Year)**

Taxing Entity	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City and County of Denver:					
General Fund	6.389	5.867	6.174	7.174	10.610
Bond Principal Fund	4.470	4.470	4.470	3.980	4.170
Bond Interest Fund	3.110	3.110	3.110	3.600	3.780
Social Services	3.698	3.394	3.556	4.101	4.520
Developmentally Disabled	1.011	1.013	1.019	1.030	1.033
Fire Pension	1.371	1.258	1.317	1.519	1.587
Police Pension	1.636	1.502	1.572	1.812	1.893
Capital Maintenance	2.500	2.524 ⁽²⁾	2.544 ⁽²⁾	2.572 ⁽²⁾	2.581 ⁽²⁾
Capital Improvement	2.350	2.170	2.281	2.631	2.752
TOTAL DENVER MILL LEVY	<u>26.535</u>	<u>25.308</u>	<u>26.044</u>	<u>28.419</u>	<u>32.926</u>
School District No. 1	39.657	39.262	39.972	42.265	50.488
Urban Drainage and Flood Control District	0.591	0.569	0.576	0.623	0.657
TOTAL MILL LEVY:	<u>66.783</u>	<u>65.139</u>	<u>66.592</u>	<u>71.307</u>	<u>84.071</u>

Note: A mill equals one-tenth of one percent of assessed valuation.

- 1 The columnar heading shows the year for which property is assessed and property taxes are levied. Taxes are collected the following year. The table excludes certain overlapping government entities that impose mill levies in certain discrete portions of the City, but whose boundaries are not co-terminus with the City's boundaries. For "Overlapping Taxing Districts with General Obligation Debt" see Table 11.
- 2 A levy in excess of the 2.5 mills approved by voters is allowable due to prior year refunds and abatements.

(Source: Department of Finance)

Table 11 summarizes the statutory actual and assessed valuation of property in the City, taxes levied and collected by the City for general purposes and the amounts and percentages delinquent for the last five assessment years. Collection data is reported as of December 31, 2012.

Table 11
PROPERTY VALUATIONS, TAX LEVIES AND COLLECTIONS
LAST FIVE YEARS

	(\$ in millions)				
ACTUAL AND ASSESSED VALUATION:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Statutory Actual Valuation (est.) ⁽¹⁾	<u>\$78,564</u>	<u>\$82,844</u>	<u>\$83,151</u>	<u>\$77,143</u>	<u>\$76,697</u>
Assessed Valuation:					
Real Property – Land	\$3,042	\$3,434	\$3,546	\$3,387	\$3,358
Real Property – Improvement	6,191	6,944	6,839	5,936	5,868
Personal Property	792	813	739	726	723
Public Utilities	838	822	836	888	808
Total Assessed Valuations ⁽²⁾	<u>\$10,863</u>	<u>\$12,012</u>	<u>\$11,960</u>	<u>\$10,937</u>	<u>\$10,757</u>
Total Assessed Valuation					
Percentage Change ⁽³⁾	1.90%	10.58%	-0.44%	-8.55%	-1.65%
LEVIES AND COLLECTIONS:⁽⁴⁾ (\$ in millions)					
Taxes Levied:	<u>\$239,658</u>	<u>\$254,135</u>	<u>\$258,519</u>	<u>\$255,918</u>	<u>\$295,438</u>
Total Collections	<u>\$236,554</u>	<u>\$247,550</u>	<u>\$254,755</u>	<u>\$251,004</u>	
Percent of Original Levy					
Total Collections to Date:	98.70%	97.41%	98.54%	98.08%	

-
- 1 Colorado statutes establish property valuation methods with actual valuation representing estimated appraisal value before the respective assessment ratios are applied. In general, an income and expense value is used for commercial property, and market value is used for residential property.
 - 2 This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to the Denver Urban Renewal Authority ("DURA") and are not retained by the City. See "DEBT STRUCTURE OF THE CITY – Overlapping Debt and Taxing Entities – Urban Renewal Authorities."
 - 3 Changes in assessed valuations for the years shown are due in part to changes in the years used to compute values which occur every two years and adjustments attributable to a legislative extension of time permitted for appeals of assessed values.
 - 4 The columnar headings show the years for which property taxes have been assessed and levied. Taxes shown in a column are actually collected in the following year. For example, property taxes levied in 2009 are collected in 2010.
 - 5 Total collections do not include mills levied for the Fire Pension and Police Pension funds.

(Source: Department of Finance)

Assessed Valuation of Major Taxpayers

Table 12 lists the major property taxpayers based on assessed valuations for the 2012 assessment year.

Table 12

**CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2012
(FOR COLLECTION 2013)
(\$ in thousands)**

Name	Business	Assessed Valuation	Percentage of City's Total Assessed Valuation¹
Public Service Co.	Utility	\$214,775	1.99%
Century Link, Inc.	Utility	214,175	1.86
Brookfield Properties	Real Estate	199,811	1.14
Callahan Capital Partners	Real Estate	122,683	1.06
Columbia-HealthONE, LLC	Health Care	113,832	0.77
United Airlines Inc.	Airline	82,905	0.71
UBS Realty Investors	Real Estate	76,442	0.69
LBA Realty Fund	Real Estate	74,116	0.68
Temple-Hoyle Buell	Philanthropy	73,573	0.66
Frontier Airlines ²	Airline	71,503	0.66
TOTALS		\$1,100,068	10.22%

1 Based on a December 31, 2012 certified assessed valuation of \$10,757,438,400. This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities – Urban Renewal Authorities."

2 Frontier Airlines was acquired by Republic Holdings, but continues to operate as Frontier Airlines.

(Source: Department of Finance)

Retirement Plans

Substantially all of the general employees of the City are covered under the Denver Employees Retirement Plan ("DERP"); however, employees of the police department, fire department, and the Denver Water Board are covered by separate retirement systems. The information included in this section relating to DERP and other retirement plans covering City employees relies on information produced by such plans and their independent accountants and actuaries. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the retirement plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future. See "FORWARD LOOKING STATEMENTS".

City Employees. The following section has been taken from the 2012 Comprehensive Annual Financial Report of the Denver Employees Retirement Plan ("DERP") and has not been verified by the City.

DERP is a defined benefit plan. Its purpose is to provide retirement benefits to qualified members of the City and County of Denver and the Denver Health and Hospital

Authority. DERP has separate legal standing and has no financial responsibility to the City. The assets of DERP are funds held in trust by DERP for the exclusive purpose of paying pension and certain post-retirement health benefits to eligible members.

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

DERP membership consisted of the following as of December 31, 2011 and 2012:

	<u>2011</u>	<u>2012</u>
Retirees and beneficiaries currently receiving benefits	7,776	8,045
Terminated employees entitled to benefits but not yet receiving such benefits	3,609	3,550
Current employees:		
Vested	5,958	6,079
Non-vested	<u>2,191</u>	<u>2,096</u>
TOTAL	19,534	19,770

DERP provides retirement benefits plus death and disability benefits. Members who were hired before July 1, 2011, and retire at or after the age of 65 (or at age 55 if the sum of their age and credited services is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

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

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the DERP's board and enacted into ordinance by the Denver City Council.

The following are DERP contribution requirements and effective dates.

	<u>January 1,</u> <u>2005</u>	<u>January 1,</u> <u>2010</u>	<u>January 1,</u> <u>2011</u>	<u>January 1,</u> <u>2012</u>	<u>January 1,</u> <u>2013</u>
City Contribution	8.50%	8.50%	9.50%	10.25%	11.00%
Employee Contribution	<u>2.50%</u>	<u>4.50%</u>	<u>5.50%</u>	<u>6.25%</u>	<u>7.00%</u>
Total	11.00%	13.00%	15.00%	16.50%	18.00%

As of December 31, 2012, the total net plan assets were \$1,854,690,588. Per DERP's independently audited 2012 Comprehensive Annual Financial Report, as of January 1, 2012, 81.6% of the plan's accrued liabilities were covered by valuation assets.

In June, 2013, the DERP board voted to begin using new mortality tables which project longer life expectancy for all categories of DERP members. Using the new tables, the actuarially funded position of the pension fund as of January 1, 2013, is 76.36%. In the July, 2013 meeting of the DERP Board, the Board voted unanimously to begin the process of raising the total contribution rate from 18% to 18.5%.

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

DERP retirees are responsible for 100% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension provides monthly health insurance premium reduction of \$12.50 per year of service for retired participants under the age of 65 and \$6.25 per year of service for retirees 65 and older. Per DERP's independently audited 2012 Comprehensive Annual Financial Report, as of January 1, 2012, the most recent valuation, 59.2% of the plan's accrued liabilities were covered by valuation assets.

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

For FPPA, covered employees under the New Hire Plan contribute at the rate of at least 8% of base salary. As of January 1, 2012, the actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 73% and 71% respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2012, 2011 and 2010 were \$24,715,000, \$24,815,000 and \$22,348,000, respectively.

The City also made contributions for the years ended December 31, 2012, 2011, and 2010 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of \$15,445,000, \$13,742,000, and \$13,367,000, respectively. As of January 1, 2012, the actuarial report states that under current law benefits, which assume no cost-of-living adjustments, the Plan is funded at 96.1%.

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

DEBT STRUCTURE OF THE CITY

General Obligation Bonds

General obligation bonds are backed by the full faith and credit of the City and are payable from ad valorem property taxes and other general revenues. The City assesses two separate and distinct property tax mill levies each year in an amount to pay principal and interest, respectively, on general obligation bonds. Funds collected from these mill levies are deposited into separate debt service funds of the City. Except for refunding bonds issued to achieve savings, Denver voters must approve general obligation debt prior to issuance.

At the Better Denver Election, the City's voters approved a 2.5 mill levy increase for capital maintenance and the eight general obligation Better Denver Ballot Questions authorizing debt in the aggregate amount of \$549,730,000. The Bonds are being issued, in part, pursuant to the Better Denver Election authorization. Upon issuance of the Bonds, approximately \$12,000,000 in authorization under the Better Denver Election will remain.

As of December 31, 2012, the City had outstanding general obligation bonds in the aggregate principal amount of \$895,649,000, which does not include accrued interest of \$5,191,651 on compound interest bonds. In addition there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of \$500,000. The Denver Water Board bonds are paid solely from the revenues of the utility and do not apply to the City's general obligation bonded debt limit.

At a special municipal election held in the City on November 5, 2002, a majority of the registered electors of the City approved an amendment to the City Charter that would remove the authority of the Denver Water Board to issue general obligation bonds secured by property taxes within the City. Under the amendment to the City Charter, the Denver Water Board may issue revenue bonds that are payable solely from the net revenues of the Denver

Water Board. The Charter amendment allows for Denver Water Board revenue bonds to be used to refund outstanding general obligation bonds issued for the benefit of the Denver Water Board, but does not require them to be used for such purpose.

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

Table 13 sets forth the computation of the general obligation debt margin of the City (other than bonds issued by the Denver Water Board) as of December 31, 2012.

Table 13

**COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN
(\$ in thousands)**

TOTAL ESTIMATED ACTUAL VALUATION – December 31, 2012	<u>\$76,697,449</u>
Maximum general obligation debt, limited to 3% of actual valuation	2,300,923
Less outstanding bonds chargeable to limit	<u>895,649</u>
LEGAL DEBT MARGIN – December 31, 2012	<u>\$1,405,274</u>

General Obligation Bonded Debt

Table 14 lists the City's outstanding general obligation bonded debt as of December 31, 2012.

Table 14
OUTSTANDING GENERAL OBLIGATION DEBT
(\$ in thousands)

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Various Purpose Bonds (Denver Mini-Bond Program), Series 1999A ⁽¹⁾	\$3,134	\$3,134
General Obligation Denver Art Museum Bonds, Series 2002 ⁽²⁾	52,500	21,520
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A ⁽²⁾	35,000	4,670
General Obligation Medical Facilities Bonds, Series 2003B ⁽²⁾	148,000	68,370
General Obligation Justice System Facilities and Zoo Bonds, Series 2005 ⁽²⁾	77,000	54,450
General Obligation Justice System Facilities Bonds, Series 2006 ⁽²⁾	125,000	103,950
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007 ⁽³⁾	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	142,180
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	82,965
General Obligation Various Purpose Bonds, Series 2009B	14,415	7,535
General Obligation Better Denver Bonds, Series 2010A	37,910	29,945
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D	44,650	39,560
General Obligation Better Denver Bonds, Series 2011	<u>16,455</u>	<u>16,455</u>
Subtotal	1,153,615	895,649
General Obligation Water Bonds ⁽⁴⁾	<u>161,730</u>	<u>500</u>
TOTAL:	<u>\$1,315,345</u>	<u>\$896,149</u>

1 Amount excludes \$2,707,344 of compound interest on the Series 1999A Capital Appreciation Bonds.

2 All or a portion of these bonds are anticipated to be defeased, called, and/or advance refunded upon the issuance of the Bonds.

3 Amount excludes \$2,484,307 of compound interest on the Series 2007 Capital Appreciation Bonds.

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

(Source: Department of Finance.)

Table 15 sets forth certain debt ratios based on the City's actual and assessed valuations and general obligation bonded debt as of December 31, 2012.

Table 15

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

Total Direct General Obligation Bonded Debt	\$896,149
Less General Obligation Water Bonds	<u>500</u>
Net Direct General Obligation Bonded Debt	895,649
Overlapping General Obligation Bonded Debt ⁽¹⁾	<u>1,430,390</u>
Net Direct and Overlapping General Obligation Bonded Debt	<u>2,326,039</u>
Actual Valuation	76,697,448
Assessed Valuation ⁽²⁾	\$10,757,438

DEBT RATIOS

	Actual Valuation	Assessed Valuation	Per Capita⁽³⁾
Total Direct G.O. Bonded Debt	1.17%	8.33%	\$1,413
Net Direct G.O. Bonded Debt	1.17%	8.33%	1,412
Net Direct and Overlapping G.O. Bonded Debt ⁽¹⁾	3.03%	21.62%	3,667

-
- 1 The overlapping general obligation debt represents the outstanding general obligation debt of School District No. 1. See "Overlapping Debt and Taxing Entities" below for information relating to other overlapping entities.
 - 2 This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities – Urban Renewal Authorities".
 - 3 Based upon a 2012 population estimate of 634,265.

(Sources: Department of Finance; Office of the County Assessor)

Overlapping Debt and Taxing Entities

The following information has been supplied by the overlapping entities described below and the City has not attempted to verify the accuracy thereof.

School District No. 1 in the City and County of Denver. School District No. 1 (the "School District") has identical boundaries with the City. As of December 31, 2012, the School District had \$1,430,390,175 aggregate principal amount of general obligation bonds outstanding.

The School District has entered into annually renewable lease purchase arrangements from time to time in which certificates of participation have been executed and delivered by trustees for the transactions. As of December 31, 2012, the aggregate principal amount of such certificates outstanding was \$802,992,160. Neither the lease purchase agreements nor the related certificates executed and delivered by the trustees are considered debt or multiple-fiscal year financial obligations of the School District for State law purposes. The obligations of the School District to make lease payments for each year are subject to annual appropriations by the Board of Education.

Metro Wastewater Reclamation District. Metro Wastewater Reclamation District (the "Sewage District"), a governmental and political subdivision of the State, was organized in 1961 and currently includes the City and numerous other adjacent municipal units. Each municipal unit presently owns and operates a sewer system and voluntarily became part of the Sewage District in order to construct and operate a sewage disposal system in the Denver metropolitan area. Under service contracts with the Sewage District, each municipal unit is obligated to pay the Sewage District for the costs of services rendered (including debt service) based on usage of the Sewage District's facilities. Each municipal unit imposes taxes or charges sufficient to fund its share of Sewage District costs.

The City is meeting its obligation to the Sewage District from a sewer service charge collected from the System's users. The Sewage District assessed the City charges of \$44,367,000 for 2012. The Sewage District had outstanding \$682,750,031 aggregate principal amount of bonds as of December 31, 2012.

Regional Transportation District. The Regional Transportation District ("RTD"), a governmental and political subdivision of the State, was established in 1969, and currently includes the City, Boulder, City and County of Broomfield and Jefferson Counties and portions of Adams, Arapahoe, Weld and Douglas Counties. RTD is empowered to develop, maintain and operate a mass transportation system within its boundaries. RTD may levy up to one-half of one mill on all taxable property within the RTD for the payment of its expenses in situations of deficiencies, subject to the provisions of State constitutional revenue and spending limitations. RTD has not exercised its power to levy a general ad valorem property tax since 1976. At an election held within the RTD in 2004, voters approved an increase to the RTD's sales tax rate from 0.6% to 1.0% and authorized debt in the amount of \$3.477 billion to be spent on the construction and operation of a transit expansion plan known as FasTracks. As of December 31, 2012, approximately \$2.482 billion has been issued and \$1,828,762,000 of principal is currently outstanding. RTD also has \$494,950,000 of principal outstanding on certificates of participation related to various lease purchase and installment sales arrangements under which RTD is the lessee or purchaser.

RTD is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, 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 design, construct, operate and maintain the line. Neither the City nor the Department of Aviation

has any obligation in respect of the design, 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 of Aviation and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the "FasTracks East Corridor IGA"), and while the City does not have responsibility for the commuter rail line or service, the City does have certain duties under the FasTracks East Corridor IGA. Under 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 of Aviation, among other things, is required to finance and build a "terminal-to-station" interface at the Airport. The Department is obligated under the FasTracks East Corridor IGA to have the Airport Rail Station substantially completed by January 1, 2014, allowing RTD complete and uninterrupted access in order that RTD may complete the installation and begin operation testing of the commuter rail line. The Department will be responsible for operating and maintaining only certain portions of the Airport 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 FasTracks East Corridor IGA was amended in 2012 to provide for various double track improvements and the City funded its obligations under the amendment through a 2012C1-C3 Lease Purchase Agreement with Denver Properties Leasing Trust, as lessor, which issued Certificates of Participation in a par amount of \$45,000,000 dated May 17, 2012.

Urban Drainage and Flood Control District. The Urban Drainage and Flood Control District (the "Drainage District"), a governmental and political subdivision of the State, was established in 1969 and includes the City and portions of Adams, Arapahoe, Boulder, Broomfield, Douglas and Jefferson Counties. The Drainage District was established to provide flood control and drainage facilities for the areas within the Drainage District. The Drainage District may levy up to 1/10 mill to defray engineering and operating expenses, up to 4/10 mill for construction costs and up to 4/10 mill for maintenance expenses. Beginning with taxes levied in 1986 and collected in 1987, a 1/10 mill for a special revenue fund for the South Platte River basin was authorized. Authorization for an additional levy may be obtained by voter approval. The Drainage District has no outstanding bonded indebtedness. Projects undertaken by the Drainage District to date have been financed from ad valorem taxes and local government matching contributions.

Other Overlapping Taxing Entities. There are a number of partially overlapping taxing districts having general obligation debt in amounts which do not materially affect the ability of the City to pay debt service on its general obligation bonds. Assessed valuation and bond mill levy information for these taxing districts is provided in Table 16:

Table 16

**CITY AND COUNTY OF DENVER
OVERLAPPING TAXING DISTRICTS WITH GENERAL OBLIGATION DEBT
Year Ending December 31, 2012**

<u>Taxing District</u>	<u>Assessed Valuation Attributable to Denver</u>	<u>% of Total Denver Assessed Value</u>	<u>2011 Bond Mill Levy</u>
Bowles Metro ⁽¹⁾	\$26,031,730	0.24%	42.000
Central Platte Valley Metro	4,097,070	0.04%	52.000
Central Platte Valley Metro (debt)	48,647,270	0.45%	16.000
Cherry Creek North B.I.D.	154,649,440	1.44%	17.642
Colorado Intl. Cntr. Metro No. 14	8,217,250	0.08%	60.000
Denver Gateway Center Metro	2,952,230	0.03%	36.992
Denver Intl. Bus. Center Metro No. 1	17,120,840	0.16%	40.000
Ebert Metro	58,507,950	0.54%	75.000
Fairlake Metro	15,791,290	0.15%	38.084
Fairlake Metro (debt)	8,820,230	0.08%	25.000
Gateway Regional Metro	38,953,790	0.36%	16.000
Gateway Regional Metro (debt)	8,858,140	0.08%	2.817
Gateway Village G.I.D.	16,461,800	0.15%	32.500
Goldsmith Metro ⁽¹⁾	227,919,150	2.12%	14.750
Greenwood Metro ⁽¹⁾	1,660,700	0.02%	15.110
GVR Metro	65,803,100	0.61%	32.957
Madre Metro No. 2	3,410,310	0.03%	50.000
Mile High Business Ctr. Metro.	21,224,980	0.20%	35.000
North Washington Fire ⁽¹⁾	6,597,500	0.06%	17.344
Sand Creek Metro ⁽¹⁾	22,360,620	0.21%	34.250
Sand Creek Metro (debt) ⁽¹⁾	8,243,370	0.08%	20.000
SBC Metro	51,381,030	0.48%	35.000
Section 14 Metro ⁽¹⁾	7,589,970	0.07%	23.681
Section 14 Metro (Raccoon Creek) ⁽¹⁾	2,993,550	0.03%	16.798
Section 14 Metro (Fairmark) ⁽¹⁾	2,482,410	0.02%	12.573
South Denver Metro	42,123,250	0.39%	7.000
Southeast Public Improvement	229,163,880	2.13%	2.083
Westerly Creek Metro	<u>291,411,850</u>	2.71%	55.311
Special District Total Assessed Value	<u>\$1,393,474,700</u>	<u>12.95%</u>	
Denver Total Assessed Value ⁽²⁾	\$10,757,438,400		

1 District also has assessed value located in more than one county.

2 This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities -- Urban Renewal Authorities."

Source: Office of the County Assessor.

Denver Convention Center Hotel Authority Discretionary Economic Development Payments

In the spring of 2003, the City created the Denver Convention Center Hotel Authority for the express purpose of acquiring, constructing, equipping, operating and financing a convention center headquarters hotel, parking garage and supporting facilities across the street from the Colorado Convention Center. In June 2003, the Authority issued its own special limited obligation revenue bonds in the amount of \$354 million to finance the hotel and contract independently with a developer and operator for the hotel. The hotel opened as scheduled on December 20, 2005. In April 2006, the Authority issued \$356 million in refunding bonds to fully refund the 2003 revenue bonds. The refunding bonds are payable from hotel revenues, and the hotel is mortgaged by the Authority to the bond trustee to secure the bonds. The Authority has no taxing power. The City did not pledge its own credit to support the hotel project and did not create any multiple-fiscal year direct or indirect debt or other financial obligation of the City in connection with the financings. However, the City entered into an Economic Development Agreement with the Authority under which, the City makes payments in consideration of various agreements with the Authority regarding the hotel's construction and operation in respect of the Convention Center and of the economic benefits to the City expected to be derived from the construction and operation of the hotel, subject to annual appropriation by the City Council. The City has made all previously due Economic Development Agreement payments. Future Economic Development Payments are indicated in Table 17 below. The Economic Development Agreement is subject to termination on each December 31 according to its terms and expires no later than December 31 of the thirty-fifth calendar year after the opening of the Denver Convention Center Hotel.

Table 17

**DENVER CONVENTION CENTER HOTEL
ECONOMIC DEVELOPMENT PAYMENTS**

<u>On or Before the 14th Day Prior to the Following Date:</u>	<u>Amount</u>
June 1, 2013	\$4,500,000
December 1, 2013	4,500,000
June 1, 2014	4,750,000
December 1, 2014	4,750,000
June 1, 2015	5,000,000
December 1, 2015	5,000,000
June 1, 2016	5,250,000
December 1, 2016	5,250,000
June 1, 2017	5,375,000
December 1, 2017	5,375,000
Each December 1 and June 1 thereafter	5,500,000

Denver Urban Renewal Authority Contingent and Discretionary Payments

The Denver Urban Renewal Authority (“DURA”) issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1 (the “Series 2010B-1 DURA Bonds”) in the aggregate principal amount of \$100,740,000. The Series 2010B-1 DURA Bonds are secured by certain tax increment revenues (the “DURA Pledged Revenues”) and a debt service reserve fund (the “DURA Series 2010B-1 Reserve Fund”) in the initial amount of \$6 million. The Series 2010B-1 DURA Bonds are scheduled to be outstanding until December 1, 2025. In order to support the redevelopment activities funded by the Series 2010B-1 DURA Bonds, the City has entered into a Services Agreement, dated April 1, 2010 (the “2010 Services Agreement”) with DURA in which the City’s Manager of Finance has agreed to request that the City Council consider appropriating funds to replenish the DURA Series 2010B-1 Reserve Fund to the extent that DURA Pledged Revenues are not sufficient to pay the principal and interest on the Series 2010B-1 DURA Bonds in any year and amounts are withdrawn from the DURA Series 2010B-1 Reserve Fund. In any year, the City’s Manager of Finance is not obligated to seek an appropriation which would exceed the maximum annual debt service payments due on the Series 2010B-1 DURA Bonds and the requested amount is not to exceed \$12 million annually. The City Council’s decision to appropriate such funds is to be by ordinance without compulsion and solely in the City Council’s discretion. The City Council has never been requested to appropriate funds under the 2010 Services Agreement. DURA has agreed to repay amounts appropriated by the City with interest, subject to senior DURA financial commitments.

Denver Union Station Project Authority Contingent and Discretionary Payments

The City is cooperating with the Regional Transportation District (“RTD”), the Colorado Department of Transportation (“CDOT”) and the Denver Regional Council of Governments (“DRCOG”) to finance and construct a multi-modal hub for the region’s transit system at the Denver Union Station site (the “DUS Project”). The City created the Denver

Union Station Project Authority (“DUSPA”), a Colorado nonprofit corporation and instrumentality of the City, for the purpose of financing, owning, constructing, operating and maintaining the DUS Project. In order to finance the transportation elements of the DUS Project, DUSPA negotiated loans (collectively, the “DOT Loans”) with the U.S. Department of Transportation to fund the DUS Project. The DOT Loans are secured by an indenture (the “DOT Indenture”) which provides for debt service reserve funds (the “DOT Reserve Funds”) to be drawn upon in the event that DUSPA does not make required payments when due under the DOT Loans. In consideration of the benefits to be derived by the City as a result of the completion of the DUS Project, the City has entered into a Contingent Commitment and Services Agreement, dated February 9, 2010 (the “Contingent Commitment Agreement”), with DUSPA and the trustee under the DOT Indenture pursuant to which the City has agreed, subject to annual appropriation, to replenish one of the DOT Reserve Funds up to an amount agreed upon within the DOT Indenture (but in no event greater than \$7.15 million) in the event of a draw on such fund. The City Council’s decision to appropriate such funds is by ordinance without compulsion and solely in the City Council’s discretion. The City Council has never been requested to appropriate funds under the Contingent Commitment Agreement. DUSPA is required under the terms of the Contingent Commitment Agreement to reimburse the City for the amount of its payments with interest, subject to prior DUSPA financial commitments.

Lease Purchase Agreements

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

Certificates of participation have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Principal portions of Base Rentals under these lease purchase agreements outstanding as of December 31, 2012 are summarized in Table 18.

Table 18

**SCHEDULE OF LEASE PURCHASE TRANSACTIONS
AND RELEASE DATES
AS OF DECEMBER 31, 2012**

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Leased Property</u>	<u>Date Lease Property Scheduled to be Acquired</u>
1995A	\$85,000	City Office Building for Information and other City Departments	January 1, 2014
2003B	41,080,000	Buell Theatre, Jail Dorm Building	December 1, 2023
2005A	27,715,000	Human Services Campus	May 1, 2020
2008A1-A3	249,440,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,260,000	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	21,075,000	Central Platte Campus	December 1, 2030
2010B	27,600,000	Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2021
2012A-B	12,735,000	Denver Cultural Center Parking Garage	December 1, 2031
2012C1-C3	<u>45,000,000</u>	Denver Properties Leasing Trust	December 2, 2021
TOTAL	\$441,990,000		

Revenue Bonds

The City has outstanding certain enterprise and excise tax revenue bonds payable from specifically pledged revenues, excluding ad valorem taxes. As of December 31, 2012, the City's Airport Enterprise (the "Airport Enterprise") had \$3,897,420,000 of airport system revenue bonds outstanding, including capital appreciation bonds. Of this total, there are fixed-payment swaps hedging variable rate mode debt totaling \$1,515,470,000.

In January of 2012, the City, for and on behalf of the Wastewater Management Division of its Department of Public Works, issued \$50,425,000 of Wastewater Revenue Bonds. The proceeds were used to defease the outstanding 2002 series revenue bonds and to finance \$32,500,000 capital improvements to storm drainage facilities. As of December 31, 2012 \$48,555,000 was outstanding.

As of December 31, 2012, the City had outstanding excise tax revenue and excise tax refunding bonds in the amount of \$230,650,000, the majority of which proceeds were used for the expansion of the Colorado Convention Center which was completed in December, 2004. All excise tax revenue bonds, except for refunding bonds at a lower interest rate, require prior elector approval under the State Constitution.

In March 2006, the City created a Golf Enterprise as a Division of its Department of Parks and Recreation (the "Golf Enterprise"), and issued on behalf of the Enterprise revenue bonds in the aggregate principal amount of \$7,365,000. As of December 31, 2012, \$4,450,000

of such bonds remains outstanding. The proceeds of the issue were used to acquire, improve and equip certain of the City's public golf facilities.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

APPENDIX B contains an economic and demographic overview of the Denver Metropolitan Area as of May 2013.

FORWARD LOOKING STATEMENTS

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

LEGAL MATTERS

Constitutional Revenue, Spending and Debt Limitations

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

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

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

The voter approval received by the City at the Better Denver Election for the issuance of general obligation bonds satisfies the voter approval requirement for the levy of property taxes to pay the Bonds. The voter approval also permits the City to increase its property tax revenue up to the amount of any debt service funded by such revenue. Revenues other than property tax revenues are limited only as a function of the spending limitation described below.

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

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

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

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

Litigation

The City is party to numerous pending lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. Generally, the City is self-insured, except for the City's Airport System and the City's theaters and arena facilities. For Fiscal Year 2013, the City Attorney's office has received an appropriation of approximately \$2.0 million, for payment of claims and judgments for items not covered by existing insurance. The City considers these amounts sufficient to provide for the disposition of matters which are anticipated to be finalized in 2013.

A lawsuit filed against the City in the United States District Court for the District of Colorado on behalf of 850 Denver police officers reached a final settlement, approved by the Court, that includes the creation of a bank of compensatory time off for all plaintiffs and non-parties who elect to join in the settlement, along with the payment of \$1.75 million in attorney fees, to be paid in equal installments of \$437,500 over a 4 year period beginning July 2012.

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

Governmental Immunity

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

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

The City may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However,

the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

Legal matters relating to the issuance of the Bonds are subject to the approving legal opinions of Greenberg Traurig, LLP, Denver, Colorado and The Holt Group LLC, Denver, Colorado, as Co-Bond Counsel. The opinions of Co-Bond Counsel are expected to state in substance that the Bonds are valid and binding general obligations of the City, subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the power of the State, and to the exercise by the United States of America of the powers delegated to it by the federal Constitution, including without limitation, bankruptcy powers.

In addition to acting as Co-Bond Counsel, Greenberg Traurig, LLP and The Holt Group LLC have also been retained to advise the City concerning and have assisted in the preparation of this Official Statement. Greenberg Traurig, LLP and The Holt Group LLC have not participated in any independent verification of the information concerning the financial condition or capabilities of the City contained in this Official Statement.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure by the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. The City has covenanted to comply with the requirements of the Code in order to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

In the opinion of Greenberg Traurig, LLP and The Holt Group LLC, Co-Bond Counsel, to be rendered on the date of issuance of the Bonds, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance by the City with the tax covenants referred to above and the accuracy of the certifications and representations of the City, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. Co-Bond Counsel is further of the opinion that under State of Colorado statutes as presently enacted and construed, to the extent interest is excluded from gross income for federal income tax purposes, such interest is excluded from income for State of Colorado income tax purposes. Co-Bond Counsel will express no opinion as to any other federal or state tax consequences regarding the Bonds.

Except as described above, Co-Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest

on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including, without limitation, (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on the Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax; (iv) the inclusion of interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Co-Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Co-Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Bonds. If enacted into law, such legislative proposals could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures, the Service will treat the City as the taxpayer and the owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal

income tax purposes. None of the City, the Underwriters or Co-Bond Counsel is responsible for paying or reimbursing any owner for any audit or litigation costs relating to the Bonds.

Original Issue Discount and Premium

The Bonds maturing on _____ (collectively, the "Discount Bonds"), were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond, (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

The Bonds maturing on _____ (collectively, the "Premium Bonds"), were sold at an "issue price" in excess of their stated redemption price at maturity. That excess constitutes bond premium. The issue price of a Premium Bond is the initial offering price to the public (other than bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Premium Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount Bonds or Premium Bonds and as to

other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Moody's Investors Service ("Moody's"), Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), have assigned the Bonds the ratings shown on the cover page hereof.

Such ratings reflect only the views of the rating agencies and any desired explanation of the significance of such ratings should be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, from Fitch at 44 Montgomery Street, Suite 500, San Francisco, California 94101 and from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by such rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The City will execute and deliver a continuing disclosure undertaking (the "Disclosure Undertaking") at the time of the closing for the Bonds. The Disclosure Undertaking will be executed for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Act of 1934 (the "Rule"). The Disclosure Undertaking will provide that so long as the Bonds remain outstanding, the City will annually provide certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB"), and will provide notice of certain material events to the MSRB, in compliance with the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as APPENDIX C. The City has never failed to materially comply with any prior undertaking entered into pursuant to the Rule. The City has continually complied with the requirements set forth in all previous continuing disclosure undertakings for issues that have been subject to the Rule.

FINANCIAL ADVISOR

First Southwest Company (the "Financial Advisor") has been retained as financial advisor in connection with the issuance of the Bonds. During the term of the engagement, the Financial Advisor is not permitted to underwrite or competitively bid for general obligation bonds of the City. The Financial Advisor has provided advice to the City regarding the structure of the Bonds. The Financial Advisor has not participated in any independent verification of the information concerning the financial condition or capabilities of the City contained in this Official Statement. The Financial Advisor, however, has provided information relating to the Bonds, as reflected in the footnotes to certain tables herein.

UNDERWRITING

The Bonds were purchased at competitive sale on _____, 2013, by _____ at a purchase price equal to \$_____ (which is equal to the par amount of the Bonds, less Underwriters' compensation of \$_____ and plus/minus net original issue premium/discount of \$_____).

MISCELLANEOUS

The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized. This Official Statement shall not be construed as a contract between the City and any person.

CITY AND COUNTY OF DENVER,
COLORADO

By: /s/ Michael B. Hancock
Mayor

By: /s/ Cary Kennedy
Manager of Finance, *ex officio* Treasurer,
and Chief Financial Officer

[APPENDIX A]

[APPENDIX B]

APPENDIX C

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 its \$121,635,000 General Obligation Better Denver and Refunding Bonds, Series 2013A (the "Bonds"). The Bonds are issued pursuant to Ordinance No. ____, Series of 2013 (the "Bond Ordinance") finally adopted on _____ 2013, by the City Council. The proceeds of the Bonds will be used to finance various civic facilities for the City and pay costs of the issuing the Bonds.

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

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Bondowners (as defined below) and in order to allow the Participating Underwriters to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. The defined terms set forth in the Bond 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 delivered at least annually pursuant to Section 3 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 attached 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 of the City, prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, which financial statements are to be audited by an auditor as required or permitted by ordinances of the City, the City's Charter and the laws of the State of Colorado.

"Bondowner" or "Owner of the Bonds" means the registered owners of the Bonds and, so long as the Bonds are subject to the book-entry system, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

"City Representative" means the Manager of Finance, *Ex Officio* Treasurer of the City, or the Manager's designee, and successors in function, if any.

"Events" means any of the events listed in Section 4(a) of this Disclosure Undertaking.

“Managing Underwriter” means the senior managing underwriter of the Bonds required to comply with Rule 15c2-12 in connection with the offering of the Bonds or any successor known to the City Representative.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement dated September __, 2013, together with any supplements thereto prior to the date on which the Bonds are initially issued.

“Participating Underwriters” has the meaning given thereto under Rule 15c2-12 or any successors to such Participating Underwriters known to the City Representative.

“Rule 15c2-12” 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.

Section 3. Provision of Annual Financial Information.

(a) Commencing with the Fiscal Year ended December 31, 2013, and annually while the Bonds remain outstanding, the City Representative shall provide to the MSRB in an electronic format as prescribed by the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City. No such Annual Financial Information shall be deemed an official act of the City without the approval of the City Representative.

(b) Such Annual Financial Information with respect to the City 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 City will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The City Representative may provide Annual Financial Information and Audited Financial Statements with respect to the City by specific cross-reference to other documents which are available to the public on the MSRB’s Internet Website or filed with the Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must be available from the MSRB. The City Representative shall clearly identify each such other document provided by cross-reference.

Section 4. Reporting of Events.

(a) The City shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, *if material*.

3. Unscheduled draws on any debt service reserve relating to the Bonds reflecting financial difficulties.
4. Unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. 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.
7. Modifications to rights of the Owners of the Bonds, *if material*.
8. Bond calls, *if material*, and tender offers.
9. Defeasance of the Bonds or any portion thereof.
10. Release, substitution or sale of property securing repayment of the Bonds, *if material*.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.²
13. 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, *if material*.
14. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*.

(b) Such notice shall be deemed an official notice from the City only upon approval by the City Representative.

² For the purposes of the event identified in subparagraph (4)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) At any time the Bonds are outstanding, the City Representative shall provide, in a timely manner, 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 3 hereof. Such notice shall be deemed an official notice from the City only upon the approval of the City Representative.

Section 5. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Undertaking shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Undertaking, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

Section 6. 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 Bond Ordinance; (b) the date that the City shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 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 opinion of nationally recognized Co- Bond Counsel selected by the City, a copy of which opinion shall be given to the Managing Underwriter. The City Representative shall file a notice of any such termination with the MSRB.

Section 7. 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 issuance and delivery of the Bonds and the Managing Underwriter consents thereto, (b) if such amendment is consented to by the Owners of no less than a majority in aggregate principal amount of the Bonds, or (c) if such amendment or waiver is otherwise consistent with Rule 15c2-12. Written notice by any such amendment or waiver shall be provided by the City Representative 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 8. 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 City Representative. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure

Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

Section 9. Default and Enforcement. If the City or the City Representative fail to comply with any provision of this Disclosure Undertaking, any Owner of any Bond may take action in the District Court for the Second Judicial District in the State of Colorado to seek specific performance by court order, to compel the City and the City Representative to comply with its obligations under this Disclosure Undertaking; provided that any Owner of the Bonds seeking to require compliance with this Disclosure Undertaking shall first provide to the City Representative at least 30 days' prior written notice of the City's or the City Representative's failure, giving reasonable details of such failure, following which notice the City and the City Representative shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Bond Ordinance or the Bonds. The sole remedy under this Disclosure Undertaking in the event of any failure of the City or the City Representative to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 10. 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.

Date: September __, 2013

(CITY)
(SEAL)

CITY AND COUNTY OF DENVER, COLORADO

By: _____
Mayor

ATTEST:

By: _____
Clerk and Recorder, *Ex Officio*
Clerk of the City and County
of Denver

Recommended and Approved:

By: _____
Manager of Finance, *Ex Officio* Treasurer

Approved as to Form:

Registered and Countersigned:

By: _____
David W. Broadwell, City
Attorney

By: _____
Manager of Finance, *Ex Officio* Treasurer

By: _____
Auditor

Schedule 1

“Annual Financial Information” means the financial information or operating data with respect to the City substantially similar to the type set forth in the Official Statement under the headings: “FINANCIAL INFORMATION CONCERNING THE CITY — General Fund Financials — Sales and Use Taxes and — Property Taxation” and “DEBT STRUCTURE OF THE CITY — General Obligation Bonded Debt and — Overlapping Debt and Taxing Entities,” to the extent not contained in the City’s Audited Financial Statements.

[APPENDIX D]

October __, 2013

City and County of Denver
City and County Building
Denver, Colorado 80202

\$121,635,000*
GENERAL OBLIGATION
BETTER DENVER AND REFUNDING BONDS
SERIES 2013A

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the City and County of Denver, Colorado (the "City") in connection with the issuance of its General Obligation Better Denver and Refunding Bonds, Series 2013A, in the aggregate principal amount of \$121,635,000* (the "Bonds"), pursuant to an authorizing ordinance of the City Council of the City adopted on September __, 2013 (the "Bond Ordinance"). In such capacity, we have examined the City's certified proceedings, the City's charter, and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as Co-Bond Counsel that:

1. The Bonds constitute valid and binding general obligations of the City.
2. All of the taxable property in the City is subject to the levy of an ad valorem tax to pay the Bonds without limitation of rate and in an amount sufficient to pay the Bonds when due.
3. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. Co-Bond Counsel will express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of the Bonds.

4. Co-Bond Counsel is further of the opinion that under State of Colorado statutes as presently enacted and construed, to the extent interest is excluded from gross income for federal income tax purposes, such interest is excluded from income for State of Colorado income tax purposes.

The opinions expressed in this opinion letter are subject to the following:

In rendering the opinions set forth in Paragraph (3) above, we have assumed the accuracy of the certifications and representations of the City and the continuing compliance by the City with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The failure by the City to meet such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of delivery of the Bonds. The City has covenanted to comply with such requirements.

Except as stated in Paragraph (3) and (4) above, we express no opinion as to any other tax consequences regarding the Bonds.

The obligations of the City pursuant to the Bonds and the Bond Ordinance are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as Co-Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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

Respectfully submitted,

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