

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 21, 2011

NEW ISSUE - BOOK-ENTRY ONLY

Fitch: “ ”
Moody’s: “ ”
Standard & Poor’s: “ ”
See “RATINGS.”

In the opinion of Sherman & Howard L.L.C and Kline Alvarado Veio, P.C., Co-Bond Counsel, dated as of the date of delivery of the Bonds, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds as described herein. See “TAX MATTERS.”

CITY AND COUNTY OF DENVER, COLORADO

\$16,455,000
GENERAL OBLIGATION
BETTER DENVER BONDS
SERIES 2011A

Dated: Date of Delivery

Due: August 1, as shown below

The General Obligation Better Denver Bonds, Series 2011A (the “Bonds”) are issued by the City and County of Denver, Colorado (the “City”) as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as securities depository for the Bonds. Purchases by 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 February 1, 2012, and semiannually thereafter on February 1 and August 1, to and including the maturity dates shown below (unless the applicable Bonds are redeemed earlier). The principal of, premium, if any, and interest on the Bonds are payable by Zions First National Bank, Denver, Colorado, as paying agent, to DTC. DTC is required to remit such principal, premium and interest payments to the beneficial owners of the Bonds, as more fully described herein. See “THE BONDS--Book-Entry Form.”

11-429

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: 249164)

General Obligation
Better Denver Bonds
Series 2011A

Maturing (August 1)	Principal Amount	Interest Rate	Yield ⁽¹⁾	CUSIP® Issue Number ⁽²⁾	Maturing (August 1)	Principal Amount	Interest Rate	Yield ⁽¹⁾	CUSIP® Issue Number ⁽²⁾
2019	\$2,065,000				2023	\$2,440,000			
2020	2,145,000				2024	2,560,000			
2021	2,235,000				2025	2,690,000			
2022	2,320,000								

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

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

The Bonds are being issued for the purpose of (i) financing various civic facilities for the City and (ii) paying the costs of issuing the Bonds. See "USE OF PROCEEDS."

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

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

The Bonds are offered when, as and if issued, subject to the approval of legality and certain other legal matters by Sherman & Howard L.L.C., 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 July __, 2011.

The date of this Official Statement is _____, 2011.

**CITY AND COUNTY OF DENVER
CITY OFFICIALS**

MAYOR

Guillermo “Bill” V. Vidal⁽¹⁾

City Council

Chris Nevitt, President

Carol Boigon ⁽¹⁾	Douglas D. Linkhart ⁽¹⁾
Charles V. Brown Jr.	Paul D. Lopez
Jeanne Faatz	Judy H. Montero
Michael B. Hancock ⁽¹⁾	Jeanne Robb
Marcia M. Johnson ⁽¹⁾	Paula Sandoval ⁽¹⁾
Peggy A. Lehmann	

Auditor

Dennis J. Gallagher

Cabinet Officials

Derek Brown	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
David W. Broadwell, Esq.	City Attorney
Charles F. Garcia	Manager of the Department of Public Safety
Peter J. Park	Manager of Community Planning and Development
Chantal Unfug	Manager of the Department of Parks and Recreation
Edward D. Scholz	Manager of Finance, acting as Chief Financial Officer/ <i>Ex Officio</i> Treasurer
Nancy J. Severson	Manager of the Department of Environmental Health
George Delaney	Manager of the Department of Public Works
Patricia Wilson Pheanious	Manager of the Department of Human Services

Clerk and Recorder

Stephanie Y. O'Malley⁽¹⁾

Co-Bond Counsel

Sherman & Howard L.L.C.
Denver, Colorado

Kline Alvarado Veio, P.C.
Denver, Colorado

Financial Advisor

Piper Jaffray & Co.
Denver, Colorado

⁽¹⁾ These officials were replaced at a recent election or did not seek re-election to the same office. Their replacements will be sworn in on July 18, 2011. See “CITY GOVERNMENT ORGANIZATION – Government.”

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

Relating to

\$16,455,000

CITY AND COUNTY OF DENVER, COLORADO GENERAL OBLIGATION BETTER DENVER BONDS SERIES 2011A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information in connection with the issuance by the City and County of Denver, Colorado (the “City”), a municipal corporation and political subdivision of the State of Colorado (the “State”), organized and existing as a home rule city under the provisions of article XX of the State Constitution and the home rule charter of the City (the “City Charter”), of its \$16,455,000 General Obligation Better Denver Bonds, Series 2011A (the “Bonds”).

The Bonds are issued for the purpose of (i) financing various civic facilities and (ii) paying the costs of issuance of the Bonds. See “USE OF PROCEEDS.”

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

This Official Statement includes financial and other information about the City and also contains descriptions of the Bonds and related documents. None of such information or descriptions purports to be complete. Except for any updated financial information provided herein, all references to financial and other information about the City are qualified in their entirety by reference to “APPENDIX A – Basic Financial Statements of the City, for the Fiscal Year Ended December 31, 2010.” All references to the Bonds and related documents are qualified in their entirety by reference to the approved form of the Bonds and such related documents.

This Official Statement contains economic and demographic information as of May 2011 about the City and its metropolitan area prepared by Development Research Partners for use by the City. See “APPENDIX B - An Economic and Demographic Overview of the Denver Metropolitan Region.”

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

THE BONDS

Authority

The Bonds are issued pursuant to the City Charter, the Denver Revised Municipal Code, an election duly called and held in the City on November 6, 2007 (the “Better Denver Election”), the Supplemental Public Securities Act (part 2 of article 57 of title 11, Colorado Revised Statutes, as amended), and an ordinance (the “Bond Ordinance”), duly adopted by the City Council. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Bond Ordinance.

Description

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

Security

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

The City Charter establishes a bonded indebtedness sinking fund and a bonded indebtedness interest fund (together, the “Bond Fund”) for the purpose of paying the principal of and interest on the City’s general obligation bonds. Separate tax levies are made for each distinct segregated fund, and tax receipts are apportioned to each such fund as received. These tax levies are specifically dedicated and are therefore only available for the purpose of paying the principal of and interest on the City’s general obligation bonds. See Table 9 – “CITY AND COUNTY OF DENVER - CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS.”

Payment of Principal and Interest; Record Date

The principal of, interest on and any premium due in connection with the redemption of the Bonds shall be payable in lawful money of the United States of America to the registered owners of the Bonds by Zions First National Bank, Denver, Colorado, or its successor, as paying agent (the “Paying Agent”). Interest on the Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on February 1 and August 1, commencing February 1, 2012. The principal and the final installment of interest shall be payable to the owner of each Bond upon presentation and surrender thereof at maturity or upon prior redemption by check or draft sent to the owner at the address appearing on the registration books of the City maintained by Zions First National Bank, Denver, Colorado, or its successor, as

registrar (the "Registrar") or by wire transfer to such bank or other depository as the owner shall designate in writing to the Paying Agent. Except as hereinbefore and hereinafter provided, the interest shall be payable to the owner of each Bond determined as of the close of business on the fifteenth day (whether or not a business day) of the calendar month immediately preceding such interest payment date (the "Record Date") irrespective of any transfer of ownership of the Bond subsequent to the Record Date and prior to such interest payment date by check or draft or wire transfer directed to such owner as aforesaid. Any principal or interest not paid when due and any interest accruing after maturity shall be payable to the owner of each Bond entitled to receive such principal or interest determined as of the close of business on a Special Record Date, irrespective of any transfer of ownership of the Bond subsequent to the Special Record Date and prior to the date fixed by the Paying Agent for the payment of such principal or interest, by check or draft or wire transfer directed to such owner as aforesaid. Notice of the Special Record Date and of the date fixed for the payment of such interest shall be given by sending a copy thereof by first-class postage prepaid mail at least fifteen (15) days prior to the Special Record Date to the owner of each Bond upon which principal or interest will be paid determined as of the close of business on the day preceding such mailing at the address appearing on the registration books of the City. Any premium shall be payable to the owner of each Bond being redeemed upon presentation and surrender thereof upon prior redemption by check or draft or wire transfer directed to such owner as aforesaid. So long as the owner of any Bond is the Securities Depository or a nominee therefor, the Securities Depository shall disburse any payments received, through Participants or otherwise, to the Beneficial Owners.

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

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

Redemption

The Bonds maturing on or prior to August 1, 2021 are not subject to optional redemption prior to their respective maturity dates. The Bonds maturing on and after August 1, 2022, 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 August 1, 2021, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

Unless waived by the owners of any Bonds to be redeemed, notice of redemption is to be given by the Paying Agent in the name of the City by sending a copy thereof by first-class postage prepaid mail, or by using such other method required by the Securities Depository, not less than thirty (30) days or more than sixty (60) days prior to the redemption date to the owner of each of the Bonds being redeemed determined as of the close of business on the day preceding the

first mailing of such notice at the address appearing on the registration books of the City. Failure to mail any notice as aforesaid or any defect in any notice so sent with respect to any Bond shall not affect the validity of the redemption proceedings with respect to any other Bond. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds called for redemption.

Debt Service Requirements

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

Table 1

GENERAL OBLIGATION BONDS DEBT SERVICE

<u>Year</u>	<u>Bonds</u>			<u>Other Outstanding</u>		<u>Combined</u> <u>Total</u>
	<u>Principal</u> ⁽¹⁾	<u>Interest</u> ⁽²⁾	<u>Total</u>	<u>General Obligation Bonds</u> ⁽²⁾	<u>Interest</u> ⁽³⁾	
2011	--			\$ 44,200,000	\$ 23,826,104	
2012	--			45,835,000	45,738,802	
2013	--			47,755,000	43,651,779	
2014	--			46,553,500	44,530,942	
2015	--			51,530,000	39,360,592	
2016	--			53,835,000	37,078,367	
2017	--			56,375,000	34,479,292	
2018	--			58,955,000	31,827,306	
2019	\$2,065,000			38,875,000	28,964,226	
2020	2,145,000			40,675,000	27,096,800	
2021	2,235,000			42,625,000	25,075,363	
2022	2,320,000			35,765,500	31,900,841	
2023	2,440,000			45,920,000	21,763,974	
2024	2,560,000			48,085,000	19,548,345	
2025	2,690,000			50,360,000	17,227,649	
2026	--			48,830,000	14,796,503	
2027	--			50,540,000	12,037,608	
2028	--			52,315,000	9,182,098	
2029	--			54,150,000	6,226,300	
2030	--			<u>56,050,000</u>	<u>3,166,825</u>	
Total	\$16,455,000			\$969,229,000	\$517,479,710	

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

(2) Does not include bonds issued by the Denver Water Board. See "DEBT STRUCTURE OF THE CITY--General Obligation Bonds."

(3) The City previously issued its Taxable General Obligation Better Denver Bonds (Direct Pay Build America Bonds), Series 2010B (the "2010B Bonds"). The amounts in this column do not include the cash subsidy payments equal to 35% of the interest payable on the 2010B Bonds pursuant to the City's designation of the 2010B Bonds as "Build America Bonds."

Source: The Financial Advisor.

Transfer and Exchange

The Bonds are transferable only upon the registration books of the City by Zions First National Bank, Denver, Colorado, or its successor, as transfer agent (the "Transfer Agent"), at the request of the registered owner or his, her or its duly authorized attorney-in-fact or legal representative. The Transfer Agent is not required to transfer ownership of any Bond during the 15 days prior to the first mailing of any notice of redemption or to transfer ownership of any Bond selected for redemption on or after the date of such mailing. The registered owner of any Bonds

may also exchange such Bonds for another Bond or Bonds of authorized denominations. Transfers and exchanges are to be made without charge, except that the Transfer Agent may require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Bonds. No transfer of any Bond shall be effective until entered on the registration books of the City. In the case of every transfer or exchange, the Registrar is to authenticate and the Transfer Agent is to deliver to the new registered owner a new Bond or Bonds of the same aggregate principal amount, maturing in the same year and bearing interest at the same per annum rate as the Bonds surrendered. Transfers by Beneficial Owners are to be made as described under “THE BONDS – Book-Entry Form.”

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

Book-Entry Form

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

DTC 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 3.5 million issues of U.S. and non U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between 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 Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

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.

USE OF PROCEEDS

Generally

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

Table 2

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of Bonds	\$16,455,000
Premium	
Total	\$ _____

Uses of Funds

Deposit to Bond Proceeds Fund	\$ _____
Costs of Issuance ⁽¹⁾	
Total	\$ _____

(1) Includes Underwriter's compensation.

Source: Financial Advisor.

Better Denver Projects

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

Health and Human Services. Bonds issued under this Better Denver Ballot Question will fund projects including expansion of hospital facilities, repair of heating, plumbing and electrical systems in low-income child care facilities and the replacement of a 25-year-old animal shelter. Upon the issuance of the Bonds, \$48,583,000 of electoral authorization for such purposes is expected to have been issued and no such electoral authorization under the related Ballot Question is expected to remain.

Libraries. All 23 of the City's library facilities (except for the main branch) are to be improved under this Better Denver Ballot Question. Improvements include repair of roofs, heating, ventilation and cooling systems, boilers, electrical systems, fire alarms, and network infrastructure at many locations. Some funds are also to be used to bring libraries into compliance with the American with Disabilities Act. Additionally, the City anticipates funding the construction of three new branch libraries for under-served or high-growth communities. Upon the issuance of the Bonds, \$51,883,000 of electoral authorization for such purposes is expected to

have been issued and no such electoral authorization under the related Ballot Question is expected to remain.

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

Parks and Recreation. Construction of new recreation centers, refurbishment of existing park features, replacement of outdated irrigation systems and attending to overdue park maintenance projects are some of the projects to be funded pursuant to this Better Denver Ballot Question. Upon the issuance of the Bonds, \$89,855,000 of electoral authorization for such purposes is expected to have been issued and \$3,532,000 of such electoral authorization under the related Ballot Question is expected to remain.

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

New Construction and Deferred Maintenance for Cultural Facilities. The Botanic Gardens, Boettcher Concert Hall, and the Denver Museum of Nature and Science are a few of the City's most prized cultural facilities. Two Better Denver Ballot Questions authorized overdue maintenance and repairs for each of these facilities, as well as both an extensive renovation and expansion of Boettcher Concert Hall and the construction of a new storage facility and education center for the Denver Museum of Nature and Science. Upon the issuance of the Bonds, \$73,419,795 of electoral authorization for such purposes is expected to have been issued and \$57,126,205 of such electoral authorization under the related Ballot Question is expected to remain.

Public Safety. This Better Denver Ballot Question authorized funding for a new crime lab and firing range for the City's police department and construction or renovation of new fire stations for the fire department. Upon the issuance of the Bonds, \$65,195,000 of electoral

authorization for such purposes is expected to have been issued and no such electoral authorization under the related Ballot Question is expected to remain.

The financing of new money projects are authorized by the Better Denver Ballot Questions. Upon the issuance of the Bonds, \$492,606,795 of electoral authorization under the Denver Ballot Questions will have been issued and \$57,123,205 of such authorization will remain. See "DEBT STRUCTURE OF THE CITY--General Obligation Bonds."

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 2.8 million people, representing more than half of the population of the State currently reside in the Denver metropolitan area.

Organization

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

Government

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

An election for Mayor, City Auditor, City Clerk and City Council was held in the City on May 3, 2011. The at-large City Council candidates, as well as those candidates obtaining over 50% of the vote, were elected at such election. If such a majority of voters was not achieved,

the two candidates for the same office with the most votes are participating in a run-off election to be held on June 7, 2011. All winning candidates are to be sworn in on July 18, 2011. Prior to such swearing-in, officials of the City are as follows:

Guillermo "Bill" V. Vidal ⁽¹⁾	Mayor ⁽²⁾
Dennis J. Gallagher	Auditor
Chris Nevitt	Councilmember and President – District 7
Carol Boigon ⁽¹⁾	Councilmember – At-Large
Charles V. Brown Jr.	Councilmember – District 6
Jeanne Faatz	Councilmember – District 2
Michael B. Hancock ⁽¹⁾	Councilmember – District 11
Marcia M. Johnson ⁽¹⁾	Councilmember – District 5
Peggy A. Lehmann	Councilmember – District 4
Douglas D. Linkhart ⁽¹⁾	Councilmember – At-Large
Paul D. Lopez	Councilmember – District 3
Vacant	Councilmember – District 8
Judy H. Montero	Councilmember – District 9
Jeanne Robb	Councilmember – District 10
Paula E. Sandoval ⁽¹⁾	Councilmember – District 1
Stephanie Y. O'Malley ⁽¹⁾	Clerk and Recorder

(1) These officials were replaced at a recent election or did not seek re-election to the same office. Their replacements will be sworn in on July 18, 2011.

(2) Former City Councilmember Michael B. Hancock and former State Legislator Chris Romer are the two remaining candidates for Mayor competing in the June 7, 2011 run-off election.

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

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

and now performance audits are carried out by the City Auditor in the office's strengthened audit capacity.

The Clerk and Recorder is responsible for performing all the duties of the City Clerk as provided for in the City Charter and City ordinances, as well as the duties of the Public Trustee and the County Clerk and Recorder provided by the State Constitution and statutes, with the exception of those relating to the registration of motor vehicles. The Clerk and Recorder also has oversight of the Election Division. The Clerk and Recorder is elected every four years and is limited to three terms. The current Clerk and Recorder is Stephanie Y. O'Malley who did not seek re-election and will therefore be replaced by the candidate prevailing at the June 7, 2011 election.

As of June 21, 2011, the appointed members of the Mayor's cabinet were the following individuals:

Derek Brown	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
David W. Broadwell, Esq.	City Attorney
Charles F. Garcia	Manager of the Department of Public Safety
Peter J. Park	Manager of Community Planning and Development
Chantal Unfug	Manager of the Department of Parks and Recreation
Edward D. Scholz	Manager of Finance, acting as Chief Financial Officer/ <i>Ex Officio</i> Treasurer
Nancy J. Severson	Manager of the Department of Environmental Health
George Delaney	Manager of the Department of Public Works
Patricia Wilson Pheanious	Manager of the Department of Human Services

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

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

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

FINANCIAL INFORMATION CONCERNING THE CITY

Budget Policy

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

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

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

Bond Fund

The City Charter establishes a bonded indebtedness sinking fund and a bonded indebtedness interest fund within the Bond Fund for the purpose of paying the principal of and interest on the City’s general obligation bonds. Separate tax levies are made for each distinct segregated fund, and tax receipts are apportioned to each such fund as received. These tax levies are specifically dedicated and are therefore only available for the purpose of paying the principal of and interest on the City’s general obligation bonds. See “THE BONDS--Security” and Table 9 – “CITY AND COUNTY OF DENVER - CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS.”

General Fund

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

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

As of January 1, 2011, the general sales tax was a fixed-rate (3.62%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. In November 2006, the voters of the City approved an increase of the City's sales tax of 0.12% to fund increased access to and quality of preschool programs for City residents. The revenue from this increase is only available for such purpose and cannot be used for General Fund revenue. Collection of the 0.12% sales tax increase commenced January 1, 2007. Additionally, there are separate sales tax surcharges for short-term car rental, prepared food and beverages and aviation fuels. A portion of these charges is used for debt service payments. The general use tax is a fixed-rate (3.62%) tax imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis.

Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of exempt property include property used for religious or charitable purposes and property owned by governmental entities. The General Fund net property tax mill levy was as follows for the related tax collection years: 9.323 mills for 2007; 6.306 mills for 2008; 6.389 mills for 2009; 5.867 mills for 2010; and 6.174 mills for taxes being collected in 2011. In collection years 2008, 2009, 2010 and 2011, the City applied additional mills of 2.285, 2.350, 2.170 and 2.281, respectively, to the City's Capital Improvement Project Fund (the "CIP Fund") instead of its General Fund. The City has in turn redirected the occupational privilege tax (the "OPT") previously credited to the CIP Fund to the General Fund. These actions were designed to create greater stability in General Fund Revenues due to the historically more predictable OPT revenues. Further, these actions take into account the temporary mill levy rate reductions as needed to comply with State Constitutional revenue and spending limitations. See "LEGAL MATTERS--Constitutional Revenue, Spending and Debt Limits."

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

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

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

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

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

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

Management Discussion of Recent Financial Results

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

2006. In the first half of 2006, the City's economy outperformed the national economy and the City experienced above-average growth in employment, compensation and retail activity. As a result of significant snow storms in the City during the last few weeks of 2006 and early 2007, retail sales were negatively impacted as stores were forced to close some days prior to Christmas, which would normally have been among the busiest sales days of the year for the retail market. Sales and use tax revenues were 1.91% higher in 2006 as compared with 2005.

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

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

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

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

Management Discussions of 2011 Original Budget and 2012 Preliminary Projections and Structural Financial Task Force

Original 2011 Budget. The original 2011 budget projected revenues would grow by 0.7% over 2010. The low growth rate was not indicative of the expected growth in the

economy, but rather was due to some large one-time revenue items in 2010, which raised the base in calculating the change to 2011. The projected growth in revenues would have been 2.8% without the use of these one-time items in 2010. As part of that revenue growth, core sales and use tax was projected to grow by 3.5% in 2011. General Fund expenditures were projected to grow by 4.0% over 2010, primarily due to the operation and maintenance of new facilities constructed with bond dollars, including the City's new Justice Center, a new recreation center, and a new branch library. The 2011 Budget also included raises as outlined in current collective bargaining agreements as well as merit increases for Career Service employees. The cost for the merit increases is off-set by five proposed furlough days in 2011. General Fund expenditures were also reduced as a result of the reduction of 581 budgeted positions in 2011, a 5.3% decrease.

In 2009 General Fund reserves were 10.7% of expenditures or \$93 million. An amount of \$26 million was projected to be added to reserves in 2010, but \$25 million is projected to be used in 2011, largely as a result of the one-time use of excess fire pension mill levy funds as discussed above which will be booked as 2010 revenues and applied to 2011 expenditures. General Fund reserves in 2011 were originally projected to end with 10.5% of expenditures or \$94 million.

2012 Preliminary Projections. 2010 revenues and expenditures both ended within 1% of what was projected while building the original 2011 budget. Fund balance through the end of 2011 is now projected to be slightly less than originally anticipated (10.4% instead of 10.5% of expenditures), should no actions be taken in 2011 to generate additional savings. Year to date overall revenues for 2011 have been performing close to expectations and in some cases, better than originally forecasted. It is anticipated that the year-end revenue projection for the General Fund will be increased as part of developing the 2012 budget.

Initial projections for revenues and expenditures through the end of 2012 forecasted a \$100 million deficit. This was a worst case scenario and assumed no actions are taken to reduce normal expenditure growth or grow revenues in 2011 and 2012. As a result, departments were all given savings targets of approximately 10% of projected budgets to develop options for closing the deficit. Emphasis has been on permanent changes, including personnel reductions where feasible without major service impacts.

It is anticipated that the final recommendation for the 2012 budget will be a plan that closes the deficit through improved revenue projections for existing revenues, increased revenues based on changes to rate and fee structures, and reduced expenditures through personnel, supply, and equipment savings. Some of this will occur in 2011 and continue on through and beyond 2012, and some items will be implemented in 2012.

Reserves are expected to be maintained at 10.5% of expenditures and a plan will be developed to begin raising levels back to the goal of 15% as soon as possible.

Structural Financial Taskforce. At the Beginning of 2011, Mayor Vidal announced the creation of a Structural Financial Taskforce comprised of community, business and civic leaders. The taskforce is charged with addressing Denver's long-term structural imbalance between operating revenues and expenditures. Recommendations from this committee will focus on the long-term structural problem beyond 2012.

The task force's goals are to:

- Understand the City's revenues, expenditures, and tax burden, and the root causes of the structural gap;
- Generate and analyze expenditure and revenue ideas that could solve the structural gap;
- Recommend to the City a package of expenditure and revenue options that will address the long-term structural gap.

General Fund Financials

The following pages include Table 3, General Fund Balance Sheet; Table 4, Statement of Revenues, Expenditures and Changes in Fund Balance for 2006 through 2010; Table 5, General Fund Budget Summary in dollars; and Table 6, General Fund Budget Summary by percentage.

Table 3

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

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

(1) In 2008, a policy decision was made by the City to transfer \$20,400,000 in designated fund balance for the TABOR emergency reserve to a special revenue fund, which was recorded in the General Fund as a transfer expenditure.

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

Table 4
CITY AND COUNTY OF DENVER GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2006-2010
(\$ in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Taxes:					
Property	\$ 75,158	\$ 79,232	\$ 62,703 ⁽¹⁾	\$ 64,396 ⁽¹⁾	
Sales and Use	397,163	418,177	430,928	387,838	
Other	51,760	73,531	80,284 ⁽¹⁾	72,123 ⁽¹⁾	
Licenses and Permits	26,123	28,094	27,763	23,229	
Intergovernmental Revenues	31,527	32,861	32,107	31,955	
Charges for Services	120,694	107,519	137,160	138,563	
Investment Income	11,571	18,717	11,692	4,512	
Fines and Forfeitures	34,246	34,253	38,416	41,389	
Other Revenues	<u>7,863</u>	<u>11,165</u>	<u>8,663</u>	<u>11,863</u>	
TOTAL REVENUES	<u>\$756,105</u>	<u>\$803,549</u>	<u>\$829,716</u>	<u>\$775,868</u>	
EXPENDITURES					
Current:					
General Government	\$165,154	\$156,040	\$175,817	\$165,897	
Public Safety	374,829	400,469	423,136	429,718	
Public Works	73,463	84,310	81,710	79,506	
Health	41,745	41,783	42,438	43,750	
Parks and Recreation	45,210	47,003	49,516	46,183	
Culture and Entertainment	29,780	31,386	32,531	32,222	
Community Development	--	17,499	17,209	16,343	
Principal retirement	--	571	378	276	
Interest	--	<u>2,737</u>	<u>4,047</u>	<u>1,795</u>	
TOTAL EXPENDITURES	<u>\$730,181</u>	<u>\$781,798</u>	<u>\$826,782</u>	<u>\$815,690</u>	
Excess of Revenues Over Expenditures	<u>\$ 25,924</u>	<u>\$ 21,751</u>	<u>\$ 2,934</u>	<u>(\$39,822)</u>	
OTHER FINANCING SOURCES (USES)					
Insurance Recoveries	99	1	74	287	
Proceeds from Sale Capital Assets	7	13	--	--	
Proceeds from Financing Transactions	--	--	9,710	1,307	
Operating Transfers In	24,725	32,333	30,731	30,577	
Operating Transfers Out	<u>(43,668)</u>	<u>(44,163)</u>	<u>(67,591)</u>	<u>(50,578)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$(18,838)</u>	<u>\$(11,816)</u>	<u>\$(27,076)</u>	<u>\$(18,407)</u>	
Net Change in Fund Balances	7,086	9,935	(24,142)	58,229	
Fund Balance – January 1	178,570	185,656	195,591	171,449	
First Period Restatement	--	--	--	--	
Residual Equity Transfer In	--	--	--	--	
FUND BALANCE – December 31	<u>\$185,656</u>	<u>\$195,591</u>	<u>\$171,449</u>	<u>\$113,220</u>	

- (1) Beginning in 2008, all of the occupational privilege tax collected was deposited into the General Fund in exchange for sending an equivalent amount of property taxes to the Capital Improvements Fund. See "FINANCIAL INFORMATION CONCERNING THE CITY – General Fund."

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

Table 5

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

	2010 Actual <u>Results</u>	2010 Revised <u>Budget</u>	2011 <u>Budget</u>
REVENUES			
Taxes			
Property	\$80,913 ⁽¹⁾	\$65,386	\$67,993
Sales and Use	409,817	407,004	418,765
Other	74,757	71,771	72,860
Licenses and Permits	28,571	20,965	20,112
Intergovernmental Revenues	28,378	25,084	24,072
Charges for Services	145,667	184,030	178,279
Investment Income	6,476	3,012	4,538
Fines and Forfeitures	44,322	50,256	56,350
Other Revenues	<u>50,747</u>	<u>37,959</u>	<u>28,529</u>
TOTAL FINANCIAL SOURCES	\$869,648	\$865,467	\$871,498
EXPENDITURES			
General Government	\$179,936	\$212,585	\$218,117
Public Safety	431,060	422,706	443,176
Public Works	75,962	78,327	82,162
Health	42,924	43,664	43,726
Parks and Recreation	41,800	45,768	46,507
Cultural Activities	30,203	30,087	30,959
Other Financing and Adjustments	800	--	17,932
Transfers to other City Funds	44,122	28,452	32,474
Estimated Unspent Appropriations	--	--	(18,900)
Additional cuts in operating expenditures	<u>--</u>	<u>(121,904)</u>	<u>--</u>
TOTAL EXPENDITURES BUDGET	\$846,807	\$839,685	\$896,153
TOTAL/EXPENDITURES/ USE OF RESOURCES			
Excess (Deficit) Financial Resources	\$22,841	\$25,782	(\$24,655)
Adjustment in Undesignated Reserves	--	--	--
Unrestricted Fund Balance – January 1	\$92,991 ⁽²⁾	\$92,991	\$118,773
Unrestricted Fund Balance – December 31	\$115,832	\$118,773	\$94,118

(1) Includes fire pension mill levy funds as described under “FINANCIAL INFORMATION CONCERNING THE CITY – Management Discussion of Recent Financial Results-2010.”

(2) Unrestricted Fund Balance does not include amounts designated as “Reserved for prepaid items and other assets” in Table 3. However, such amounts are included in the Fund Balances in Table 4.

Table 6

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

	2010 Actual <u>Results</u>	2010 Revised <u>Budget</u>	2011 <u>Budget</u>
REVENUES			
Taxes			
Property	9.3%	7.6%	7.8%
Sales and Use	47.1	47.0	48.1
Other	8.6	8.3	8.4
Licenses and Permits	3.3	2.4	2.3
Intergovernmental Revenues	3.3	2.9	2.8
Charges for Services	16.8	21.3	20.5
Investment Income	0.7	0.3	0.5
Fines and Forfeitures	5.1	5.8	6.5
Other Revenues	<u>5.8</u>	<u>4.4</u>	<u>3.3</u>
TOTAL FINANCIAL SOURCES	100.0%	100.0%	100.0%
EXPENDITURES			
General Government	21.2%	25.3%	24.3%
Public Safety	50.9	50.3	49.5
Public Works	9.0	9.3	9.2
Health	5.1	5.2	4.9
Parks and Recreation	4.9	5.5	5.2
Cultural Activities	3.6	3.6	3.5
Other Financing and Adjustments	0.1	3.4	2.0
Transfers to other City Funds	5.2	3.4	3.6
Estimated Unspent Appropriations	--	--	(2.1)
Additional cuts in operating expenditures	<u>--</u>	<u>(2.6)</u>	<u>--</u>
TOTAL EXPENDITURES BUDGET	100.0%	100.0%	100.0%

Source: City Finance Department

Collection of Taxes

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

Sales and Use Taxes

The City's sales and use tax collections historically account for over one-half of the General Fund revenues. As of January 1, 2010, the fixed-rate general sales tax of 3.62% was imposed on the sale of all tangible personal property not specifically exempted and on certain services and a general use tax of 3.62% is imposed on the storage, use and consumption of tangible personal property not specifically exempted. Included within such sales and use tax rates are 0.12% increases approved by the City's voters on November 7, 2006 to fund increased access to and quality of preschool programs for City residents, and the revenues from this increase in the sales and use tax are only available for such purpose. This rate increase became effective on January 1, 2007 and will expire on December 31, 2016. The City's practice is to account for sales and use taxes on a combined basis.

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

GENERAL FUND SALES AND USE TAX RATES

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

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

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

Table 7 reflects the City's General Fund sales and use tax collections for the past ten years. [Update]

Table 7
CITY AND COUNTY OF DENVER
GENERAL FUND SALES AND USE TAX REVENUES
2001 – 2010
(\$ In Thousands)

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

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

Source: Department of Finance.

Financial Statements

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

Financial statements of the City for fiscal years ending on or prior to December 31, 2009 are available for inspection at the Department of Finance, 201 West Colfax, Department 1004, Denver, Colorado 80202, or on the City's website (denvergov.org) under the Controller's webpage. The information presented on the City's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Property Taxation

Assessed Valuation. The assessed value of real property for tax purposes is computed using statutory actual values as determined from manuals published by the Administrator of the State Division of Property Taxation and from data developed by the Manager of Finance, *Ex Officio* Assessor, based on evidence collected from the marketplace. Table 8 sets forth the State property appraisal method for assessment years 2002 through 2011.

Table 8

STATE PROPERTY APPRAISAL METHOD

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

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

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

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

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

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

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

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

The City Charter imposes a tax limit of 15 mills for all general municipal purposes. This limit does not apply to taxes levied for the payment of general obligation bonded

indebtedness, to fund the City's Social Services Fund, to provide for fire and police pensions, to fund a City program for the developmentally disabled or taxes levied pursuant to a voter authorized 2.5 mill levy increase for deferred capital maintenance. State case law permits the City to impose an additional General Fund levy for functions ordinarily performed by counties in the State. Current State statutes limiting mill levies imposed by counties do not apply to the City.

Table 9 sets forth the mill levies for the City, School District No. 1 and the Urban Drainage and Flood Control District for the last five levy years. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities" for a discussion of mill levies attributable to other taxing entities which overlap or partially overlap the boundaries of the City.

Table 9
CITY AND COUNTY OF DENVER
CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾
(By Assessment Year)

<u>Taxing Entity</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City and County of Denver:					
General Fund	9.323	6.306 ⁽²⁾	6.389 ⁽²⁾	5.867 ⁽²⁾	6.174 ⁽²⁾
Bond Principal Fund	6.933	4.750	4.470	4.470	4.470
Bond Interest Fund	1.500	3.683	3.110	3.110	3.110
Social Services	3.992	3.630	3.698	3.394	3.556
Developmentally Disabled	1.012	1.013	1.011	1.013	1.019
Fire Pension	1.480	1.345	1.371	1.258	1.317
Police Pension	1.767	1.607	1.636	1.502	1.572
Capital Maintenance	--	2.500	2.500	2.524 ⁽²⁾	2.544 ⁽²⁾
Capital Improvement	--	2.285 ⁽³⁾	2.350 ⁽³⁾	2.170 ⁽³⁾	2.281
TOTAL DENVER MILL LEVY	<u>26.007</u>	<u>27.119</u>	<u>26.535</u>	<u>25.308</u>	<u>26.044</u>
School District No. 1	40.333	39.210	39.657	39.262	39.972
Urban Drainage and Flood Control District	0.608	0.568	0.591	0.569	0.576
TOTAL MILL LEVY:	<u>66.948</u>	<u>66.897</u>	<u>66.783</u>	<u>65.139</u>	<u>66.592</u>

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

(1)The columnar heading shows the year for which property is assessed and property taxes are levied. Taxes are collected the following year. The table excludes certain overlapping government entities that impose mill levies in certain discrete portions of the City, but whose boundaries are not co-terminus with the City's boundaries. For "Overlapping Taxing Districts with General Obligation Debt" see Table 15.

(2)A levy in excess of the 2.5 mills approved by voters is allowable due to prior year refunds and abatements.

(3)The City reduced its General Fund mill levy and applied Capital Improvement mill levies in these years, because occupational privilege taxes previously used to fund capital improvements were redirected to the General Fund. See "FINANCIAL INFORMATION CONCERNING THE CITY--General Fund."

Source: Department of Finance.

Table 10 summarizes the statutory actual and assessed valuation of property in the City, taxes levied and collected by the City for general purposes and the amounts and percentages delinquent for the last five assessment years. Collection data is reported as of December 31, 2010.

Table 10

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

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

- (1) Colorado statutes establish property valuation methods with actual valuation representing estimated appraisal value before the respective assessment ratios are applied. In general, an income and expense value is used for commercial property, and market value is used for residential property.
- (2) This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to the Denver Urban Renewal Authority ("DURA") and are not retained by the City. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities – Urban Renewal Authorities."
- (3) Changes in assessed valuations for the years shown are due in part to changes in the years used to compute values which occur every two years and adjustments attributable to a legislative extension of time permitted for appeals of assessed valuations.
- (4) The columnar headings show the years for which property taxes have been assessed and levied. Taxes shown in a column are actually collected in the following year. For example, property taxes levied in 2005 are collected in 2006.

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

Assessed Valuation of Major Taxpayers

Table 11 lists the major property taxpayers based on assessed valuations for the 2009 assessment year.

Table 11

**CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2010
(FOR COLLECTION IN 2011)
(\$ in thousands)**

<u>Name</u>	<u>Business</u>	<u>Assessed Valuation</u>	<u>Percentage of City's Total Assessed Valuation⁽¹⁾</u>
Qwest Corp	Utility	\$ 201,904,000	1.69%
Public Service Co.	Utility	186,368,190	1.56
Callahan Capital Partners	Real Estate	126,062,930	1.05
LBA Realty Fund	Real Estate	100,259,320	0.84
Brookfield Properties	Real Estate	100,168,380	0.84
United Airlines Inc.	Airline	92,569,100	0.77
Frontier Airlines	Airline	92,248,100	0.77
UBS Realty Investors	Real Estate	91,404,130	0.76
Broadreach Capital Partners	Real Estate	91,235,500	0.76
MPG Office Trust Inc.	Real Estate	<u>86,276,250</u>	<u>0.72</u>
TOTALS		\$1,168,495,900	9.77%

- (1) Based on a December 31, 2010 certified assessed valuation of \$11,960,083,760. This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY--Overlapping Debt and Taxing Entities – Urban Renewal Authorities."

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

Retirement Plans

Substantially all of the general employees of the City are covered under the Denver Employees Retirement Plan ("DERP"); however, employees of the police department, fire department, and the Denver Water Board are covered by separate retirement systems.

City Employees. DERP is a single-employer defined benefit pension plan established by the City to provide pension benefits for its employees. DERP has separate legal standing and has no financial responsibility to the City. The assets of DERP are funds held in trust by DERP for the exclusive purpose of paying pension and post-retirement health benefits to eligible members.

The Denver Health and Hospital Authority ("DHHA") was established in 1996, and effective January 1, 1997, DHHA made contributions to DERP on behalf of its employees who were members of DERP. DERP membership consisted of the following as of December 31, 2009 and 2010: **[Update]**

Table 18

DENVER EMPLOYEES RETIREMENT PLAN MEMBERSHIP

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

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

DERP's funding policy provides for annual employer contributions at rates determined by an independent actuary, which, when expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Beginning January 1, 2005, the City employees' contribution was changed from 2.0% to 2.5% and the City's contribution was changed from 8.0% to 8.5% of the salary of covered employees. As of January 1, 2011, the combined total contribution rate increased to 15.0% of salary. The City's contribution increased to 9.5% and the City employees' contribution increased to 5.5%. As of December 31, 2009, the total net plan assets were 1,659,086,663.⁽¹⁾ **[Update]** Per DERP's independently audited 2008 Comprehensive Annual Financial Report, as of January 1, 2009, the most recent valuation, 91.8% of the plan's accrued liabilities were covered by valuation assets. **[Update]**

Other Post Employment Benefits. DERP provides a contribution towards health insurance in addition to pension, death and disability benefits. Retired employees under 65 receive a contribution of \$12.50 for every year of service towards health insurance premiums, which is reduced to \$6.25 when the employee reaches 65. While the amount of the retirement plan for this amount is underfunded, the retirement plan indicates that it is not a material amount and expects it to be fully funded by 2010. **[Update]**

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

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

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

New Hire City police officers and firefighters in the classified service contribute to the plans at a rate of 8% of base salary, and the City contributes a matching 8% of salary to the New Hire Police and Firefighters Pension Plan. In order to pay off the unfunded liability that exists for the Old Hire Police Plan, the City is required to provide a level dollar funding amount of \$16,261,604 each year until there is no longer any unfunded actuarial liability in the plan. The State of Colorado has been assisting Denver in paying off the unfunded liability. However, in 2009, the State passed legislation that temporarily suspended State contributions. It is expected that contributions will begin again in 2012 and continue until 2019 or until the unfunded liability is paid off. In 2009, the funding level for the Old Hire Firefighter Plan was met and the City and State was no longer required to make contributions to the Plan. Because of the recent economic slowdown, the City must resume contributions of \$8,453,430 in 2011 and 2012 and \$16,373,143 in 2013 and 2014. The State is not required to contribute any more to the Firefighter Plan.

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

DEBT STRUCTURE OF THE CITY

General Obligation Bonds

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

At the Better Denver Election, the City’s voters approved a 2.5 mill levy increase for capital maintenance and the eight general obligation Better Denver Ballot Questions authorizing debt in the aggregate amount of \$549,730,000. The Bonds are being issued pursuant to the Better Denver Election authorization. Upon issuance of the Bonds, \$57,123,205 of authorization under the Better Denver Election will remain. The City anticipates issuing additional bonds over the next few years in order to fund the projects authorized at the Better Denver Election.

As of December 31, 2010, the City had outstanding general obligation bonds in the aggregate principal amount of \$969,229,000 which does not include accrued interest of \$3,963,537 on compound interest bonds. In addition, there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of \$28,090,000. The Water Board bonds are paid solely from the revenues of the utility and do not apply to the City's general obligation bonded debt limit.

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

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

Table 12 sets forth the computation of the general obligation debt margin of the City (other than bonds issued by the Denver Water Board) as of December 31, 2010.

Table 12

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN

TOTAL ESTIMATED ACTUAL VALUATION – December 31, 2010	<u>\$83,151,295,000</u>
Maximum general obligation debt, limited to 3% of total valuation	2,494,538,850
Less outstanding bonds chargeable to limit	<u>969,229,000</u>
LEGAL DEBT MARGIN – December 31, 2010	<u>\$ 1,525,309,850</u>

General Obligation Bonded Debt

Table 13 lists the City's outstanding general obligation bonded debt as of December 31, 2010.

Table 13

OUTSTANDING GENERAL OBLIGATION DEBT **(\$ in thousands)**

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Various Purpose Bonds (Denver Mini-Bond Program), Series 1999A ⁽¹⁾	\$ 3,134	\$ 3,134
General Obligation Denver Art Museum Bonds, Series 2002	52,500	28,760
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	35,000	5,985
General Obligation Medical Facilities Bonds, Series 2003B	148,000	87,800
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	77,000	60,785
General Obligation Justice System Facilities Bonds, Series 2006	125,000	114,940
General Obligation Justice System Facilities Bonds (Denver Mini- Bond Program), Series 2007 ⁽²⁾	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	159,635
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	92,500
General Obligation Various Purpose Bonds, Series 2009B	14,415	12,215
General Obligation Better Denver Bonds, Series 2010A	37,910	37,910
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D	<u>44,650</u>	<u>44,650</u>
Subtotal	1,137,159	969,229
General Obligation Water Bonds ⁽³⁾	<u>161,730</u>	<u>28,090</u>
TOTAL:	<u>\$1,298,889</u>	<u>\$997,319</u>

(1) Amount excludes \$2,183,924 of compound interest on the Series 1999A bonds.

(2) Amount excludes \$1,675,590 of compound interest on the Series 2007 bonds.

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

Source: Department of Finance.

Table 14 sets forth certain debt ratios based on the City's actual and assessed valuations and general obligation bonded debt as of December 31, 2010.

Table 14

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

Total Direct General Obligation Bonded Debt	\$ 997,319
Less General Obligation Water Bonds	<u>28,090</u>
Net Direct General Obligation Bonded Debt	969,229
Overlapping General Obligation Bonded Debt ⁽¹⁾	<u>1,037,805</u>
Net Direct and Overlapping General Obligation Bonded Debt	2,007,034
Actual Valuation	\$83,151,295
Assessed Valuation ⁽²⁾	\$11,960,084

DEBT RATIOS

	<u>Actual Valuation</u>	<u>Assessed Valuation</u>	<u>Per Capita⁽³⁾</u>
Total Direct G.O. Bonded Debt	1.20%	8.34%	\$1,615
Net Direct G.O. Bonded Debt	1.17	8.10	1,568
Net Direct and Overlapping G.O. Bonded Debt ⁽¹⁾	2.41	16.78	3,297

(1) The overlapping general obligation debt represents the outstanding general obligation debt of School District No. 1. See "Overlapping Debt and Taxing Entities" below for information relating to other overlapping entities.

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

(3) Based upon a 2010 population estimate of 600,158.

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

Overlapping Debt and Taxing Entities

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

School District No. 1 in the City and County of Denver. School District No. 1 (the “School District”) has identical boundaries with the City. As of December 31, 2010, the School District had \$1,037,805,175⁽¹⁾ aggregate principal amount of general obligation bonds outstanding.

The School District has entered into annually renewable lease purchase arrangements from time to time in connection with which certificates of participation have been executed and delivered by the trustees therefor. As of December 31, 2010, the aggregate principal amount of such certificates outstanding was \$772,267,160.⁽¹⁾ Neither the lease purchase agreements nor the related certificates executed and delivered by the trustees therefor are considered debt or a multiple-fiscal year financial obligation for State law purposes and do not represent obligations of the School District extending beyond the current fiscal year. The obligations of the School District to make lease payments for each year are subject to annual appropriations by the Board of Education.

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

The City is meeting its obligation to the Sewage District from a sewer service charge collected from system users. The Sewage District assessed the City charges of \$33,566,435 for 2010. The Sewage District had outstanding \$290,328,254⁽²⁾ aggregate principal amount of bonds as of December 31, 2010.

Regional Transportation District. The Regional Transportation District (the “Transportation District”), a governmental and political subdivision of the State, was established in 1969, and currently includes the City, Boulder, City and County of Broomfield and Jefferson Counties and portions of Adams, Arapahoe, Weld and Douglas Counties. The Transportation District is empowered to develop, maintain and operate a mass transportation system within its boundaries. The Transportation District may levy up to one-half of one mill on all taxable property within the Transportation District for the payment of its expenses in situations of deficiencies, subject to the provisions of State constitutional revenue and spending limitations. The Transportation District has not exercised its power to levy a general ad valorem property tax since 1976.

The Transportation District issues bonds to maintain and improve the transit system. The Transportation District has no general obligation debt. As of December 31, 2010, the Transportation District had \$1,787,665,000⁽³⁾ in aggregate principal amount of outstanding

(1) Source: Denver Public Schools, unaudited.

(2) Source: Metro Wastewater Reclamation District, unaudited.

(3) Source: Regional Transportation District, unaudited.

obligations. Of this principal amount, \$1,238,185,000⁽¹⁾ was bonded debt backed by the Transportation District's sales tax and \$549,480,000⁽¹⁾ was the principal amount of outstanding certificates of participation in various lease purchase and installment sales arrangements under which the Transportation District is the lessee or purchaser.

At an election held within the Transportation District in 2004, voters approved an increase in the Transportation District's sales tax rate from 0.6% to 1.0% and authorized debt in the amount of \$3.477 billion to be spent on the construction and operation of a transit expansion plan known as FasTracks. As of December 31, 2010, approximately \$1.74 billion has been issued and is included in the aggregate principal amount of outstanding obligations.⁽¹⁾

Denver Metropolitan Major League Football Stadium District. In 1996, the State General Assembly enacted legislation creating the Metropolitan Major League Football Stadium District ("Football District"). The Football District was authorized to finance and construct on that site a sports facility designed for use primarily as a National Football League stadium which has been built in the City. The Football District encompasses the City, Boulder and Jefferson Counties, most of the City and County of Broomfield, and the urbanized portions of Adams, Arapahoe and Douglas Counties.

In 1998 the electors of the Football District authorized the Football District to issue up to \$260 million of debt and to impose a sales tax at the rate of 0.10% on taxable transactions occurring within the Football District. The Football District has issued \$260 million of bonds and sales tax revenue capital appreciation bonds scheduled to mature between 2003 and 2012. The outstanding principal amount on these obligations as of December 31, 2010 was \$56,485,176.⁽²⁾

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

Urban Renewal Authorities. Colorado law authorizes the formation of urban renewal authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. In 1958, the City formed the Denver Urban Renewal Authority ("DURA") and subsequent to such formation has approved several urban renewal plans (the "Urban Renewal Plans") throughout the City for DURA. The administration of DURA is under the direction of a Board of Commissioners appointed by the Mayor and authorized to exercise statutory powers in

(1) Source: Regional Transportation District, unaudited.

(2) Source: Football District, unaudited.

planning and implementing the Urban Renewal Plans in urban renewal areas approved by the City Council. Each Urban Renewal Plan contains a provision that taxes levied after the effective date of the approval of each of the Urban Renewal Plans by or for the benefit of any public body shall be divided between each such public body and DURA. The City retains that portion of the taxes that are produced by the tax levy upon the valuation for assessment of taxable property in an urban renewal area last certified prior to the effective date of approval of the related Urban Renewal Plan or, as to an area later added to the urban renewal area, the effective date of the modification of the related Urban Renewal Plan. That portion of property taxes in excess of such amount are paid into a special fund of DURA to pay the principal of, interest on and any premiums due on bonds of, loans or other advances to, or indebtedness incurred by, DURA as part of financing or refinancing an urban renewal project or other infrastructure or services pursuant to an agreement with the City. In other words, for purposes of levying property taxes for the City, the assessed valuation of the property in the portion of the City which is also located in a DURA urban renewal area does not increase beyond the "base" amount existing in the year prior to the approval or modification of the related Urban Renewal Plan, other than by means of the general biennial reassessment of property. As of December 31, 2010, the "base" amount of assessed valuation in the urban renewal areas upon which the City levied taxes in 2008, for collection in 2009, was \$185,279,520 and the total assessed valuation above the "base" amount upon which payment to DURA was calculated was \$783,582,379.

Other Overlapping Taxing Entities. There are a number of partially overlapping taxing districts having general obligation debt in amounts which do not materially affect the ability of the City to pay debt service on its general obligation bonds. Assessed valuation and bond mill levy information for these taxing districts is provided in Table 15:

Table 15

OVERLAPPING TAXING DISTRICTS WITH GENERAL OBLIGATION DEBT⁽¹⁾

<u>Taxing District</u>	<u>2010 Assessed Valuation Attributable to Denver</u>	<u>% of Total Denver Assessed Value</u>	<u>2010 Bond Mill Levy</u>
Bowles Metro ⁽²⁾	\$ 27,482,540	0.230%	21.878
Central Platte Valley Metro	96,708,370	0.809%	41.000
Cherry Creek North B.I.D.	188,980,290	1.580%	6.700
Colorado Intl. Cntr. Metro No. 14 ⁽²⁾	10,211,900	0.085%	35.000
Denver Gateway Center Metro	4,627,410	0.039%	26.992
Denver Intl. Bus. Center Metro No. 1	22,713,810	0.190%	23.320
Ebert Metro	61,269,010	0.512%	58.000
Fairlake Metro	28,939,760	0.242%	25.000
Gateway Regional Metro	59,719,920	0.499%	10.554
Gateway Village G.I.D.	17,701,310	0.148%	20.000
Goldsmith Metro ⁽²⁾	331,038,650	2.768%	8.000
Greenwood Metro ⁽²⁾	1,855,530	0.016%	5.350
GVR Metro	64,346,490	0.538%	8.863
Madre Metro No. 2	4,028,600	0.034%	40.000
Mile High Business Ctr. Metro.	15,565,890	0.130%	29.000
North Washington Fire ⁽²⁾	6,115,060	0.051%	1.196
Sand Creek Metro ⁽²⁾	39,734,140	0.332%	45.000
SBC Metro	57,930,950	0.484%	28.600
Section 14 Metro ⁽²⁾	15,361,740	0.128%	17.666
South Denver Metro	53,823,640	0.450%	7.000
Westerly Creek Metro	<u>292,671,840</u>	<u>2.447%</u>	53.395
Special District Total Assessed Value	<u>\$ 1,400,826,850</u>	<u>11.71%</u>	
Denver Total Assessed Value ⁽³⁾	\$11,960,083,760		

(1) As of December 31, 2010.

(2) District also has assessed value located in more than one county.

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

Source: Office of the County Assessor.

Denver Convention Center Hotel Authority Discretionary Economic Development Payments

The City determined that construction of a new convention center headquarters hotel across the street from the Colorado Convention Center would result in economic benefits to the City, including improved coordination of event bookings at the Convention Center and the generation of additional tax revenues, employment opportunities and economic activity related to the construction and operation of the hotel. In the spring of 2003, the City created the Denver Convention Center Hotel Authority for the express purpose of acquiring, constructing, equipping, operating and financing a convention center headquarters hotel, parking garage and supporting facilities. In June 2003, the Authority issued its own special limited obligation revenue bonds in the amount of \$354 million to finance the hotel and contract independently with a developer and operator for the hotel. The hotel opened as scheduled on December 20, 2005. In April 2006, the Authority issued \$356 million in refunding bonds to fully refund the 2003 revenue bonds. The refunding bonds are payable from hotel revenues, and the hotel is mortgaged by the Authority to the bond trustee to secure the bonds. The Authority has no taxing power. The City did not pledge its own credit to support the hotel project and did not create any multiple-fiscal year direct or indirect debt or other financial obligation of the City in connection with the proposed financing. However, the City entered into an Economic Development Agreement with the Authority that grants numerous economic benefits to the City from the construction and operation of the hotel. In consideration of these benefits, the City agreed, subject to annual appropriation by the City Council, to make Economic Development Payments as indicated in Table 16, below. The Economic Development Agreement was subject to termination on December 31, 2010 and is subject to termination each December 31 thereafter 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. The City Council's decision to appropriate Economic Development Payments is to be by ordinance without compulsion and solely within the discretion of the City Council. The City Council has never failed to appropriate an Economic Development Payment.

Table 16

**DENVER CONVENTION CENTER HOTEL
ECONOMIC DEVELOPMENT PAYMENTS**

<u>On or Before the 14th Day Prior to the Following Date:</u>	<u>Amount</u>
June 1, 2010	\$4,500,000
December 1, 2010	4,500,000
June 1, 2011	4,375,000
December 1, 2011	4,375,000
June 1, 2012	4,625,000
December 1, 2012	4,625,000
June 1, 2013	4,500,000
December 1, 2013	4,500,000
June 1, 2014	4,750,000
December 1, 2014	4,750,000
June 1, 2015	5,000,000
December 1, 2015	5,000,000
June 1, 2016	5,250,000
December 1, 2016	5,250,000
June 1, 2017	5,375,000
December 1, 2017	5,375,000
Each December 1 and June 1 thereafter	5,500,000

Denver Urban Renewal Authority Contingent and Discretionary Payments

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

Denver Union Station Project Authority Contingent and Discretionary Payments

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

Lease Purchase Agreements

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

COPs have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Anticipated Principal outstanding on these transactions as of December 31, 2010 is summarized in Table 17.

Table 17

**SCHEDULE OF CERTIFICATED LEASE PURCHASE TRANSACTIONS
AND RELEASE DATES⁽¹⁾**

<u>Series</u>	<u>Outstanding Principal Amount (as of December 31, 2010)</u>	<u>Leased Property</u>	<u>Date Lease Property Scheduled to be Acquired</u>
1995A	\$230,000	City Office Building for Information and other City Departments	January 1, 2014
2002A-B	11,245,000	Denver Cultural Center Parking Garage	December 1, 2021
2003A	2,945,000	Cherry Creek North Parking Garage	December 1, 2017
2003B	44,715,000	Buell Theatre, Jail Dorm Building	December 1, 2023
2005A	36,555,000	Human Services Campus	May 1, 2020
2008A1-A3 ⁽¹⁾	257,310,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,735,000	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	22,600,000	Central Platte Campus	December 1, 2030
2010B	<u>36,120,000</u>	Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2021
TOTAL	\$429,455,000		

(1) Variable rate obligations secured by standby certificate purchase agreements.

Source: Department of Finance.

Non-Certificated Lease Purchase Agreements. As of December 31, 2010 the City was the lessee under various other capitalized lease obligations for the lease purchase of real property and equipment outstanding in the principal amount of \$15,713,573.⁽¹⁾ At the end of the final term of such leases, the City expects to own the real property and equipment that is the subject of such leases.

Local Public Improvement Bonds

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

⁽¹⁾ Source: Department of Finance.

The City Charter provides that any money remaining to the credit of a local improvement district after payment of all outstanding bonds shall be transferred to a special surplus and deficiency fund, and whenever there is a deficiency in any local improvement district to meet payment of outstanding bonds, it is to be paid out of said fund. The City has also contributed to the surplus and deficiency fund from time to time. As of December 31, 2010, there were no local public improvement bonds outstanding, and the balance in the Surplus and Deficiency Fund was \$431,362.⁽¹⁾

Revenue Bonds

The City has outstanding certain enterprise and excise tax revenue bonds payable from specifically pledged revenues, excluding ad valorem taxes. As of December 31, 2010, the City's Airport Enterprise (the "Airport Enterprise") had \$3,975,545,000 of airport system revenue bonds outstanding, including capital appreciation bonds. Of this total, there are fixed-payment swaps hedging variable rate mode debt totaling \$1,517,770,000.

In April 2002, the City, on behalf of the Wastewater Management Division of its Department of Public Works (the "Wastewater Enterprise"), issued enterprise revenue bonds in the aggregate principal amount of \$30,700,000. As of December 31, 2010, \$21,715,000 remained outstanding. The proceeds of the issue were used to fund certain projects identified in the Wastewater Enterprise's six-year needs assessment for its Stormwater Division.

As of December 31, 2010, the City had outstanding excise tax revenue and excise tax refunding bonds in the amount of \$266,640,000 the majority of which proceeds were used for the expansion of the Colorado Convention Center which was completed in December, 2004. All excise tax revenue bonds, except for refunding bonds at a lower interest rate, require prior elector approval under the State Constitution.

In March 2006, the City created a Golf Enterprise as a Division of its Department of Parks and Recreation (the "Golf Enterprise"), and issued on behalf of the Enterprise revenue bonds in the aggregate principal amount of \$7,365,000. As of December 31, 2010, \$5,325,000 of such bonds remains outstanding. The proceeds of the issue were used to acquire, improve and equip certain of the City's public golf facilities.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

APPENDIX B contains an economic and demographic overview of the Denver Metropolitan Area as of May 2011.

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

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

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

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

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

November 2007, Denver voters also authorized an exemption from the TABOR revenue limits for the revenues collected from a 2.5 mill levy increase approved for capital maintenance expenditures.

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

Litigation

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

The City's Lowry Landfill, which accepted hazardous waste from the late 1960s to 1980, has been designated as a national Superfund Site by the United States Environmental Protection Agency (the "EPA"). The City shares the responsibility for remediation of the site, and pursuant to a consent decree entered into with the EPA by the City, Waste Management of Colorado, Inc. ("WMC"), being the operator of the site, and several other parties, the EPA's past cost claims were settled and the City and the other defendants agreed to pay the EPA's future oversight costs and fund the remaining cleanup at the site. By the terms of the consent decree, a trust has been established to fund future remediation costs, including the EPA's future oversight costs. The City and WMC will be responsible for any costs not covered by the settlement trust; however, the City believes that the likelihood of the City having to pay any more response costs is remote.

The Colorado Attorney General has filed in the United States District Court for the District of Colorado a natural resource damages claim against the City in connection with the Lowry Landfill Superfund Site. The City has agreed to pay \$250,000 to settle this claim and on August 18, 2010 the State of Colorado filed a motion to enter a consent decree with the Court requesting approval of such settlement. The Court has not yet acted on the motion.

A lawsuit has also been filed against the City in the United States District Court for the District of Colorado on behalf of 850 Denver police officers. The suit alleges damages in excess of \$200 million and includes (1) claims of unpaid overtime compensation for activities performed outside scheduled work hours such as donning and doffing police uniforms and equipment, (2) late payment of overtime, (3) improper calculation of overtime rates and (4) denial of compensatory time usage. The trial is expected to be conducted in phases, beginning November 1, 2010 and the liability portion of the case is not expected to be completed until some time in 2011. The City is vigorously defending against all claims. However, as with any litigation, the outcome of this complex case is impossible to predict with any accuracy.

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

Governmental Immunity

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

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

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

Approval of Certain Legal Proceedings

Legal matters relating to the issuance of the Bonds are subject to the approving legal opinions of Sherman & Howard L.L.C., 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 general obligations of the City, subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the power of the State, and to the exercise by the United States of America of the powers delegated to it by the federal Constitution, including without limitation, bankruptcy powers.

In addition to acting as Co-Bond Counsel, Sherman & Howard L.L.C 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. Sherman & Howard L.L.C. 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

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

The Tax Code and Colorado law impose several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations), Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of Bonds. These requirements include: (a) limitations as to the use of proceeds of Bonds; (b) limitations on the extent to which proceeds of Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of Bonds above the yield on Bonds to be paid to the United States Treasury. The City will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Bonds) to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Co-Bond Counsel's opinion as to the exclusion of interest on the Bonds from gross income, alternative minimum taxable income (to the extent described above), Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Co-Bond Counsel's opinion

also is rendered in reliance upon certifications of the City and other certifications furnished to Co-Bond Counsel. Co-Bond Counsel has not undertaken to verify such certifications by independent investigation.

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

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Co-Bond Counsel's opinion relates only to the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income, as described above, and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Co-Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

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

RATINGS

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

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

CONTINUING DISCLOSURE

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds were purchased at competitive sale on June __, 2011, by _____ 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 \$_____)

MISCELLANEOUS

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

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

CITY AND COUNTY OF DENVER,
COLORADO

By: /s/_____
Mayor

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

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APPENDIX A

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

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APPENDIX B

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

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "Disclosure Undertaking") is executed and delivered by the City and County of Denver, Colorado (the "City"), in connection with the issuance of its \$_____ General Obligation Better Denver Bonds, Series 2011A (the "Bonds"). The Bonds are issued pursuant to Ordinance No. ___, Series of 2011 (the "Bond Ordinance") finally adopted on June __, 2011, by the City Council. The proceeds of the Bonds will be used to finance various civic facilities for the City and pay costs of the issuing the Bonds.

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

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

Section 2. Definitions. The defined terms set forth in the Bond Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information or operating data with respect to the City delivered at least annually pursuant to Section 3 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 attached hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

"Audited Financial Statements" means the annual financial statements of the City, prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, which financial statements are to be audited by an auditor as required or permitted by ordinances of the City, the City's Charter and the laws of the State of Colorado.

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

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

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

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

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

“Official Statement” means the final Official Statement dated June __, 2011, together with any supplements thereto prior to the date on which the Bonds are initially issued.

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

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

Section 3.Provision of Annual Financial Information.

(a)Commencing with the Fiscal Year ended December 31, 2011, and annually while the Bonds remain outstanding, the City Representative shall provide to the MSRB in an electronic format as prescribed by the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City. No such Annual Financial Information shall be deemed an official act of the City without the approval of the City Representative.

(b)Such Annual Financial Information with respect to the City shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the City will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

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

Section 4.Reporting of Events.

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

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

3. Unscheduled draws on any debt service reserve relating to the Bonds reflecting financial difficulties.
4. Unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, *if material*.
8. Bond calls, *if material*, and tender offers.
9. Defeasance of the Bonds or any portion thereof.
10. Release, substitution or sale of property securing repayment of the Bonds, *if material*.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*.
14. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*.

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

¹ For the purposes of the event identified in subparagraph 4(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) At any time the Bonds are outstanding, the City Representative shall provide, in a timely manner, to the MSRB, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof. Such notice shall be deemed an official notice from the City only upon the approval of the City Representative.

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

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

Section 6. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Bond Ordinance; (b) the date that the City shall no longer constitute an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an opinion of nationally recognized Co-Bond Counsel selected by the City, a copy of which opinion shall be given to the Managing Underwriter. The City Representative shall file a notice of any such termination with the MSRB.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Managing Underwriter consents thereto, (b) if such amendment is consented to by the Owners of no less than a majority in aggregate principal amount of the Bonds, or (c) if such amendment or waiver is otherwise consistent with Rule 15c2-12. Written notice by any such amendment or waiver shall be provided by the City Representative to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

Section 8. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking, provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the City Representative. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking

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

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

Section 10.Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July __, 2011

CITY AND COUNTY OF DENVER, COLORADO

(CITY)
(SEAL)

By: _
Mayor

ATTEST:

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

Recommended and Approved:

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

Approved as to Form:

Registered and Countersigned:

By: _____
David W. Broadwell, City
Attorney

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

By: _
Auditor

Schedule 1

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

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APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

July __, 2011

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

\$ _____
City and County of Denver, Colorado
General Obligation Bonds
Better Denver Project, Series 2011A

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance of its General Obligation Bonds Better Denver Project, Series 2011A, in the aggregate principal amount of \$ _____ (the "2011A Bonds") pursuant to an authorizing ordinance of the City Council of the City adopted on June __, 2011 (the "Bond Ordinance"). In such capacity, we have examined the City's certified proceedings, the City's charter and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

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

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

1. The 2011A Bonds constitute valid and binding general obligations of the City.
2. All of the taxable property in the City is subject to the levy of an ad valorem tax to pay the 2011A Bonds without limitation of rate and in an amount sufficient to pay the 2011A Bonds when due.
3. Interest on the 2011A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the 2011A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the 2011A Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City's

certified proceedings and in certain other documents and certain other certifications furnished to us.

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

The obligations of the City pursuant to the 2011A 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 _____, 2011, relating to the 2011A Bonds or any other statements made in connection with any offer or sale of the 2011A 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 2011A 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,

VPUBFIN1390222.4