

In the opinion of Kutak Rock LLP and Kline Alvarado Veio, P.C., Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Co-Bond Counsel is also of the opinion that, under existing State of Colorado statutes, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more complete description of such opinions of Co-Bond Counsel, see “TAX MATTERS” herein.

\$97,000,000*
CITY AND COUNTY OF DENVER, COLORADO,
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2018

KUTAK ROCK LLP
DRAFT 01/16/2018

Dated: Date of Delivery

Due: November 1, as shown below

The Wastewater Enterprise Revenue Bonds, Series 2018 (the “Bonds”) are issued by the City and County of Denver, Colorado (the “City”) for and on behalf of the Wastewater Management Division of its Department of Public Works (the “Enterprise”) 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 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 below and are payable on May 1, 2018, and semiannually thereafter on May 1 and November 1, to and including the maturity dates shown below (unless the applicable Bonds are redeemed earlier). The principal of, interest on, and premium on, if any, the Bonds are payable by ZB, National Association dba Zions Bank, Denver, Colorado, as paying agent, to DTC. DTC is required to remit such principal, interest and premium 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 issuer number: 249176)
Wastewater Enterprise Revenue Bonds
Series 2018

Maturing (November 1)	Principal Amount	Interest Rate	Price¹	CUSIP® Issue Number²	Maturing (November 1)	Principal Amount	Interest Rate	Price¹	CUSIP® Issue Number²
2018	\$2,765,000				2033	\$3,115,000			
2019	1,635,000				2034	3,240,000			
2020	1,715,000				2035	3,370,000			
2021	1,800,000				2036	3,505,000			
2022	1,890,000				2037	3,645,000			
2023	1,985,000				2038	3,790,000			
2024	2,085,000				2039	3,940,000			
2025	2,190,000				2040	4,100,000			
2026	2,300,000				2041	4,265,000			
2027	2,415,000				2042	4,435,000			
2028	2,535,000				2043	4,610,000			
2029	2,665,000				2044	4,795,000			
2030	2,770,000				2045	4,985,000			
2031	2,880,000				2046	5,185,000			
2032	2,995,000				2047	5,395,000			

¹ This information is not provided by the City.

² Copyright 2017 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. 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 (a) financing storm drainage and sanitary sewerage facilities for the City; and (b) paying the costs of issuing the Bonds. See “USE OF PROCEEDS.”

The Bonds are special and limited obligations of the City, for and on behalf of the Wastewater Management Division of its Department of Public Works, payable solely from and secured by a first lien (but not an exclusive first lien) upon the revenues derived by the City from the operation of its Storm Drainage Facilities and Sanitary Sewerage Facilities, subject only to the payment of operation and maintenance expenses. The Bonds are not general obligations of the City. The Bonds are not payable in whole or in part from the proceeds of general property taxes nor is the full faith and credit of the City pledged to pay the Bonds. See “SECURITY FOR THE BONDS—Pledge and Flow of Funds.”

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.

The Bonds are offered pursuant to a public sale when, as and if issued, subject to the approval of legality and certain other legal matters by Kutak Rock LLP, Denver, Colorado and Kline Alvarado Veio, P.C., 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 February __, 2018.

The date of this Official Statement is February __, 2018.

Preliminary; subject to change

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

**CITY AND COUNTY OF DENVER
CITY OFFICIALS**

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City Council

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Kendra Black
Jolon Clark
Rafael Espinoza
Kevin Flynn
Stacie Gilmore
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Finance/*Ex-Officio* Treasurer
City Attorney
Executive Director of the Department of Community Planning
and Development
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Executive Director of the Department of Parks and Recreation
Executive Director of the Department of Human Services
Executive Director of the Department of Environmental Health
Executive Director of the Department of Safety
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Denver, Colorado

Financial Advisor

Hilltop Securities, Inc.
Denver, 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: WWW.MUNIDOC.COM. 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

\$97,000,000*

City and County of Denver, Colorado,
for and on Behalf of the
Wastewater Management Division of Its
Department of Public Works,
Wastewater Enterprise Revenue Bonds
Series 2018

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”), for and on behalf of the Wastewater Management Division of its Department of Public Works (the “Enterprise”), of its \$97,000,000* Wastewater Enterprise Revenue Bonds, Series 2018 (the “Bonds”).

The Bonds are issued pursuant to Ordinance No. 18-0028, Series of 2018 (the “Bond Ordinance”) adopted by the City Council of the City (the “Council”) on January [29], 2018 for the purpose of (a) financing certain storm drainage and sanitary sewerage facilities; and (b) paying the costs of issuance of the Bonds. See “USE OF PROCEEDS – The Project.” Capitalized terms used in this Official Statement and not otherwise defined have the meaning assigned to them in the Bond Ordinance.

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.

In April of 2002, the City, on behalf of the Wastewater Management Division of its Department of Public Works, issued wastewater enterprise revenue bonds in the aggregate principal amount of \$30,700,000 (the “Series 2002 Bonds”). Proceeds from the Series 2002 Bonds were used to finance certain projects identified in the Enterprise’s Six-Year Capital Improvement Plan for its Storm Drainage Facilities. The Series 2002 Bonds were refunded, paid and discharged with a portion of the City and County of Denver, Colorado, for and on behalf of the Wastewater Management Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2012, originally issued in the aggregate principal amount of \$50,425,000 (the “Series 2012 Bonds”). The remaining proceeds from the Series 2012 Bonds were used by the City to acquire, improve and equip the Storm Drainage Facilities of the City. The Series 2012 Bonds are considered Parity Securities under the Bond Ordinance. The Series 2012 Bonds are currently outstanding in the approximate principal amount of \$34,865,000.

In November of 2016, the City, on behalf of the Wastewater Management Division of its Department of Public Works, issued wastewater enterprise revenue bonds in the aggregate principal amount of \$115,000,000 (the “Series 2016 Bonds”). Proceeds from the Series 2016 Bonds were used by the City to finance improvements to the Storm Drainage Facilities of the City, including a portion of the construction of the Platte to Park Hill Project. See “USE OF PROCEEDS–The Project.” The Series 2016

* Preliminary; subject to change

Bonds are considered Parity Securities under the Bond Ordinance. The Series 2016 Bonds are currently outstanding in the approximate principal amount of \$113,015,000.

The Bonds are being issued on a parity with and are secured by the same pledge of revenue as the Series 2012 Bonds and the Series 2016 Bonds.

This Official Statement includes financial and other information about the City and the Enterprise 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 and the Enterprise are qualified in their entirety by reference to “APPENDIX A—Basic Financial Statements of the City for the Fiscal Year Ended December 31, 2016.” 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.

Attached to this Official Statement is the Report of the Wastewater Consultant, which was delivered to the City in connection with the issuance of the Series 2016 Bonds and contains a discussion of the feasibility of the rates, fees and charges imposed by the City to pay for the operation, maintenance, improvement and replacement of the Storm Drainage Facilities and the Sanitary Sewerage Facilities (as defined below). See “APPENDIX B—Report of the Wastewater Consultant.” According to City officials, current collections and revenue projections are on track with those discussed within the Report of the Wastewater Consultant. Consequently, the Report of the Wastewater Consultant has not been updated since its initial release and the City does not plan to update the report in the future. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management’s Comments Concerning Financial Performance of the Enterprise—Capital Improvement Plan.”

This Official Statement contains economic and demographic information as of July 2017 about the City and its metropolitan area prepared by Development Research Partners for use by the City. See “APPENDIX C—An Economic and Demographic Overview of the Denver Metropolitan Region.”

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 D—Form of Continuing Disclosure Undertaking.”

THE BONDS

Authority

The Bonds are issued pursuant to the Bond Ordinance, art. XX, § 6 of the State Constitution, the City Charter, Ordinance No. 755, Series of 1993 of the City establishing the Enterprise as an enterprise of the City and authorizing the Enterprise to have and exercise certain powers in furtherance of its purposes (the “Enterprise Ordinance”), a resolution adopted by the Manager of the Department of Public Works of the City, part 4 of article 35 of title 31, Colorado Revised Statutes, as amended, and the Supplemental Public Securities Act (part 2 of article 57 of title 11, Colorado Revised Statutes, as amended). As revenue bonds issued for and on behalf of an enterprise, the Bonds may be issued without voter approval in advance under art. X, § 20 of the State Constitution. See “LEGAL MATTERS—Constitutional Revenue, Spending and Debt Limitations.” The City’s covenants with the owners of the Bonds are set forth in the Bond Ordinance and generally described in this Official Statement. See “SECURITY FOR THE BONDS.”

Description

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 special and limited obligations of the City, for and on behalf of the Enterprise, payable as to principal and interest (the “Debt Service Requirements”) solely from and secured by a first lien (but not an exclusive first lien) upon certain revenues derived by the City from the operation of the storm drainage facilities (the “Storm Drainage Facilities”) and the sanitary sewerage facilities (the “Sanitary Sewerage Facilities”) of the City, subject only to the payment of operation and maintenance expenses of the Storm Drainage Facilities and the Sanitary Sewerage Facilities. Under the Bond Ordinance the City may, upon satisfaction of certain requirements, issue additional parity securities. See “SECURITY FOR THE BONDS—Additional Bonds.” There is no debt service reserve with respect to the Bonds. The Bonds are not general obligations of the City. The Bonds are not payable in whole or in part from the proceeds of general property taxes, nor is the full faith and credit of the City pledged to pay the Bonds. See “SECURITY FOR THE BONDS—Pledge and Flow of Funds.”

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 ZB, National Association dba Zions 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 May 1 and November 1, commencing May 1, 2018. 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 ZB, National Association dba Zions 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 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 Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as securities depository of the Bonds (the “Securities Depository”), or a nominee therefor, the Securities Depository shall disburse any payments received, through participants of the Security Depository (the “Participants”) or otherwise,

to the Beneficial Owners. If the date for making any payment or giving notice is not a business day, such payment or notice shall be made or given on the next succeeding business day.

Neither the City nor the Paying Agent has any responsibility or obligation for the payment to the 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.

Notwithstanding the foregoing, so long as the Bonds are held in book-entry form, the payment, registration, exchange, transfer and redemption provisions of the Bonds shall conform to the requirements of the Securities Depository.

Redemption

Optional Redemption. The Bonds maturing on or prior to November 1, 20__ are not subject to optional redemption prior to their respective maturity dates. The Bonds maturing on and after November 1, 20__, 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 November 1, 20__, 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.

Mandatory Sinking Fund Redemption.

The Bonds maturing on November 1, 20__ and on November 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date. The Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Paying Agent shall determine (giving proportionate weight to the Term Bonds in denominations larger than \$5,000).

As a sinking fund for the redemption of the Term Bonds maturing November 1, 20__, the City will deposit sufficient amounts into the Debt Service Fund (after any credit, as described below) on or before the dates shown below to pay the following principal amounts of Bonds, plus accrued interest to the redemption date.

Redemption Date (November 1)	Principal Amount
20__	\$
20__	
20__	
20__	
20__ (maturity)	

As a sinking fund for the redemption of the Term Bonds maturing November 1, 20__, the City will deposit sufficient amounts into the Debt Service Fund (after any credit, as described below) on or

before the dates shown below to pay the following principal amounts of Bonds, plus accrued interest to the redemption date.

Redemption Date (November 1)	Principal Amount
20__	\$
20__	
20__	
20__	
20__ (maturity)	

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

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

Notice of Redemption. Unless waived by the owners of any 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 30 days or more than 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 send 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.

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Debt Service Requirements

Table I sets forth the debt service requirements to maturity of the Bonds, the Series 2012 Bonds and the Series 2016 Bonds (the Series 2012 Bonds and the Series 2016 Bonds are referred to as the “Parity Bonds”).

TABLE I

Year	Principal* (The Bonds)¹:	Interest (The Bonds):	Total Debt Service (The Bonds)¹:	Debt Service for Outstanding Parity Bonds¹:	Total Debt Service for the Bonds and Parity Bonds:
2018	\$2,765,000	\$	\$	\$11,048,325	\$
2019	1,635,000			11,046,125	
2020	1,715,000			11,029,125	
2021	1,800,000			11,032,525	
2022	1,890,000			11,035,025	
2023	1,985,000			8,856,175	
2024	2,085,000			8,848,525	
2025	2,190,000			8,853,525	
2026	2,300,000			8,850,275	
2027	2,415,000			8,853,775	
2028	2,535,000			8,853,375	
2029	2,665,000			8,850,675	
2030	2,770,000			8,856,325	
2031	2,880,000			8,849,775	
2032	2,995,000			8,851,175	
2033	3,115,000			6,727,400	
2034	3,240,000			6,727,000	
2035	3,370,000			6,725,400	
2036	3,505,000			6,727,400	
2037	3,645,000			6,727,600	
2038	3,790,000			6,725,800	
2039	3,940,000			6,726,800	
2040	4,100,000			6,730,200	
2041	4,265,000			6,725,600	
2042	4,435,000			6,728,000	
2043	4,610,000			6,726,800	
2044	4,795,000			6,726,800	
2045	4,985,000			6,727,600	
2046	5,185,000			6,728,800	
2047	5,395,000			--	
Total	<u>\$97,000,000*</u>	<u>\$</u>	<u>\$</u>	<u>\$237,895,925</u>	<u>\$</u>

* Preliminary; subject to change.

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

Source: The Financial Advisor

Transfer and Exchange

The Bonds are transferable only upon the registration books of the City by ZB, National Association dba Zions 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 for any Bond 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 acts as securities depository for the Bonds. The Bonds are to 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 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 3,500,000 issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 130 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 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 Interest 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 Participant”). DTC has a S&P 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 are to 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 are not to 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 are not to 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 or Indirect Participants 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 are 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 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 are to 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 such other DTC nominee) will consent or vote with respect to 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 are 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 are 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 is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 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, the Bonds 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.

SECURITY FOR THE BONDS

Pledge and Flow of Funds

The Bonds are payable solely out of and secured by an irrevocable lien on the Net Pledged Revenues. The “Net Pledged Revenues” consist of all Income (as defined below) remaining after the deduction of operating and maintenance expenses, as defined in the Bond Ordinance (“Operation and Maintenance Expenses”). The Bond Ordinance defines Income as “all income from rates, fees and charges for the services furnished by, the direct or indirect connection with, or use of, the Storm Drainage Facilities or the Sanitary Sewerage Facilities, including without limitation the storm drainage service charges imposed under Secs. 56-112 and 56-113 of the City Code, the sanitary sewage service charges, industrial waste surcharges and carriage, treatment and disposal charges imposed under Secs. 56-93, 56-94, 56-98 and 56-99 of the City Code and all income or other gain, if any, from investment of the Income, but excluding sanitary sewer connection fees, sanitary sewer services availability fees, storm drainage or sanitary sewer impact fees, special assessments for storm drainage or sanitary sewer purposes, grants or reimbursements from any local, State or federal government or agency thereof and any tap fees collected for or on behalf of the Metro Wastewater Reclamation District or any other local government or agency thereof.” See “FINANCIAL INFORMATION CONCERNING THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage and Sanitary Sewerage Fee Structures.”

The Bond Ordinance requires all Income, upon receipt by the City, to be set aside and credited immediately to the Wastewater Management Enterprise Fund created pursuant to the Enterprise Ordinance. The Wastewater Management Enterprise Fund is to be administered and the moneys therein are required to be deposited and applied in the following order of priority:

- (a) Operation and Maintenance Fund;
- (b) Debt Service Fund;
- (c) Reserve Fund, if any;
- (d) Construction Fund;
- (e) Subordinate Securities; and
- (f) any lawful purpose pertaining to the Storm Drainage Facilities or the Sanitary Sewerage Facilities.

Operation and Maintenance Fund. As a first charge on the Wastewater Management Enterprise Fund, there are to be credited from time to time to the Operation and Maintenance Fund heretofore created within the Wastewater Management Enterprise Fund moneys sufficient to pay the Operation and Maintenance Expenses of the Storm Drainage Facilities and the Sanitary Sewerage Facilities as they become due and payable.

Debt Service Fund. After the required payments to the Operation and Maintenance Fund have been made in each month, the City is to transfer or credit to the Debt Service Fund held by the City from the Net Pledged Revenues, the following amounts:

(a) *Interest Payments.* Monthly and concurrently on a *pari passu* basis with any payments required to be made to any separate debt service funds for any Parity Securities (including the Series 2012 Bonds and the Series 2016 Bonds) and any Additional Parity Bonds hereafter issued, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, and monthly thereafter, commencing March 1, 2018, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then outstanding and any Additional Parity Bonds secured by the Debt Service Fund.

(b) *Principal Payments.* Monthly and concurrently on a *pari passu* basis with any payments required to be made to any separate debt service funds for any Parity Securities (including the Series 2012 Bonds and the Series 2016 Bonds) and any Additional Parity Bonds hereafter issued, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds, and any Parity Securities (including the Series 2012 Bonds and the Series 2016 Bonds) and any Additional Parity Bonds secured by the Debt Service Fund, coming due at maturity or upon mandatory redemption, and monthly thereafter, commencing March 1, 2018, one-twelfth of the amount necessary, together with any other moneys from time to time available therefore and on deposit therein from whatever source to pay the next installment of principal of the Bonds, and any Additional Parity Bonds secured by the Debt Service Fund, coming due at maturity, or upon mandatory redemption.

Amounts on deposit in the Debt Service Fund are to be transferred by the City to the Paying Agent as follows:

(a) semiannually, on or before three business days prior to each interest payment date, an amount which will be sufficient to pay the installment of interest next due on the Bonds, and any Parity Securities (including the Series 2012 Bonds and the Series 2016 Bonds) and any Additional Parity Bonds secured by the Debt Service Fund; and

(b) annually, on or before three business days prior to each maturity date, an amount which will be sufficient to pay the installment of principal or mandatory sinking fund payment next due on the Bonds, and any Parity Securities (including the Series 2012 Bonds and the Series 2016 Bonds) and any Additional Parity Bonds secured by the Debt Service Fund.

Reserve Fund. Moneys in the Reserve Fund are not pledged to pay the principal of, interest on, or premium, if any, on the Bonds. There is a separate reserve account established within the Reserve Fund with respect to the Series 2012 Bonds. There is no separate reserve account with respect to the Series 2016 Bonds. There are to be credited to any reserve accounts, from any moneys remaining in the Wastewater Management Enterprise Fund after the payment of Operation and Maintenance Expenses and

after the monthly payments have been made to the Debt Service Reserve Fund, as set forth above, sums sufficient to accumulate and maintain in any reserve accounts any reserve requirement and, if any separate reserve accounts are established in connection with the issuance of any Additional Parity Bonds, there is to be credited or deposited, on a *pari passu* basis, any amounts necessary to fund or replenish any such reserve accounts in accordance with the ordinances or other instruments authorizing such Additional Parity Bonds. The moneys credited to any reserve accounts are to be held as a continuing reserve for the prevention of deficiencies in the payment of the principal of or interest on any outstanding parity securities to which the reserve account is pledged. In the alternative, the City may substitute for such cash deposit a letter of credit, surety bond, insurance policy, agreement guaranteeing payment, or other undertaking by a financial institution.

Construction Fund. Proceeds of the Bonds deposited in the Construction Fund are to be used to pay debt service requirements on the Bonds to the extent moneys in the Debt Service Fund or other moneys are insufficient to make such payments, unless such proceeds are needed to defray obligations accrued and to accrue under contracts then existing pertaining to the Project, as defined under “USE OF PROCEEDS—The Project.” After fully providing for the foregoing monthly payments, any remaining Net Pledged Revenues are to be deposited by the City in the Construction Fund in order to restore any amounts to the Construction Fund that have been applied to the payment of the debt service requirements on the Bonds.

Subordinate Securities. After fully providing for the foregoing monthly payments in connection with the Bonds and any outstanding parity securities then due, remaining Net Pledged Revenues may be used by the City for the payment of debt service requirements of subordinate securities payable from the Net Pledged Revenues including reasonable reserves for such subordinate securities. The City currently has no outstanding subordinate securities payable from the Net Pledged Revenues.

Any Lawful Purpose. After all foregoing monthly payments required to be made by the Bond Ordinance have been made in the current month, any remaining Net Pledged Revenues may be used for any lawful purposes pertaining to the Storm Drainage Facilities or the Sanitary Sewerage Facilities.

Rate Maintenance

The City is obligated to prescribe, revise and collect storm drainage and sanitary sewerage rates, fees and charges that shall produce Income sufficient, together with any other moneys legally available therefor and credited to the Wastewater Management Enterprise Fund, to make the payments and accumulations required by the Bond Ordinance and to produce Income sufficient, together with all other moneys legally available therefor and credited to the Wastewater Management Enterprise Fund after payment of Operation and Maintenance Expenses, to pay an amount at least equal to 125% of the combined average annual debt service requirements of the outstanding Bonds and other outstanding parity securities plus any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Pledged Revenues or any securities payable therefrom plus 100% of all payments, costs and other amounts due under an insurance or surety policy or other similar instrument that ensures payment under the Bond Ordinance.

Additional Bonds

The Bonds are being issued on a parity with the Series 2012 Bonds and the Series 2016 Bonds. See “INTRODUCTION.” The City and the Enterprise may issue the Bonds and any Additional Parity Bonds payable from, and that have a lien on, all or a portion of the Net Pledged Revenues on a parity with the Bonds upon compliance with the following terms and conditions:

Absence of Default. At the time of the issuance of such Additional Parity Bonds the City shall not be in default in making any payments required in Section 5 of the Bond Ordinance.

Historic Revenues Test. Except as hereinafter provided, the Net Pledged Revenues for the last complete fiscal year prior to the issuance of the proposed Additional Parity Bonds (as certified by an independent accountant, a qualified consultant or the City's Chief Financial Officer, as the Manager of Finance and *Ex-Officio* Treasurer (the "Manager of Finance") must have been equal to at least 125% of the combined average annual debt service requirements of the outstanding Parity Securities and the Additional Parity Bonds proposed to be issued plus 100% of all amounts due under an insurance and surety policy or other similar instruments. If any increase in storm drainage or sanitary sewerage rates, fees or charges is made by the City during such fiscal year or prior to the issuance of such Additional Parity Bonds, the calculation of the Net Pledged Revenues may be adjusted by an independent accountant, a qualified consultant or the Manager of Finance to reflect the amount that would have been received if such rate increase had been in effect throughout such fiscal year. The foregoing requirement does not apply to the issuance of Additional Parity Bonds refunding less than all of the Bonds and other Parity Securities then outstanding so long as the debt service requirements payable on all Bonds and other Parity Securities outstanding after the issuance of such Additional Parity Bonds in each bond year does not exceed the debt service requirements payable on all Bonds and other Parity Securities outstanding prior to the issuance of such Additional Parity Bonds in each such bond year.

Neither the City nor the Enterprise may issue bonds or securities payable from the Net Pledged Reserves having a lien thereon superior or senior to the lien thereon of the Bonds and other outstanding Parity Securities. The City and the Enterprise may issue bonds or securities payable from Net Pledged Revenues having a lien thereon subordinate or junior to the lien thereon of the Bonds and other outstanding Parity Securities.

Series 2012 and Series 2016 Additional Bonds Test. Pursuant to the ordinances authorizing the issuance of the Series 2012 Bonds and the Series 2016 Bonds (the "Previous Ordinances"), prior to the issuance of any Additional Parity Bonds, certain conditions must be satisfied (the "Additional Bonds Test"). The Bonds are Additional Parity Bonds as defined in and for purposes of the Previous Ordinances. The Additional Bonds Test is identical to the test in the Bond Ordinance, as described above, and requires, among other things, a certification of historic revenues from an independent accountant, a qualified consultant or the Manager of Finance. At Closing, the Manager of Finance anticipates executing a certificate establishing that the City has met the conditions of the Additional Bonds Test.

Bond Owners' Remedies

Upon the happening and continuation of an "event of default," as defined in the Bond Ordinance, the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding (including a trustee or trustees therefore) may proceed against the City and its agents, officers and employees to protect and to enforce any Bond owner's rights under the Bond Ordinance.

In the event of a default in the payment of principal of or interest on the Bonds, there is no acceleration of maturity of principal of the Bonds. Consequently, following an event of default, the Bond owners' remedies (consisting primarily of a mandatory injunction requiring the City to perform the terms of the Bond Ordinance) may have to be enforced from time to time. The Bond owners may not foreclose on property of the City or sell such property in order to pay the principal of or interest on their Bonds. In addition, the enforceability of the rights of the owners of the Bonds may be subject to limitation pursuant to the federal Bankruptcy Code and powers delegated to the United States of America by the federal Constitution, and the obligations incurred by the City in issuing the Bonds may also be subject to the exercise of the police power of the State. See "LEGAL MATTERS." Bankruptcy proceedings or the

exercise of other powers of the federal government or the exercise of the police power of the State, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights or the unenforceability of their security interest in future revenues.

USE OF PROCEEDS

Generally

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

TABLE II

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Bonds	\$97,000,000.00*
Net Premium	
Total	
Use of Funds:	
Construction Fund Deposit	\$
Costs of Issuance ¹	
Total	\$

* Preliminary; subject to change
¹ Includes Underwriter’s compensation.
 Source: Financial Advisor

The Project

The City expects to use a portion of the net proceeds of the Bonds to finance various improvements to its Storm Drainage and Sanitary Sewerage Facilities citywide that are included in the Six-Year Capital Improvement Plan established and adopted by the Enterprise (see “THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES–Storm Drainage Facilities–Planning” and “THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES–Sanitary Sewerage Facilities–Planning”). Such projects generally include but are not limited to street interceptor and outfall construction, general storm and sanitary improvements, and curb and gutter improvements.

In addition to the projects listed above, the City is currently undertaking improvements to its Storm Drainage Facilities known as the Platte to Park Hill: Stormwater Systems Project (the “Platte to Park Hill Project”) as described further below. The City also expects to use a portion of the net proceeds of the Bonds to provide additional funding for the Platte to Park Hill Project.

The Platte to Park Hill Project is being conducted in coordination with the Six-Year Capital Improvement Plan and generally consists of the construction and financing of improvements to the Storm Drainage Facilities including but not limited to the designing, equipping, acquiring, constructing, rehabilitating, renovating, relocating, reconstructing and replacing of certain major drainageways, major outfall systems, open channels, detention, water quality, utilities, landscaping, lighting, maintenance trails, local storm sewers, roadways, bridges, curbs, gutters and cross-pans and real property related thereto. The City used a portion of the net proceeds of the Series 2016 Bonds to commence construction

of the Platte to Park Hill Project and currently expects to finish construction of the Platte to Park Hill Project with a portion of the net proceeds of the Bonds, along with other legally available funds as described below.

The City is undertaking the Platte to Park Hill Project to increase protection against flooding while also improving water quality and enhancing public spaces. Current plans for the Platte to Park Hill Project focus in particular on the northern City neighborhoods of Elyria, Swansea, Cole, Clayton, Skyland, Whittier, Five Points, Northwest Park Hill and City Park. The Platte to Park Hill Project generally consists of the four subprojects described as follows, including the Globeville Subproject, the City Park Subproject, the 39th Avenue Subproject and the Park Hill Subproject. The City reserves the right to modify or change its plans as and when it desires.

The Globeville Subproject generally consists of the redesigning of the Globeville Landing Outfall and Globeville Landing Park adjacent to the South Platte River, including open channels and associated pipes, in order to address drainage needs as well as to enhance park amenities (the “Globeville Subproject”).

The City Park Subproject generally consists of the redesigning of City Park Golf Course in order to upgrade its stormwater detention facilities, provide additional flood protection, as well as provide water quality and golf course mitigation (the “City Park Subproject”).

The 39th Avenue Subproject is expected to include the construction of an open channel along 39th Avenue and associated pipes in order to reduce flood risk and improve water quality. It is also anticipated that the construction along 39th Avenue will create new recreational open space in the form of a multi-use trail (maintenance trail) between Franklin and Steele streets (the “39th Avenue Subproject”). The 39th Avenue Subproject is also expected to include conduit installation from Franklin Street to Blake Street, Steele Street to Jackson Street, Clayton Street to 40th Avenue and Monroe/Madison Street to 39th Avenue.

The Park Hill Subproject is currently expected to include the construction of an additional stormwater detention pond in the Park Hill Golf Course and associated pipes connecting into Holly Pond as well as associated pipes connecting from the detention pond to outlet to existing downstream drainage infrastructure in order to improve water quality and address drainage needs (the “Park Hill Subproject”).

The City currently expects to complete the Platte to Park Hill Project by 2020. The City considers the Platte to Park Hill Project an essential project being undertaken in accordance with its 100-year flood protection planning. In addition to the City’s contribution of capital improvement funds and application of proceeds from the Series 2016 Bonds and the Bonds, the City has received and anticipates further contributions from the Colorado Department of Transportation, the City’s Department of Environmental Health, the Urban Drainage and Flood Control District (the “Flood Control District”) and Denver Water. Due to the essentiality of these improvements, the City anticipates completing the Platte to Park Hill Project independent of the receipt of these contributions. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management’s Comments Concerning Financial Performance of the Enterprise—Capital Improvement Plan.”

More information regarding the Platte to Park Hill Project can be found at the following web site address: <https://www.denvergov.org/content/denvergov/en/platte-to-park-hill.html>. Inclusion of this web site address in this Official Statement is not an incorporation by reference of any of the contents on the website and is not a representation by the City or the Underwriter as to any of the content therein, and is provided only for convenience.

THE ENTERPRISE

The City by ordinance has designated the Enterprise as an “enterprise” within the meaning of the State Constitution. See “LEGAL MATTERS—Constitutional Revenue, Spending and Debt Limitations.” The assets of the Enterprise are owned by the City and the power to operate, maintain and control the Enterprise is vested in the City’s Department of Public Works (the “Department”). The Enterprise is not authorized to levy any taxes in connection with the Storm Drainage Facilities or the Sanitary Sewerage Facilities, and changes to the rates, fees and charges collected by the Enterprise are set by City Council acting by ordinance. The covenants and undertakings of the City with respect to the Bonds are covenants and undertakings of the City, for and on behalf of the Enterprise.

The Enterprise has the authority to issue its own revenue bonds or other financial obligations in the name of the City. The Bonds are being issued as special, limited obligations of the City, for and on behalf of the Enterprise.

THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES

The Storm Drainage Facilities function separately from the Sanitary Sewerage Facilities, and storm drainage rates, fees and charges are billed and collected separately from sanitary sewerage rates, fees and charges.

Storm Drainage Facilities

General. The purpose of the City’s Storm Drainage Facilities is to ameliorate City water quality and promote the general public health, safety and welfare by assuring that the movement of emergency vehicles is not prohibited or inhibited during storm or flooding periods and by minimizing storm and flood losses, inconvenience and damage resulting from uncontrolled storm runoff in the City.

The City began charging a fee for managing stormwater runoff in 1981. The Storm Drainage Facilities serve the entire City, and, as of December 31, 2016, the Enterprise billed approximately 166,638 accounts for storm drainage service.

The existing Storm Drainage Facilities include more than 821 miles of storm drainage lines of various compositions, over 538 siphon sets, over 23,000 catch basins, 25 detention ponds as well as over 48 miles of regional channels and 18 miles of other ditches and channels. Storm water is collected and transported through gravity-flow lines operated together with nine lift stations. No principal portion of Storm Drainage Facilities are leased, held subject to significant encumbrances or otherwise not held in fee.

Operation and maintenance of the Storm Drainage Facilities consist primarily of keeping the mains, catch basins and channels free of debris, mowing drainage-ways and detention ponds, shaping channels and ditches and making periodic repairs to damaged or eroded parts or structures.

Planning. The Manager of the Department has developed a master drainage plan, which is approved by City Council every two years, in order to coordinate capital improvements and manage the operation and maintenance of the Storm Drainage Facilities. The City continues to improve the current level of service of the Storm Drainage Facilities by planning, designing and constructing the projects identified in the master drainage plan. The projects identified in the master drainage plan are prioritized by the Manager of the Department and the Wastewater Capital Projects Management division comprised of several subject matter experts, into a capital needs improvement assessment relating to the Enterprise for the following six years (the “Six-Year Capital Improvement Plan”). The Six-Year Capital Plan is

formally adopted every six years but updated annually. The annual update assesses storm needs throughout the City and estimates the amount and timing of capital needed to meet the plan. The annual update consists of a review of metrics including but not limited to changes in population density and frequency of floods. The currently adopted Six-Year Capital Improvement Plan is for the period between fiscal years 2016-2021. The next Six-Year Capital Improvement Plan is currently anticipated to be adopted by the Enterprise in 2021.

The portion of the Six-Year Capital Improvement Plan concerning the Storm Drainage Facilities is coordinated with the master drainage plan, upon approval by City Council, and forms the basis for the Project. For additional information concerning capital improvement needs and planning, see “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management’s Comments Concerning Performance of the Enterprise—Capital Improvement Plan.”

Cooperation With Other Agencies. The Enterprise plans certain improvements to the Storm Drainage Facilities in cooperation with the Flood Control District, a political subdivision of the State. The Flood Control District assists local governments in the metropolitan Denver area with multi-jurisdictional drainage and flood control problems through master planning and reimbursement of a portion of expenses incurred in connection with approved projects and other services. The Flood Control District obtains its funds through property tax mill levies imposed on property within the boundaries of the Flood Control District and has periodically reimbursed the Enterprise for improvements to the Storm Drainage Facilities. However, no reimbursements received from the Flood Control District or any other government agency are included in Income. See “SECURITY FOR THE BONDS—Pledge and Flow of Funds.”

Regulation. The water contained in the Storm Drainage Facilities is either absorbed into the ground, evaporated or discharged into the South Platte River and its tributaries through the City’s municipal storm system. In order to discharge storm water into the South Platte River and its tributaries, the City is required under provisions of the federal Clean Water Act and the Colorado Water Quality Control Act to maintain a discharge permit. The City’s current five-year discharge permit was issued by the State January 30, 2009 to be effective as of March 1, 2009 and is currently under administrative extension at the request of the State of Colorado, which has several other entities operating under administrative extension. The discharge permit requires the City to undertake and enforce a Stormwater Management Program to reduce pollutants and protect water quality requirements under the Colorado Water Quality Control Act and the Colorado Discharge Permit Regulations, which requirements may be subject to change in the future based on the federal and state regulatory climate.

Sanitary Sewerage Facilities

General. The City operates Sanitary Sewerage Facilities for public health and environmental quality purposes. The City began charging a fee for these services in 1966. As of December 31, 2016 the Enterprise billed approximately 160,047 accounts for sanitary sewerage services.

The Sanitary Sewerage Facilities serve the entire City. The City has not specifically estimated the number of sanitary sewage service accounts which will be created as areas of the City are developed further, but the Enterprise estimates that approximately 12,000 additional residential units will be developed within the City by the year 2026. The City is planning for additional Sanitary Sewerage Facilities accordingly.

The existing Sanitary Sewerage Facilities consist entirely of facilities used for the collection and carriage of sewage because the City’s sewage is treated pursuant to an intergovernmental agreement with the Metro Wastewater Reclamation District. The existing Sanitary Sewerage Facilities include

approximately 1,523 miles of conduit ranging in size from eight inches to more than 120 inches in diameter. Sewage is collected and transported through gravity-flow lines operated together with five lift stations. The average age of the Sanitary Sewerage Facilities is approximately 60 years. The oldest Sanitary Sewerage Facilities still in service are over 100 years old. The City Engineer represents that the condition of the Sanitary Sewerage Facilities is generally good. No principal portion of the Sanitary Sewerage Facilities are leased, held subject to significant encumbrances or otherwise not held in fee.

The City also provides certain persons located outside the geographical boundaries of the City with the use of the Sanitary Sewerage Facilities for carriage, treatment and disposal services for a charge pursuant to intergovernmental or other agreements.

Metro Wastewater Reclamation District. The sewage carried by the Sanitary Sewerage Facilities is delivered to Metro Wastewater Reclamation District (“Metro”), a political subdivision of the State organized to manage and finance facilities for the carriage, treatment and disposal of wastewater throughout the metropolitan Denver area. The City entered into a Sewage Treatment and Disposal Agreement (the “Metro Agreement”) with Metro in March of 1964. The Metro Agreement has subsequently been republished to include prior amendments most currently in June 2008 with further amendments to Metro’s Rules and Regulations, most recently in August of 2014. There are currently over 60 other municipalities, districts and industrial entities contracting with Metro for sewage treatment and disposal services. Under the Metro Agreement, Metro promulgates an annual charge to each signatory, which annual charge is payable quarterly. The annual charge is required by the terms of the Metro Agreement to be reasonable and in an amount adequate to fund Metro’s operation and maintenance expenses as well as debt service on Metro’s outstanding debt obligations and certain other obligations. The annual charge is calculated with the intention that each signatory pays in proportion to its use of Metro’s services. The Metro Agreement may not be terminated until such time as all Metro debt obligations are no longer outstanding (currently April 2041). At such time, the Metro Agreement will be extended to the extent permitted by law from year to year until the City or Metro elects to terminate the Metro Agreement.

The following table presents historical data between 2012 and 2016 relating to Metro’s total annual charges to the Enterprise (the “Metro Annual Charge”), the Metro Annual Charge as a percentage of the Enterprise’s total operating expenses and the annual increase (decrease) in the Metro Annual Charge.

**TABLE III
Historical Metro Annual Charges¹**

	2012	2013	2014	2015	2016
Total Enterprise Operating Expense ²	\$97,853,113	\$104,064,242	\$101,801,603	\$111,330,996	\$113,147,311
Metro Annual Charge	44,367,414	44,859,512	44,200,243	48,872,825	49,197,801
Metro Annual Charge as a Percentage of Total Operating Expense	45.34%	43.11%	43.42%	43.90%	43.48%
Year-to-Year Metro Annual Charge Increase (Decrease)	(1.43)%	1.11%	(1.47)%	10.57%	0.66%

¹ In this table, “Enterprise” refers to the Wastewater Management Enterprise Fund.

² These figures do not reflect the amounts paid to other sewage treatment and disposal districts.

Source: Enterprise Department of Finance

Planning. The Manager of the Department has developed a master sewerage plan in order to coordinate capital improvements and manage the operation and maintenance of the Sanitary Sewerage Facilities. The master sewerage plan is based on a metrics-based analysis to prioritize capacity and condition driven sanitary projects which are then incorporated into the Enterprise’s Six-Year Capital Improvement Plan. The Six-Year Capital Improvement Plan is formally adopted every six years but updated annually. The annual update assesses sanitary needs throughout the City and estimates the amount and timing of capital needed to meet the plan. The annual update consists of a review of metrics including but not limited to changes in population density, frequency of floods, and reports of sanitary issues. The currently adopted Six-Year Capital Improvement Plan is for the period between fiscal years 2016-2021. The next Six-Year Capital Improvement Plan is currently anticipated to be adopted by the Enterprise in 2021.

The Enterprise periodically adds capital improvements to the Sanitary Sewerage Facilities in coordination with the Six-Year Capital Improvement Plan. For additional information concerning capital improvement needs and financing, see “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management’s Comments Concerning Performance of the Enterprise—Capital Improvement Plan.”

Management

The Enterprise is administered as a part of the Department, the Manager of which is appointed by the Mayor. Authority to manage the Enterprise is vested by the City in the Manager of the Department. The Manager of the Department delegates administration of operations and finance of the Storm Drainage Facilities and the Sanitary Sewerage Facilities to the Chief Operations Officer/Manager of Public Works for Operations. The Manager of the Department delegates administration of engineering, permitting and oversight of Storm Drainage Facilities and Sanitary Sewerage Facilities capital projects to the Deputy Manager of Public Works/City Engineer.

Eulois Cleckley was appointed by Mayor Hancock in December 2017 to serve as the Executive Director of the Department of Public Works. As Executive Director, Mr. Cleckley oversees one of the City’s largest and most dynamic departments, managing the majority of services involving public infrastructure and facilities for residents and businesses.

Mr. Cleckley previously worked for the Houston-Galveston Area Council (the “HGAC”), where he served as the Deputy Director of the Metropolitan Planning Organization, which covers the eight-county Houston-Galveston region, and provided overall strategic direction and service delivery related to city and regional transportation planning, project development and implementation.

Prior to his work with the HGAC, Mr. Cleckley served as Chief of Statewide and Regional Planning, and later acting Chief of the Field Operations Division, for Washington, D.C.’s District Department of Transportation (“DDOT”). While with the DDOT, he led regional system planning efforts, created the District’s freight planning program, and oversaw development of the District’s Statewide Transportation Improvement Plan. Mr. Cleckley also developed policies and implemented programs that promoted proper land use, safety and reliability of Washington’s transportation system, including the creation and implementation of the District-wide multi-modal policies and regulations in coordination with industry and the community.

As a transportation and planning consultant and transportation specialist for the U.S. Department of Transportation, Mr. Cleckley has supported the planning and implementation of several major municipal and regional transportation efforts, including: the Purple Line Light Rail Project for

Montgomery County, Maryland; the Gulf Coast Area Transportation Study for the Gulf Coast Regional Planning Commission; the Atlanta Regional Freight Mobility Plan for the Atlanta Regional Commission; and freight system plans for the Regional Planning Commission in New Orleans, Louisiana and the Delaware Valley Planning Commission in Philadelphia, Pennsylvania.

George Delaney is the Chief Operations Officer/Manager of Public Works for Operations. Mr. Delaney previously served as Manager of Public Works from January 2011 until April 2012 and May 2017 until November 2017. Previously, he worked as Deputy Manager of Public Works for nearly six years. Before joining the Department, Mr. Delaney spent 32 years working for the State of Colorado in a variety of positions mostly focused on public finance.

Lesley B. Thomas is the Deputy Manager of Public Works for Engineering/City Engineer. Ms. Thomas has been employed by the City for 27 years, serving 15 years as City Engineer. She has also served as a Director and Supervisor for the Department. Prior to her work at the City, Ms. Thomas was employed for nine years by a local civil engineering consulting firm. Ms. Thomas is a State-registered professional engineer.

The day-to-day operations of the Enterprise and capital projects management are conducted by the Enterprise and other employees of the Department. As of December 31, 2017, approximately 312 City employees worked almost exclusively for the Enterprise. Additional City employees also fulfill certain functions within the Enterprise on an as-needed basis.

Account Information

The number of accounts served by the Storm Drainage Facilities and Sanitary Sewerage Facilities during the past 10 years are as follows:

**TABLE IV
Historical Account Information**

Years (December 31)	Storm Drainage Accounts	Sanitary Sewerage Accounts
2007	156,795	150,637
2008	158,176	153,720
2009	158,955	154,230
2010	159,932	155,482
2011	160,482	156,392
2012	161,420	156,374
2013	162,192	156,884
2014	163,143	157,939
2015	164,681	158,956
2016	166,638	160,047
2017 ¹	168,192	161,288

¹ Estimated as of December 31, 2017.
Source: Enterprise Department of Finance

As of December 31, 2016, approximately 94% of storm drainage accounts were attributable to residential lots or parcels, with the remaining 6% attributable to non-residential lots or parcels. The average customer paid an annual storm drainage service charge of approximately \$255 as of December 31, 2016. Of the total dollars billed as of December 31, 2016, residential accounts accounted for 50% of

the total amount of storm drainage service charges and non-residential accounts accounted for the remaining 50%. As of December 31, 2016, the City paid to the Enterprise 3% of the total storm drainage service charges billed for such year. No other entity accounted for more than 2% of the total amount of storm drainage service charges billed as of December 31, 2016. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Storm Drainage Fee Structure.”

As December 31, 2016, approximately 90% of the sanitary sewerage accounts were residential and the remaining 10% were non-residential. Of the total dollars billed as of December 31, 2016, residential accounts accounted for approximately 36% of the total amount of sanitary sewerage service charges billed for that year and non-residential accounts accounted for the remaining 64%. As of December 31, 2016, the City paid to the Enterprise 4% of the total sanitary sewerage service charges billed for such year. No other entity accounted for more than 1% of the total amount of sanitary sewer service charges billed as of December 31, 2016. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Sanitary Sewerage Fee Structures.”

FINANCIAL INFORMATION CONCERNING THE ENTERPRISE

The City imposes rates, fees and charges to pay for the operation, maintenance, improvement and replacement of the Storm Drainage Facilities and the Sanitary Sewerage Facilities based on the use made of, the need for and the service provided by the Storm Drainage Facilities and the Sanitary Sewerage Facilities. See “APPENDIX B—Report of the Wastewater Consultant.”

Storm Drainage Fee Structure

The storm drainage service charges imposed by the City are included in Income. The City is also authorized to impose a storm drainage impact fee with regard to the Gateway development area. This impact fee, if collected, is not included in Income. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Storm Drainage Fee Structure—Gateway Area Impact Fees.”

Storm Drainage Service Charge. The City imposes a storm drainage service charge on every lot or parcel of land within the City and the owners thereof, with the exception of property at Denver International Airport. The storm drainage service charge is structured so that the owner of each lot or parcel pays for the Storm Drainage Facilities to the extent its lot or parcel contributes stormwater runoff to the Storm Drainage Facilities. The amount of stormwater runoff attributed to a lot or parcel is directly related to the amount of impervious surface area (e.g., roofs, driveways, parking lots, etc.) on the property. The storm drainage service charge is based on the percentage of impervious area to the total property area. The City determines the annual storm drainage service charge for each lot or parcel by dividing the lot or parcel’s impervious area by its total area. The ratio of these figures is then matched to the appropriate ratio group determined by the City, with each ratio group assigned a corresponding rate.

In June of 2016, the City adopted by ordinance changes to its fee schedule informed by a rate study calculated with the assistance of the Wastewater Consultant whereby storm drainage service charges were increased effective as of July 1, 2016. The historic, current and future rate changes are as follows: as of July 1, 2011, increased 20%; as of July 1, 2012, increased 2%; as of July 1, 2013, increased 2%; as of July 1, 2014, increased 2.8% (in accordance with the percentage change from the previous year in the United States Consumer Price Index (the “Consumer Price Index”)); as of July 1, 2015, increased 2.7% (in accordance with the percentage change from the previous year in the Consumer Price Index); as of July 1, 2016, increased 11%; as of January 1, 2017, increased 11%; as of January 1, 2018, increased 11%; as of January 1, 2019, will increase 10%; and as of January 1, 2020, will increase 10%. Thereafter, the minimum charge will increase according to the percentage change from the previous year in the

United States Consumer Price Index. The following table shows the past, current and future storm drainage service charges.

TABLE V
Historic, Current and Future Stormwater Rates

Ratio Group	Rate July 2015	Rate July 2016	Rate January 2017	Rate January 2018	Rate January 2019	Rate January 2020
0 to .10	\$1.90	\$2.11	\$2.34	\$2.60	\$2.86	\$3.15
.11 to .20	2.37	2.63	2.92	3.24	3.56	3.92
.21 to .30	2.88	3.20	3.55	3.94	4.33	4.76
.31 to .40	3.40	3.77	4.18	4.64	5.10	5.61
.41 to .50	3.88	4.31	4.78	5.31	5.84	6.42
.51 to .60	4.15	4.61	5.12	5.68	6.25	6.88
.61 to .70	4.41	4.90	5.44	6.04	6.64	7.30
.71 to .80	4.90	5.44	6.04	6.70	7.37	8.11
.81 to .90	5.39	5.98	6.64	7.37	8.11	8.92
.91 to 1.00	5.92	6.57	7.29	8.09	8.90	9.79

Source: Enterprise Department of Finance

The rate for the lot or parcel’s ratio group is multiplied by the square footage of the lot or parcel’s impervious area and then divided by 100. The resulting quotient is equal to the annual storm drainage service charge. For example, on January 1, 2017, a 5,000 square foot lot with 3,000 square feet of impervious area was included in the .51 to .60 ratio group and therefore would have been charged an annual storm drainage service charge of \$153.60 ($\$5.12 \times 3,000/100$). However, the minimum annual storm drainage service charge will not be less than \$16.67, \$18.50, \$20.35 and \$22.39 for the rate periods effective January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020, respectively. The power and authority of home rule municipalities such as the City to impose storm drainage service charges computed as described above has been affirmed by the State Supreme Court.

Gateway Area Impact Fees. Since 2001, the City has been authorized to impose storm drainage impact fees on developers of land located in the Gateway area of the City. The City Code also allows the City to enter into agreements with municipal and quasi-municipal entities who will collect fees on behalf of the City in lieu of impact fees. Such entities shall remit those fees to the City. The City Code requires that expenditure of storm drainage impact fees be restricted to financing capital improvements for such development area. The City Code allows developers to credit certain of their expenditures against the storm drainage impact fee. To the extent the City does receive storm drainage impact fees, such fees are deposited into a segregated fund, and such fees must be applied to costs connected to storm drainage capital improvements constructed for the particular development area. These storm drainage impact fees are not included in Income. See “SECURITY FOR THE BONDS—Pledge and Flow of Funds.”

Sanitary Sewerage Fee Structures

The City imposes the following fees and charges in connection with its Sanitary Sewerage Facilities: a sanitary sewage service charge (and an additional industrial waste surcharge for certain industrial users located within the City); a carriage, treatment and disposal charge for users located outside the City (and an additional industrial waste surcharge for certain industrial users located outside

the City); and a sanitary sewer services availability fee. These fees and charges, with the exception of the sanitary sewer services availability fee, are included in Income.

Sanitary Sewage Service Charge. The sanitary sewage service charge is imposed on all real property within the City which discharges or has the opportunity to discharge sewage into the Sanitary Sewerage Facilities of the City. The City Code prescribes a methodology for calculation of these charges. Depending on the circumstances of the particular user, the user will be charged the fee on a flat rate, a rate correlated to the user’s use of potable water, a rate based on the characteristics of the subject property (e.g., number of rooms and bath facilities, etc.), or a rate based on use measured by a meter or other method approved by the Manager of the Department. Industrial waste accounts are also assessed a sewer service surcharge based on the amount and composition of their sewage, with such surcharges calculated to match the aggregate surcharge payable to Metro under the Metro Agreement. This surcharge is billed to and paid by industrial waste accounts in the same frequency as the sanitary sewage service charge.

In June of 2016, the City adopted an ordinance informed by a rate study calculated with the assistance of the Wastewater Consultant whereby sanitary sewage service charges were increased effective as of July 1, 2016. The historic, current and future rate changes are as follows: as of July 1, 2011, increased 45%; as of July 1, 2012, increased 15%; as of July 1, 2013, increased 10%; as of July 1, 2014, increased 2.8% (in accordance with the percentage change from the previous year in the Consumer Price Index); as of July 1, 2015, increased 2.7% (in accordance with the percentage change from the previous year in the Consumer Price Index); as of July 1, 2016, increased 5%; as of January 1, 2017, increased 5%; as of January 1, 2018, increased 4%; as of January 1, 2019, will increase 4%; and as of January 1, 2020, will increase 4%. Thereafter, the minimum charge will increase according to the percentage change from the previous year in the United States Consumer Price Index. The following table shows the past, current and future sewage rates charged by the City.

**TABLE VI
Current and Future Sewage Rates**

For each residential unit: Monthly charge of \$10.33 effective July 1, 2015; monthly charge of \$10.85 effective July 1, 2016; monthly charge of \$11.39 effective January 1, 2017; monthly charge of \$11.85 effective January 1, 2018; monthly charge of \$12.32 effective January 1, 2019; monthly charge of \$12.81 effective January 1, 2020.

For other than residential units: The charge is computed in relation to the rated size of the water meter as follows:

Size: (inches)	Rate July <u>2015</u>	Rate July <u>2016</u>	Rate January <u>2017</u>	Rate January <u>2018</u>	Rate January <u>2019</u>	Rate January <u>2020</u>
5/8	\$ 10.33	\$ 10.85	\$ 11.39	\$ 11.85	\$ 12.32	\$ 12.81
¾	15.51	16.29	17.10	17.78	18.49	19.23
1	25.82	27.11	28.47	29.61	30.79	32.02
1 ¼	38.81	40.75	42.79	44.50	46.28	48.13
1 ½	51.72	54.31	57.03	59.31	61.68	64.15
2	82.70	86.84	91.18	94.83	98.62	102.56
3	155.06	162.81	170.95	177.79	184.90	192.30
4	258.50	271.43	285.00	296.40	308.26	320.59
6	516.97	542.82	569.96	592.76	616.47	641.13
8	827.49	868.86	912.30	948.79	986.74	1,026.21
10	1,189.00	1,248.45	1,310.87	1,363.30	1,417.83	1,474.54
12	2,222.91	2,334.06	2,450.76	2,548.79	2,650.74	2,756.77

For users whose water is metered or measured: The sanitary sewage service charge is computed by multiplying the volume of potable water into the premises during the billing period by \$3.78 per thousand gallons effective July 1, 2015; \$3.97 per thousand gallons effective July 1, 2016; \$4.17 per thousand gallons effective January 1, 2017; \$4.34 per thousand gallons effective January 1, 2018; \$4.51 per thousand gallons effective January 1, 2019; and \$4.69 per thousand gallons effective January 1, 2020.

For users whose water is not metered or measured: The charge shall be one-twelfth of the annual charge which shall be computed by multiplying the annual equivalent sewage contribution by \$3.78 per thousand gallons effective July 1, 2015; \$3.97 per thousand gallons effective July 1, 2016; \$4.17 per thousand gallons effective January 1, 2017; \$4.34 per thousand gallons effective January 1, 2018, \$4.51 per thousand gallons effective January 1, 2019; and \$4.69 per thousand gallons effective January 1, 2020. The annual equivalent sewage contribution shall be the total of the annual equivalent sewage contributions in relation to the number of rooms and water-using devices in the premises of the users as follows:

Equivalency Factors	Annual Unit Equivalent Sewage Contribution (in thousands of gallons)
Room (1-4, each):	8.030
Room (all rooms over 4, each):	1.736
First bath facility:	16.425
Each additional bath facility:	10.950
First water closet:	21.000
Each additional water closet:	14.600
Each water-using device:	5.475

For users whose potable water is measured: The charge is computed by multiplying the volume of sewage during the billing period by \$3.78 per thousand gallons effective July 1, 2015; \$3.97 per thousand gallons effective July 1, 2016; \$4.17 per thousand gallons effective January 1, 2017; \$4.34 per thousand gallons effective January 1, 2018; \$4.51 per thousand gallons effective January 1, 2019; and \$4.69 per thousand gallons effective January 1, 2020.

Source: Enterprise Department of Finance

Carriage, Treatment and Disposal Agreements. The City is authorized to enter into contracts for the carriage, treatment and disposal of sewage by the Sanitary Sewerage Facilities with persons and various municipal districts outside the geographical limits of the City. The carriage, treatment and disposal charge is 150% of the amount that would be charged for areas inside the boundaries of the City per residential connection or residential equivalent. In addition to the carriage, treatment and disposal charge, a sewer surcharge calculated in accordance with the formula applicable to industrial sewage users within the City is to be billed to customers outside the City in the same frequency as the carriage, treatment and disposal charge. As of December 31, 2016, these carriage, treatment and disposal services agreements contributed less than 0.3% of the total revenues deposited in the Wastewater Management Enterprise Fund.

Sanitary Sewer Service Availability Fee. The sanitary sewer services availability fee is a one-time charge required for new or altered connections to the Sanitary Sewerage Facilities. The City Code fixes this fee at \$410 for each single family residence. The City charges residential duplexes and multi-tenant residential housing facilities the fee based on a methodology whereby the particular residential attributes of the facility are used to approximate an equivalent number of single family residences. This number is then multiplied by \$410. The City charges non-residential users the fee based on the size of the non-residential facility's water utility service tap line or, in the case of large water users, certain specified criteria of the individual user's sewage output is used to approximate an equivalent number of single

family residences. This number is then multiplied by \$410. Receipts from the sanitary sewer services availability fee are committed pursuant to the City Code to a segregated account within the sanitary sewer capital improvements fund and are not included in Income. See “SECURITY FOR THE BONDS—Pledge and Flow of Funds.” Such funds are, however, available at the discretion of the Enterprise to pay for Sanitary Sewerage Facilities or Storm Drainage Facilities capital improvements and for debt service on any debt obligations issued to finance Sanitary Sewerage Facilities or Storm Drainage Facilities, including the Bonds. See “FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management’s Comments Concerning Financial Performance of the Enterprise—Capital Improvement Plan.”

Billing and Collections

Historically, the storm drainage service charge was billed and collected annually by the City. Effective July 1, 2016, the Enterprise began billing storm customers semi-annually. Each semi-annual bill has three payment coupons attached, giving customers the option to pay the bill over three months if they so choose. Accounts are billed on a cyclical basis which results in revenues from annual storm drainage service charges being collected by the Enterprise throughout the year. The Enterprise’s collection of storm drainage service charges historically has been in excess of 99% of all storm drainage service charges billed.

The sanitary sewage service charge for each account is calculated by the City and transmitted to the Board of Water Commissioners of the City (the “Water Board”) pursuant to a contractual relationship between the Water Board and the Manager of Public Works for billing, payment and collection in the same manner as the Water Board charges for its water utility service. The Manager of the Department has contracted this function to the Water Board for administrative efficiency reasons, including the fact that the sanitary sewer service charge is calculated for most accounts on the amount of potable water delivered by the Water Board to an account. This Agreement has been in effect since 1966. The Water Board bills accounts monthly. The Enterprise’s collection of sanitary sewage service charges historically has been in excess of 99% of all sanitary sewage service charges billed.

If a storm drainage service charge or a sanitary sewage service charge is delinquent with respect to any particular lot or parcel, the Manager of the Department, through the City’s Manager of Revenue, is authorized to place a lien on such lot or parcel and may collect the delinquent charge in the same manner as the City collects delinquent real property taxes. See “FINANCIAL INFORMATION CONCERNING THE CITY—Collection of Taxes.”

Wastewater Management Enterprise Fund Budget

The following table sets forth the major items of revenues and expenditures included in the 2017 and 2018 budgets of the Wastewater Management Enterprise Fund. Budgeted amounts are not intended to project actual results.

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TABLE VII
Enterprise Budgets

	2017 Approved Budget	2018 Approved Budget
Total Operating Revenue	\$141,554,117	\$151,292,789
Operating Expenses:		
Personnel Services	28,340,440	31,158,346
Contractual Services	25,832,699	22,515,795
Supplies and Materials	1,766,552	2,104,946
Payments to Metro Wastewater and Other Districts	<u>54,000,000</u>	<u>57,530,600</u>
Total Operating Expenses	\$109,939,691	\$113,309,687
Operating Income (loss)	\$31,614,426	\$37,983,102
Other Income (Expense):		
Earnings on Investments	1,096,300	1,893,846
Debt Service Payments	(6,103,125)	(5,983,325) ¹
Bond Principal Payments	(5,427,800)	(5,065,000) ¹
Purchase of Capital Equipment	<u>(207,500)</u>	<u>(2,428,000)</u>
Total Other Income	\$(10,642,125)	\$(11,582,479)
Modified Net Income	\$20,972,301	\$26,400,623

¹ Figures do not include debt service related to the Bonds.
Source: Enterprise Department of Finance

Operating History

The following table sets forth the revenues, expenses and changes in retained earnings of the Wastewater Management Enterprise Fund for the five years ended December 31, 2016:

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TABLE VIII
Comparative Statement of Wastewater Management
Enterprise Fund Activity

	Restated 2012 ¹	2013	2014	2015	2016
Operating Revenues:					
Sanitary sewer	\$69,569,997	\$78,000,355	\$81,833,408	\$85,709,854	\$90,811,637
Storm drainage	36,596,860	37,871,321	38,972,387	40,550,193	42,563,676
Total:	\$106,166,857	\$115,871,676	\$120,805,795	\$126,260,047	\$133,375,313
Operating Expenses:					
Personnel services	\$20,087,538	\$21,429,496	\$21,175,362	\$22,532,732	\$25,534,697
Contractual services	15,857,625	19,687,211	18,021,659	20,052,641	17,982,487
Supplies	1,006,249	1,158,631	1,220,404	1,429,301	1,533,686
Utilities	421,262	430,240	438,928	376,018	390,844
Depreciation and amortization	16,113,025	16,499,152	16,745,007	18,067,479	18,507,796
Payments to Metro Wastewater Reclamation District	44,367,414	44,859,512	44,200,243	48,872,825	49,197,801
Total:	\$97,953,113	\$104,064,242	\$101,801,603	\$111,330,996	\$113,147,311
Operating Income:	\$8,313,744	\$11,807,434	\$19,004,192	\$14,929,051	\$20,228,002
Nonoperating Revenue (Expenses):					
Intergovernmental revenue	--	888,094	700,028	826,628	764,287
Investment income (loss)	1,122,750	(555,067)	894,994	705,812	822,223
Interest expense	(1,347,653)	(1,479,624)	(843,425)	(668,582)	(1,149,896)
Bond issuance costs	(602,493)	--	--	--	(496,431)
Gain (loss) on disposition of assets	16,720	59,797	81,677	194,853	157,199
Total nonoperating revenues:	\$(810,676)	\$(1,086,800)	\$833,274	\$1,058,711	\$97,382
Income before capital contributions and transfers	\$7,503,068	\$10,720,634	\$19,837,466	\$15,987,762	20,325,384
Capital contributions	6,890,861	7,289,698	18,444,026	9,564,386	28,022,111
Transfers out	(25,200)	(25,000)	(25,000)	(25,000)	(29,500)
Change in net position	\$14,368,729	\$17,985,332	\$38,256,492	\$25,527,148	\$48,317,995
Net assets, beginning of year (before restatement):	\$510,264,253	\$524,632,982	\$542,618,314	\$580,874,806	\$584,223,560
Change in accounting position – GASB 68 ²	--	--	--	(22,178,394)	--
Net assets, beginning of year (as restated)	--	--	--	558,696,412	584,223,560
Net assets, end of year	<u>\$524,632,982</u>	<u>\$542,618,314</u>	<u>\$580,874,806</u>	<u>\$584,223,560</u>	<u>\$632,541,555</u>

¹ 2012 results were restated in 2013 to reflect the implementation of GASB 65.

² In 2015, the City implemented GASB 68 relating to the accounting for pension obligations, which resulted in an adjustment of beginning net position as of January 1, 2015. For additional information on the impact of the implementation of GASB 68, please see the City's 2015 CAFR.

Source: Wastewater Management Enterprise Fund, Audited Financial Statements, 2012 –2016.

Historic Net Pledged Revenues

Based upon the revenues and expenditures of the Wastewater Management Enterprise Fund for the past five years and using the Debt Service Requirements of the Bonds (as estimated by the Financial Advisor to the City), the amounts which would have constituted Net Pledged Revenues available for debt service in each of the past five years would have covered the maximum Debt Service Requirements of the Bonds as follows:

TABLE IX
Historic Debt Service Coverage Ratios

Years	Net Pledged Revenues	Combined Average Annual Debt Service Requirement	Debt Service Coverage Ratio
2012	\$24,561,940	\$3,222,888	7.62
2013	28,016,286	3,164,383	8.85
2014	36,635,534	3,099,422	11.82
2015	33,362,784	3,027,084	11.02
2016	35,293,111	8,298,555 ¹	4.25

¹ Represents a year-end calculation that includes the Series 2016 Bonds.
Source: Enterprise Department of Finance.

The combined maximum annual debt service requirements on the Series 2012 Bonds, the Series 2016 Bonds and the Bonds is \$16,658,254* which occurs in 2018* and results in pro-forma maximum annual debt service coverage of 211%*, based on 2016 Net Pledged Revenues.

Management's Comments Concerning Financial Performance of the Enterprise

Operating Revenues. Operating revenues attributable to sanitary sewer service increased 6% from 2015 to 2016 and during the same period operating revenues attributable to storm drainage service charges increased 5%. The primary reason for the increase in sanitary sewer operating revenues was a 5% rate increase in July of 2016, coupled with population increases. The growth in storm drainage operating revenues can be attributed primarily to a 11% rate increase in July of 2016, coupled with growing impervious surface areas.

According to City officials, sanitary sewer operating revenues (unaudited) from January 1 through November 30, 2017 and 2016 were approximately \$90,777,669 and \$83,822,902, respectively. Storm drainage operating revenues (unaudited) from January 1 through November 30, 2017 and 2016 were approximately \$47,483,742 and \$37,114,208, respectively. The increase in revenues is generally due to rate increases and population growth.

Management expects operating revenues to increase significantly during the next five years as a result of the sewer and storm drainage rate increases described in "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Storm Drainage Fee Structure" and "—Sanitary Sewerage Fee Structures."

* Preliminary; subject to change.

Operating Expenses. Operating expenses have increased approximately 2% from 2015 to 2016. The Metro Annual Charge increased 1% over the same period. See “THE STORM DRAINAGE AND SEWERAGE FACILITIES—Sanitary Sewerage Facilities—Metro Wastewater Reclamation District.” According to City officials, operating expenses (unaudited) from January 1 through November 30, 2017 and 2016 were approximately \$104,597,689 and \$88,725,200, respectively. This increase is generally attributable to a change in the Metro Annual Charge, which increased 11% from 2016 to 2017.

Nonoperating Revenues. Net investment earnings (investment income less investment expense) increased from approximately \$705,812 in 2015 to approximately \$822,223 in 2016. According to City officials, net investment earnings (unaudited) from January 1 through November 30, 2017 and 2016 were approximately \$2,524,140 and \$866,153, respectively. The increase in investment earnings is generally due to investments in connection with the Series 2016 Bonds.

Capital Improvement Plan. The Enterprise continuously reviews its future capital needs to be identified in the master drainage plan and master sewerage plan through staff observation and customer and community feedback. Recommended projects are incorporated into the Six-Year Capital Improvement Plan. See “THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage Facilities—Planning,” and “Sanitary Sewerage Facilities—Planning.” The timing and priority for implementation of recommended projects within the Six-Year Capital Improvement Plan are based upon certain factors including the master plan, study findings, health and safety matters, legal and contractual obligations, completion of existing projects, coordination with other projects, mitigation of damages, cost and operational efficiency, public/private cooperation and regional benefits. The Enterprise is continuously implementing the results of this process in its Six-Year Capital Improvement Plan. The Six-Year Capital Improvement Plan is formally adopted every six years but updated annually. The annual update assesses storm drainage and sanitary sewerage needs throughout the City and estimates the amount and timing of capital needed to meet the plan.

The following schedule provides the Enterprise’s currently proposed capital improvement plan expenditures through fiscal year 2021, which includes expenditures in connection with the Platte to Park Hill Project as well as refinements to the 2016-2021 Six-Year Capital Improvement Plan (see "THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES–Storm Drainage Facilities–Planning”).

TABLE X
Proposed Capital Expenditures¹

Use:	2018	2019	2020	2021
Storm Drainage:	\$145,450,415	\$134,865,341	\$41,342,254	\$37,745,000
Sanitary Sewerage:	<u>12,011,644</u>	<u>10,905,000</u>	<u>9,190,000</u>	<u>7,740,000</u>
Total:	\$157,462,059	\$145,770,341	\$50,532,254	\$45,485,000

¹ Figures represent current estimates of the remaining years of the adopted 2016-2021 capital improvement plan expenditures and are subject to re-evaluation.
Source: Enterprise Department of Finance

In addition to utilizing the net proceeds of the Bonds, the Enterprise currently expects to use additional revenues as and when needed to complete its projects under the Capital Improvement Plan.

The increases in annual storm drainage and sanitary sewerage rates adopted by the City in 2016 were based on a rate study calculated with the assistance of the Wastewater Consultant to provide additional revenues for “pay-as-you-go” projects, strong debt service coverage on the Series 2016 Bonds,

the Bonds and future debt obligations described above and projected increases in operations and maintenance expenses. A separate Report of the Wastewater Consultant, prepared in connection with the issuance of the Series 2016 Bonds, includes a discussion of the feasibility of the increased rates, fees and charges. According to City officials, current collections and revenue projections are on track with those discussed within the Report of the Wastewater Consultant. Consequently, the Report of the Wastewater Consultant has not been updated since its initial release and the City does not plan to update the report in the future. See “APPENDIX B—Report of the Wastewater Consultant.”

Certain portions of the Enterprise’s future Storm Drainage Facilities may also be financed with reimbursements received from the Flood Control District. See “THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage Facilities—Cooperation with Other Agencies.” Based on historical Flood Control District reimbursements and planned capital improvements, the Enterprise estimates that the Flood Control District will contribute, pursuant to an intergovernmental agreement, money and/or capital assets annually to the Enterprise through 2021. Additionally, certain Storm Drainage Facilities capital improvements in the Gateway development area are expected to be financed in part from developer contributions and impact fees. See “FINANCIAL INFORMATION CONCERNING THE CITY—Storm Drainage Fee Structure—Gateway Area Impact Fees.” Sanitary sewer service availability fees are expected to defray the cost of some of the Enterprise’s future Sanitary Sewerage Facilities capital improvements. The balance of Sanitary Sewerage Facilities are expected to be financed on a “pay-as-you-go” basis primarily from proceeds of the sanitary sewage service charge.

CITY GOVERNMENT ORGANIZATION

General Information

The City is located on the front range of the Rocky Mountains in the north-central part of the State of Colorado. The City is the capital of the State and is the service, retail, financial, transportation and distribution center of the Rocky Mountain region. Over 3,100,000 people, representing more than half of the population of the State, currently reside in the Denver metropolitan area, of which more than 697,000 reside in the City limits. See “APPENDIX C—An Economic and Demographic Overview of the Denver Metropolitan Region.”

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 13 members, two of whom are elected on an at-large basis and 11 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.

Officials of the City are as follows:

Michael B. Hancock	Mayor
Timothy O’Brien	Auditor
Debra Johnson	Clerk and Recorder
Albus Brooks	Councilmember and President—District 9
Jolon Clark	Councilmember and Pro-Tem—District 7
Kendra Black	Councilmember—District 4
Rafael Espinoza	Councilmember—District 1
Kevin Flynn	Councilmember—District 2
Stacie Gilmore	Councilmember—District 11
Christopher Herndon	Councilmember—District 8
Paul Kashmann	Councilmember—District 6
Robin Kniech	Councilmember—At Large
Paul D. López	Councilmember—District 3
Wayne New	Councilmember—District 10
Deborah Ortega	Councilmember—At Large
Mary Beth Susman	Councilmember—District 5

The City Auditor is responsible for internal audits of the City and, with the Audit Committee, oversees the audit of the City’s Comprehensive Annual Financial Report (“CAFR”). The Auditor is elected every four years and is limited to three consecutive terms. Powers to conduct financial and performance audits are carried out by the City Auditor in that office’s audit capacity. The current City Auditor is Timothy M. O’Brien.

The Clerk and Recorder is responsible for performing all the duties of the City Clerk as provided for in the 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.

The Chief Financial Officer, as the Manager of Finance and *Ex-Officio* Treasurer serves on the Mayor’s cabinet and is responsible for the management of the City’s debt and financial obligations and the appointment of the Manager of Cash, Risk & Capital Funding, Controller, Treasurer, Budget Manager, Assessor and Director of Real Estate. Responsibilities for issuance of payments, payroll and other

general accounting functions are performed by the Department of Finance. The current Manager of Finance is Brendan J. Hanlon.

As of the date of this Preliminary Official Statement, the appointed members of the Mayor's cabinet were the following individuals:

Brendan J. Hanlon	Deputy Mayor, Chief Financial Officer, as Manager of Finance/ <i>Ex-Officio</i> Treasurer
Kristin M. Bronson, Esq.	City Attorney
Brad Buchanan	Executive Director of the Department of Community Planning and Development
Eulois Cleckley	Executive Director of the Department of Public Works
Kim Day	Executive Director of the Department of Aviation
Allegra "Happy" Haynes	Executive Director of the Department of Parks and Recreation
Donald J. Mares	Executive Director of the Department of Human Services
Robert M. McDonald	Executive Director of the Department of Environmental Health
Stephanie O'Malley	Executive Director of the Department of Safety
Murphy Robinson	Executive Director of the Department of General Services

In addition to the members of the cabinet, other advisors include Chief of Staff Alan Salazar and Deputy Chiefs of Staff Evan Dreyer and Penny May, who have significant advisory roles 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 City 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, an independent and non-political agency of the City, which is under the control of a five-member, nonpartisan Board of Water Commissioners (the "Water Board"), and vests the charge and control of the City's water system and plant in the Water Board. All revenues of the water system are accounted for in the Water Works Fund, disbursements from which are controlled by the Water Board. The Water Board may issue revenue bonds that are payable solely from the net revenues of the operations of the Water Board but, since 2003, the Water Board has not had the authority under the City Charter to issue general obligation bonds of the City and there are no Water Board general obligation bonds outstanding. Members of the Water Board are appointed by the Mayor for six-year overlapping terms.

FINANCIAL INFORMATION CONCERNING THE CITY

The following financial information concerning the City is provided for general information only and is not intended to imply that the general credit of the City is pledged for the payment of the Bonds, any Parity Securities or Additional Parity Bonds. See "SECURITY FOR THE BONDS."

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. The annual budget includes a Contingency Reserve of no less than 2% of total estimated expenditures. In addition, an Emergency Reserve equal to 3% of Fiscal Year spending excluding debt service is required by State constitutional provisions (the “TABOR Reserve”) to be included in the budget. In March 2014, the City Council approved fulfilling a portion of the TABOR Reserve requirement by pledging real property in lieu of cash. This reserve may only be applied for emergency purposes as specified in the Colorado Constitution. By Department of Finance policy, the General Fund targeted reserve is 15%, and should not be drawn below 10%.

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

General Fund

The General Fund is the principal operating fund of the City. Information contained in this section has been drawn from the annual financial reports of the City, the General Fund budget for the years 2016 through 2018 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 December 31, 2016, the general sales tax was a fixed-rate (3.65%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. The general use tax was also a fixed-rate of 3.65%, imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis. The sales and use tax rate includes a 0.15% portion authorized by voters to fund increased access to and quality of preschool programs for City residents (the “preschool tax”). The revenue from this portion of the sales and use tax, which is in effect through December 31, 2026, is only available for the specified preschool purposes and cannot be used for General Fund purposes. The general sales and use tax and the preschool tax are charged on all medical marijuana sales but retail recreational marijuana sales are charged an additional 3.5% tax which is deposited in the General Fund for expenditures authorized in the Denver Revised Municipal Code, which include, among other things, expenses related to the licensing and regulation of the retail marijuana industry and, generally, the expenses of operating and improving the City and its facilities.

Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of exempt property include property used for religious or charitable purposes and property owned by governmental entities.

Other amounts collected by the City and accounted for in the General Fund include the City's lodger's tax, short-term auto rental tax, prepared food and beverage tax, occupational privilege taxes, automobile ownership tax, telecommunications business tax, and franchise fees.

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

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

Major Expenditure Categories. The General Fund accounts for all expenditures normally associated with basic municipal functions. Expenditures under the General Fund include: General Government; Public Safety; Public Works; Health; and Parks and Recreation and Cultural Facilities. The largest portion of the 2018 expenditure Budget (approximately 38.6%) is allocated to Public Safety, which is primarily responsible for administering police, fire and the sheriff's departments' services.

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.

Financial Statements

The basic financial statements of the City for the year ending December 31, 2016, 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, 2016 are available for inspection at the Department of Finance, Department 1004, 201 West Colfax Avenue, 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.

DEBT STRUCTURE OF THE CITY

General Obligation Bonds

General obligation bonds are backed by the full faith and credit of the City and are payable from ad valorem property taxes and other general revenues. Except for refunding bonds issued to achieve savings, City voters must approve general obligation debt prior to issuance. Under the Charter, general obligation bonded debt is subject to a limitation of 3% of the actual value of the taxable property within the City.

The following table lists the City’s outstanding general obligation bonded debt as of December 31, 2016. On November 7, 2017, City voters approved ballot measures for the issuance of approximately \$937,500,000 in additional general obligation bonds, none of which have yet been issued.

TABLE XI
Outstanding General Obligation Debt¹

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Justice System Facilities Bonds, Series 2006 ²	\$ 125,000	--
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	109,530
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	69,980
General Obligation Better Denver Bonds, Series 2010A ⁴	37,910	--
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D ⁵	44,650	29,150
General Obligation Better Denver Bonds, Series 2011A ⁵	16,455	16,455
General Obligation Better Denver and Refunding Bonds, Series 2013A	120,925	73,215
General Obligation Refunding Bonds, Series 2013B1-B2 ²	137,435	130,160
General Obligation Better Denver Bonds (Denver Mini-Bond Program), Series 2014A ⁶	<u>12,000</u>	<u>12,000</u>
TOTAL:	\$1,093,926	\$761,406

¹ Amounts expressed in thousands.

² The Series 2013B1-B2 bonds refunded portions of the Series 2006 Bonds. The non-refunded portions of the Series 2006 Bonds matured and were paid on August 1, 2016.

³ Amount excludes \$5,103,008 of compound interest on the Series 2007 Capital Appreciation Bonds.

⁴ The Series 2010A Bonds matured and were paid on August 1, 2016.

⁵ On March 6, 2017, the Series 2010D and 2011A Bonds were legally defeased, thereby reducing the amounts outstanding to \$0.

⁶ Amount excludes \$1,362,090 of compound interest on the Series 2014A Capital Appreciation Bonds.

Source: The City.

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.

COPs 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, 2016 is summarized in Table XII.

TABLE XII
Schedule of Certificated Lease Purchase Transactions
and Release Dates

Series	Outstanding Principal Amount (as of December 31, 2016) ¹	Leased Property	Date Lease Property Scheduled To Be Acquired
2005A ²	\$ 9,330,000	Human Services Campus	May 1, 2020
2008A1-A3	220,280,000	Wellington E. Webb Office Building	December 1, 2031
2008B ³	15,690,000	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	17,590,000	Central Platte Campus	December 1, 2030
2010B	10,755,000	Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2021
2012A	5,610,000	Denver Cultural Center Parking Garage	December 1, 2021
2012C1-C3	40,295,000	Denver Properties Leasing Trust	December 1, 2031
2013A	31,135,000	Buell Theatre	December 1, 2023
2015A	<u>21,450,000</u>	Fire Stations (3); Blair-Caldwell African American Research Library	December 1, 2034
TOTAL:	\$372,135,000		

¹ Amount expressed in thousands.

² Through June 2016, the entire Human Services Campus was used by the City in its governmental functions. However, as Denver Human Services has modified its policies with respect to privatizing some services, the City has met its services obligations through contracts with non-profit service providers. As a result, the Family Crisis Center portion of the campus has been minimally-used in recent years. The City is currently reviewing alternative human services-related uses with the non-profit sector, under private-use guidelines, to optimize use of the former Family Crisis Center facility. To facilitate this direction the City conducted a TEFRA hearing in 2017.

³ In February 2017, the City issued \$15,506,673 of Series 2017A COPs, the net proceeds of which were used to advance refund the Series 2008B COPs. Under the 2017A COPs, the Denver Botanic Gardens Parking Facility continues to serve as the leased property and remains scheduled to be acquired on December 1, 2028.

Source: Department of Finance

Non-Certificated Lease Purchase Agreements. As of December 31, 2016 the City was the lessee under various other capitalized lease agreements for the lease purchase of real property and equipment outstanding in the principal amount of \$13,404,489. At the end of the final term of such leases, the City expects to own the real property and equipment that is the subject of such leases. Certificates of participation relating to these leases have not been executed and delivered. In 2017, the City entered into leases for capital equipment in an additional principal amount of \$14,605,999. As of December 31, 2017, the total outstanding principal amount for the lease purchase of equipment was \$23,319,310. The City currently has no real property under any non-certificated lease purchase agreement.

Revenue Bonds

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

As of December 31, 2016, the City's Airport Enterprise (the "Airport Enterprise") had \$3,890,895,000 of airport system revenue bonds and airport system subordinate bonds outstanding. Of this total, \$833,640,000 represents variable rate debt. \$778,900,000 of such variable rate debt have been synthetically swapped to a fixed rate pursuant to interest rate swaps. The termination dates of the swaps range from November 15, 2022, to November 15, 2025, and are shorter than the stated maturity dates of the hedged variable rate debt.

As of December 31, 2016, the City had excise tax revenue and excise tax refunding bonds outstanding in the aggregate principal amount of \$374,960,000.

As of December 31, 2016, the City had Golf Enterprise Revenue Bonds outstanding in the aggregate principal amount of \$2,430,000

As of December 31, 2016, the City had Wastewater Enterprise Revenue Bonds outstanding in the aggregate principal amount of \$152,860,000.

City Discretionary Support Payments

Denver Urban Renewal Authority Contingent and Discretionary Payments. The Denver Urban Renewal Authority ("DURA") issued its Stapleton Senior Subordinate Tax Increment Revenue Bonds, Series 2010B-1 (the "Series 2010B-1 DURA Bonds") in the aggregate principal amount of \$100,740,000. The Series 2010B-1 DURA Bonds are secured by certain tax increment revenues (the "DURA Pledged Revenues") and a debt service reserve fund (the "DURA Series 2010B-1 Reserve Fund") in the initial amount of \$6,000,000. 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 entered into a Services Agreement, dated April 1, 2010 (the "2010 Services Agreement") with DURA in which the City's Manager of Finance agreed to request that the City Council consider appropriating funds to replenish the DURA Series 2010B-1 Reserve Fund in an amount not to exceed \$12,000,000 annually to the extent that DURA Pledged Revenues are not sufficient to pay the principal and interest on the Series 2010B-1 DURA Bonds and amounts are withdrawn from the DURA Series 2010B-1 Reserve Fund. The City's Manager of Finance is not obligated to seek an appropriation which exceeds the maximum annual debt service payments due on the Series 2010B-1 DURA Bonds. 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 for such purpose with interest, as a Junior Bond financial commitment.

DURA retained the option to purchase the Series 2010B-1 DURA Bonds from the bondholders thereof on any date on or after December 1, 2015 at a purchase price equal to the principal amount of the Series 2010B-1 DURA Bonds so purchased (with no tender premium), plus accrued interest to the purchase date. On December 23, 2015, DURA, pursuant to a Series 2010B-1 2015 Remarketing Supplemental Indenture, exercised this option and: (a) purchased all of the then-outstanding Series 2010B-1 DURA Bonds, in the aggregate principal amount of \$76,680,000; (b) remarketed and resold to new bondholders \$67,700,000 in principal amount of the Series 2010B-1 DURA Bonds at a resale price of \$77,536,205; and (c) used the \$9,836,205 premium included in such purchase price to (i) pay the

accrued interest on the purchased Series 2010B-1 DURA Bonds, (ii) pay the costs incurred by DURA in connection with such remarketing and resale, including underwriters' discount, and (iii) pay and cancel the remaining \$8,980,000 principal amount of the Series 2010B-1 DURA Bonds. The remarketed Series 2010B-1 DURA Bonds continue to be secured by the DURA Series 2010B-1 Reserve Fund and the City's undertaking with respect thereto under the 2010 Services Agreement as described in the immediately preceding paragraph.

Denver Union Station Project Authority Contingent and Discretionary Payments. 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 a multi-modal hub for the region's transit system at the Denver Union Station site (the "DUS Project"). In order to finance the transportation elements of the DUS Project, DUSPA incurred loans (collectively, the "DOT Loans") made by the U.S. Department of Transportation. In consideration of the benefits to be derived by the City as a result of the completion of the DUS Project, the City 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 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 \$7,150,000) 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.

In 2016, in order to take advantage of the low interest rate environment and the significant increase in property and sales and use tax revenues in the DUS area which generates such revenues, DUSPA issued a request for proposals to restructure the debt obligations of the DOT Loans. After a full review of responses, the Board of Directors of DUSPA voted unanimously to accept one of the proposals. Under the accepted proposal, the City, on behalf of the Denver Downtown Development Authority ("DDDA"), and the Regional Transportation District ("RTD"), would issue debt, independent of each other, in an amount sufficient, together with certain other available funds, to pay in full both of the DOT Loans.

On February 3, 2017, in order to refund a portion the DOT Loans, RTD issued bonds using the previously acquired FasTracks voter authorization. Simultaneously with the issuance of the RTD bonds, the City, on behalf of the DDDA closed on a loan with BBVA Compass and U.S. Bank, National Association, to refund a portion of the DOT Loans. The two transactions, combined with all cash balances on hand with the trustee for the DOT Loans, produced enough capital to pay the DOT Loans in full. Additionally, the City's Contingent Commitment Agreement was terminated as part of the foregoing transactions. Furthermore, DUSPA will no longer receive any tax funds from the DDDA nor any sales and tax funds from RTD because, following the repayment of the DOT Loans, DUSPA no longer has any outstanding debt obligations.

Denver Convention Center Hotel Authority. In the spring of 2003, the City created the Denver Convention Center Hotel Authority (the "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 of 2003, the Authority issued its own special limited obligation revenue bonds in the amount of \$354,000,000 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 \$356,000,000 in refunding bonds to fully refund the 2003 revenue bonds. In November 2016, the Authority issued \$272,000,000 in refunding bonds to fully refund the 2006 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, 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, the City makes payments subject to annual appropriation by the City Council. The City has made all payments under the Economic Development Agreement through December 31, 2017. Effective in 2018, the amount of each Economic Development Payment, to be made on or before the 14th day prior to June 1st and December 1st, is \$5,500,000. 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.

PENSION PLANS

The majority of the City’s employees are covered under the Denver Employees Retirement Plan (“DERP”). Employees of the police department and the fire department are covered by separate retirement plans affiliated with and administered by the Fire and Police Pension Association (“FPPA”). DERP’s pension plan and the FPPA Plans are described below and at Note G in the City’s basic financial statements included in Appendix A.

Denver Employees Retirement Plan

The following information has been taken from the 2016 Comprehensive Annual Financial Report of DERP (the “DERP 2016 CAFR”) 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 postemployment health benefits to eligible members. DERP health benefits are described below under “OTHER POST EMPLOYMENT BENEFITS – DERP OPEB Plan.”

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, 2015 and 2016:

Denver Employees Retirement Plan Membership:

	<u>2015</u>	<u>2016</u>
Retirees and beneficiaries currently receiving benefits	9,074	9,302
Terminated employees entitled to benefits but not yet receiving such benefits	3,464	3,500
Current employees:		
Vested	5,273	5,104
Non-vested	<u>3,363</u>	<u>3,877</u>
TOTAL	<u>21,174</u>	<u>21,783</u>

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 on or after age 55 if the sum of their age and credited years of service is at least 75) are entitled to an annual retirement benefit. For members hired before September 1, 2004, the annual retirement benefit is 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 on or after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

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

Annual cost of living adjustments to retirement benefits are authorized only by vote of DERP's board of directors; however, no cost of living adjustment has been made since 2002. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by DERP's board of directors and enacted into ordinance by the City Council.

The following are DERP contribution requirements and dates on which contribution requirement changes took effect. Effective as of the first payroll after January 1, 2018, the City contribution (employer contribution) was increased to 12.50%. The employee contribution remained at 8.00%. Additional change in contribution would require a recommendation by DERP's board of directors to the City Council and enactment of an ordinance, but no ordinance has been filed with the City Council.

	January 1, 2010	January 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2018
City Contribution	8.50%	9.50%	10.25%	11.00%	11.20%	11.50%	12.50%
Employee Contribution	<u>4.50%</u>	<u>5.50%</u>	<u>6.25%</u>	<u>7.00%</u>	<u>7.30%</u>	<u>8.00%</u>	<u>8.00%</u>
Total	13.00%	15.00%	16.50%	18.00%	18.50%	19.50%	20.50%

As of December 31, 2016, the total net plan assets were \$2,082,001,911. Per DERP's independently audited 2016 CAFR, as of January 1, 2016, the most recent actuarial valuation, 73.7% of the plan's actuarial accrued liabilities were covered by actuarial value of assets. Per DERP's most recent Actuarial Valuation, as of January 1, 2017, 71.01% of the plan's actuarial accrued liabilities were funded by actuarial value of assets.

On October 2, 2017, City Council passed a bill approving changes, effective October 1, 2017, to the DERP governing ordinance, one of which was a requested change in the "actuarially assumed rate of investment return" for the plan, from 7.75% to 7.50%. This request was made "in light of work done by DERP's investment consultant indicating lower 10-year expected returns for the DERP-specific asset allocation." The other requested changes to this ordinance were non-substantive, technical changes.

Fire and Police Pension Plans

All full-time fire fighters and police officers in the classified service of the City hired on or after April 8, 1978 ("New Hires") participate in the Statewide Defined Benefit Plan ("New Hire Plan"), a cost-

sharing multiple-employer public employee retirement system. The New Hire Plan is administered by the FPPA. Pursuant to Colorado Revised Statutes §31-31-701(2), which was deleted in 2014 as obsolete, full-time City firefighters and police officers in the classified service hired prior to April 8, 1978 (“Old Hires”) participate in the City’s Old Hire Fire and Police Pension Plans (“Old Hire Plans”), unless the Old Hires elected to become covered by the New Hire Plan before March 1, 1981. The FPPA manages investments and administers the contributions to, and distributions from, the Old Hire Plans. The City’s Police Pension and Relief Board and the Trustees of the Firefighters Pension Fund administer various other matters relating to the Old Hire Plans.

Due to the implementation of the provisions of GASB 68 in 2015, the funded status of the FPPA Old Hire and New Hire Plans will no longer be disclosed. For additional information on the implementation of GASB 68, refer to the City’s 2015 CAFR.

OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described above, the City provides health insurance benefits to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit benefit for the retirees in the plans. The City’s contribution toward the implicit rate subsidy is based on pay-as-you-go funding for the retirees. The plans for eligible DERP and FPPA retirees are described below and at Note H in the “Other Note Disclosures” section of the City’s 2016 CAFR.

DERP OPEB Plan

DERP retirees are responsible for 100% of the blended premium rate. The health benefit associated with the DERP pension provides monthly health insurance premium reduction of \$12.50 per year of service for retired participants not eligible for Medicare and \$6.25 per year of service for retirees eligible for Medicare. Per DERP’s independently audited 2016 CAFR, the plan’s health benefits account had a funded ratio of 52.5%.

OPEB for Collectively Bargained Agreements

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

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

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Appendix C contains an economic and demographic overview of the Denver Metropolitan Area as of July, 2017.

FORWARD-LOOKING STATEMENTS

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

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 restricts 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 of revenues received by the City in the preceding year, adjusted for inflation and local growth. Under TABOR, excess revenues are required to be refunded to citizens the next fiscal year unless the voters approve a public entity to retain excess revenues. On November 6, 2012, Denver voters passed ballot measure 2A that permanently removed all TABOR restrictions described above regarding the collection and retention of all taxes. The measure permanently allows the City to collect, retain, and spend all lawful taxes.

TABOR requires voter approval prior to the City undertaking any multiple fiscal year debt or other financial obligation, subject to certain exceptions, such as refinancing outstanding bonds at a lower interest rate. TABOR contains an exception for “enterprises,” defined in TABOR as a government-owned business authorized to issue its own revenue bonds and receiving less than 10% of its annual revenues from all State and local governments combined. The effect of “enterprise” status is to exempt an enterprise from the restrictions and limitations otherwise applicable under TABOR. The City has designated as enterprises for purposes of TABOR the operations of its sanitary and storm sewerage utilities (the Enterprise), the Department of Aviation, the Department of Environmental Services, and City-owned golf courses.

As revenue bonds of an enterprise, the Bonds may be issued without voter approval in advance under TABOR.

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. 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.

For Fiscal Year 2018, the City Attorney's office has received an appropriation of approximately \$2,000,000 for payment of claims and judgments for items not covered by existing insurance. Together with unspent funds from Fiscal Year 2017, the City Attorney's office has approximately \$2,635,275 available for such payments. The City considers this amount sufficient to provide for the disposition of matters which are anticipated to be finalized for Fiscal Year 2018.

In a complaint styled MacFarlane v. City and County of Denver, et al., the plaintiff sought declaratory and injunctive relief to prevent the City from re-grading a portion of City Park Golf Course to detain storm water that currently comprises a portion of the Platte to Park Hill Project, while continuing to provide recreational opportunities. The case went to trial in August of 2017 and the court ruled in favor of the City, finding that the City is authorized to undertake such projects, that there was no violation of the City's Charter and that there was no violation of the City's zoning code. The appeal deadline for this case has already passed and there will be no appeal by the Plaintiffs on this case.

Additionally, the City received a "Notice of Claim" letter, as required under C.R.S. §24-10-109 of the Colorado Governmental Immunity Act as defined below under the subsection header "--Governmental Immunity", containing various and several allegations against the Wastewater Management Division, however no complaint was timely filed and the Notice has become moot.

Governmental Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$350,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000; except in such instance, no person may recover in excess of \$350,000. 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 Kutak Rock LLP, Denver, Colorado and Kline Alvarado Veio, P.C., 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 special, limited 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, Kutak Rock LLP and Kline Alvarado Veio, P.C. have also been retained to advise the City concerning and have assisted in the preparation of this Official Statement. Kutak Rock LLP and Kline Alvarado Veio, P.C. 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 Matters. In the opinion of Kutak Rock LLP and Kline Alvarado Veio, P.C., Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"), that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Co-Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Co-Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage

under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Co-Bond Counsel is also of the opinion that, under existing State of Colorado statutes, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income. Co-Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a

corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Internal Revenue Service Audits. The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is included in gross income for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue 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 Internal Revenue 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.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE TAX CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

RATINGS

Moody's Investors Service ("Moody's"), Fitch Ratings ("Fitch") and S&P Global Ratings ("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 Suite 500, 44 Montgomery Street, 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 enumerated events to the MSRB, in compliance with the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as Appendix D.

FINANCIAL ADVISOR

Hilltop Securities, Inc. (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 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 February __, 2018, by [UNDERWRITER] at a purchase price equal to \$_____ (which is equal to the par amount of the Bonds, less Underwriters' compensation of \$_____ and plus net original issue premium of \$_____). The City's obligation to deliver, and the Underwriter's obligation to accept, the Bonds is subject to the various terms and conditions contained in the Notice of Sale relating to the Bonds.

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 [Michael B. Hancock]
Mayor

By [Brendan J. Hanlon]
Chief Financial Officer, as the Manager of
Finance, *Ex-Officio* Treasurer

APPENDIX A

**BASIC FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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APPENDIX B

2016 REPORT OF THE WASTEWATER CONSULTANT

According to City officials, current collections and revenue projections for the Enterprise are on track with those discussed within the attached Report of the Wastewater Consultant. Consequently, the Report of the Wastewater Consultant has not been updated since its initial release and the City does not plan to update the report in the future.

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APPENDIX C

AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN REGION

See the attached report prepared by Development Research Partners as of July 2017. *The City does not independently verify or collect such information.* However, the majority of such information is publicly available from the sources cited in the report.

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APPENDIX D

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”), for and on behalf of the Wastewater Management Division of its Department of Public Works in connection with the issuance of its “City and County of Denver, Colorado, for and on behalf of its Wastewater Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2018” in the aggregate principal amount of \$97,000,000* (the “Series 2018 Bonds”). The Series 2018 Bonds are being issued pursuant to Ordinance No. 18-____, Series of 2018, adopted by the City Council of the City on January [29], 2018 (the “Ordinance”).

In consideration of the purchase of the Series 2018 Bonds by the Participating Underwriter (as defined below), the City covenants and agrees as follows:

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

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

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

“*Commission*” means the Securities and Exchange Commission.

“*Event*” or “*Events*” means any of the events listed in Sections 3(a) and 3(b) of this Disclosure Undertaking.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) system of the MSRB available on the Internet at <http://www.emma.msrb.org/>. The current address of the MSRB is 1300 I Street NW, Suite 1000, Washington, DC 20005; telephone (202) 838-1500; fax (202) 898-1500.

“*Official Statement*” means the final Official Statement dated February __, 2018, together with any supplements thereto prior to the date the Series 2018 Bonds were issued, delivered in connection with the original issue and sale of the Series 2018 Bonds.

“*Owner*” means the registered owner of any Series 2018 Bond, and so long as the Series 2018 Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Series 2018 Bonds on the records of said Securities Depository or its participants,

* Preliminary; subject to change

or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Series 2018 Bonds, which includes the power to dispose, or direct the disposition, of the Series 2018 Bonds identified to the satisfaction of the City.

“*Participating Underwriter*” means the original underwriter of the Series 2018 Bonds required to comply with the Rule in connection with an offering of the Series 2018 Bonds.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*Series 2018 Bonds*” means, the “City and County of Denver, Colorado, for and on behalf of its Wastewater Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2018” in the aggregate principal amount of \$97,000,000*.

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

Section 2. Provision of Annual Financial Information.

a. Commencing with respect to the Fiscal Year ended December 31, 2018, and each Fiscal Year thereafter while the Series 2018 Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

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

c. The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements by specific cross-reference to other documents which have been submitted to the MSRB or other repositories in accordance with the Rule or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

Section 3. Reporting of Events.

a. At any time the Series 2018 Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Series 2018 Bonds:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;

* Preliminary; subject to change

3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 -TEB) or other material notices or determinations with respect to the tax status of the Series 2018 Bonds, or other material events affecting the tax status of the Series 2018 Bonds;
6. defeasances;
7. rating changes;
8. tender offers; and
9. bankruptcy, insolvency, receivership, or similar event of an obligated person under the Rule.

For the purposes of the event identified in paragraph (3)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

b. At any time the Series 2018 Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Series 2018 Bonds, if material:

1. non-payment related defaults;
2. modifications to the rights of the beneficial owners of the Series 2018 Bonds;
3. bond calls;
4. release, substitution or sale of property securing the repayment of the Series 2018 Bonds;
5. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

6. appointment of a successor or additional trustee or the change of name of a trustee.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for Owners of the Series 2018 Bonds. If the Treasurer determines that such event would constitute material information for Owners of the Series 2018 Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

- c. At any time the Series 2018 Bonds are outstanding under the Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

Section 4. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2018 Bonds, and shall extend to the earlier of: (i) the date all principal and interest on the Series 2018 Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (ii) the date that the City shall no longer constitute an “obligated person” with respect to the Series 2018 Bonds within the meaning of the Rule; and (iii) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2018 Bonds, which determination shall be evidenced by an attorney’s opinion selected by the City, a copy of which opinion shall be given to the Participating Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and delivery of the Series 2018 Bonds and the Participating 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 Series 2018 Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Owner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

Section 6. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or notice or include its disclosure in any future annual filing or notice of occurrence of an Event.

Section 7. Default and Enforcement. If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Owner may take action in the District Court for the Second

Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Owner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Series 2018 Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 8. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter and Owners from time to time of the Series 2018 Bonds, and shall create no rights in any other person or entity.

Section 9. Filing. The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

DATE: February __, 2018

CITY AND COUNTY OF DENVER, COLORADO

By: _____
Chief Financial Officer, as the Manager of
Finance/*Ex-Officio* Treasurer

Schedule 1

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

“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 Tables 3, 4, 5, 6, 7, 8 and 9.

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APPENDIX E

FORM OF OPINIONS OF CO-BOND COUNSEL

February __, 2018

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

\$97,000,000*
CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2018

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 by the City, for and on behalf of the Wastewater Management Division of its Department of Public Works (the “Enterprise”), of its Wastewater Enterprise Revenue Bonds, Series 2018 (the “Bonds”), in the aggregate principal amount of \$97,000,000* pursuant to an authorizing ordinance of the City Council of the City adopted on January [29], 2018 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings, the City’s charter, certain ordinances of the City establishing the Enterprise and authorizing it to have and exercise certain powers in furtherance of its purposes, 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 of the City and the Enterprise 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 are valid and binding, special, limited obligations of the City, for and on behalf of the Enterprise, payable solely from the Net Pledged Revenues and from funds and accounts pledged therefor under the Bond Ordinance.
2. The Bond Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Enterprise.
3. The Bond Ordinance creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with other parity bonds (if any) issued or to be issued. The Bond Ordinance also creates a valid lien on the Debt Service Fund and the Construction Fund subject to the terms and provisions set forth in the Bond Ordinance. Except as described in this paragraph, we express

* Preliminary; subject to change

no opinion regarding the priority of the lien on the Net Pledged Revenues or on the funds and accounts created by the Bond Ordinance.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. However, for the purpose of computing the alternative minimum tax imposed on certain corporations for taxable years beginning before January 1, 2018, interest on the Bonds will be included in the “adjusted current earnings” of such corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporations’ adjusted current earnings over their alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The opinions set forth in the sentences above are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

5. Under existing State of Colorado statutes, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

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

The obligations of the City, for and on behalf of the Enterprise, 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 dated February __, 2018, relating to the Bonds 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,