

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE \_\_, 2022****NEW ISSUE—BOOK-ENTRY ONLY****RATINGS:** See “RATINGS” herein

*In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2022A-[ ] Bonds (as defined herein), under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2022A-[ ] Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, [except for any period during which such Series 2022A-[ ] Bonds are held by a person who is a “substantial user” of the Airport System or a “related person” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts and estates][and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates]. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2022A-[ ] Bonds, under existing law and to the extent interest on the Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. [Interest on the Series 2022A-[ ] Bonds is included in gross income for federal and State of Colorado income tax purpose.] See “TAX MATTERS” for a more detailed discussion.*

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

**AIRPORT SYSTEM REVENUE BONDS**

\$ \_\_\_\_\_\*      [Add Senior Series as  
**SERIES 2022A**                      applicable]  
 ([AMT] [NON-AMT])

[Add Subordinate Series as applicable]

**Dated: Date of Delivery****Due: November 15, as shown on the inside cover page**

The Series 2022A-[ ] Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto in order to, together with other available Airport System moneys, (1) refund and redeem the outstanding Airport System Series 2021 Interim Note [and all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds], [(2) pay the costs of terminating swaps associated with certain outstanding Airport System revenue bonds to be refunded], [(3) make any necessary deposits to the Bond Reserve Fund and/or Subordinate Bond Reserve Subaccount, as applicable], [(4) defray the costs of acquiring, improving and equipping Airport Facilities], [(5) pay capitalized interest on the Series 2022A-[ ] Bonds,] and (6) pay the costs of issuing the Series 2022A-[ ] Bonds, all as further described herein. *Capitalized terms used on this cover page are defined herein.*

The Series 2022A-[ ] Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2022A-[ ] Bonds. Beneficial Ownership Interests in the Series 2022A-[ ] Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2022A-[ ] Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein. Investors may purchase Series 2022A-[ ] Bonds in book-entry form only.

The Series 2022A-[ ] Bonds [and Series 2022[ ] Subordinate Bonds] will be issued as fixed rate bonds, will bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on November 15, 2022, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

[The Series 2022[ ] Bonds will be issued as variable rate bonds that will bear interest initially at a Term Rate and for the Term Rate Period set forth on the inside cover page hereof, payable beginning on November 15, 2022, and semiannually thereafter on each May 15 and November 15, and mature on the date set forth on the inside cover page hereof, subject to tender for purchase and redemption prior to maturity as described herein. **This Official Statement describes the Series 2022[ ] Bonds only while they bear interest at a Term Rate in the initial Term Rate Period and are not secured by a Series 2022 Credit Facility. If a Series 2022 Credit Facility is provided as security for the Series 2022[ ] Bonds while bearing interest at a Term Rate, the Term Rate Period is continued after the initial Term Rate Period, or the Series 2022[ ] Bonds are converted to a different Interest Rate Mode, an offering document is expected to be prepared, if needed, for the remarketing of such Series 2022[ ] Bonds.]**

[No letter of credit or other credit or liquidity facility will be in effect for the Series 2022[ ] Bonds during the initial Term Rate Period. The City, for and on behalf of its Department of Aviation, expects funds from the remarketing of tendered Series 2022[ ] Bonds to be applied to pay the purchase price of the Series 2022[ ] Bonds upon any mandatory tender. The City is not obligated to provide any other funds for the purchase of the Series 2022[ ] Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Series 2022[ ] Bonds upon mandatory tender. If there are insufficient funds to purchase any Series 2022[ ] Bonds on the Purchase Date following the end of the initial Term Rate Period, the Owners of such Series 2022[ ] Bonds will retain such Series 2022[ ] Bonds and such Series 2022[ ] Bonds will bear interest at the Stepped Rate until maturity or earlier purchase or conversion of such Series 2022[ ] Bonds. See “THE SERIES 2022A-[ ] BONDS—The Series 2022[ ] Bonds—Insufficient Funds; Stepped Rate.”]

The Series 2022A-[ ] Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Senior Bonds and Senior Obligations of the City. The Series 2022[ ] Subordinate Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Subordinate Bonds and Subordinate Obligations of the City and subordinate to Senior Bonds and Senior Obligations. None of the real properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2022A-[ ] Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2022A-[ ] Bonds. The Series 2022A-[ ] Bonds do not constitute general obligations of the City, the State or any

**political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.**

The purchase and ownership of Beneficial Ownership Interests in the Series 2022A-[ ] Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS.”

The Series 2022A-[ ] Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan Lovells US LLP, Denver, Colorado, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard, LLC, Denver, Colorado. It is expected that delivery of the Series 2022A-[ ] Bonds will be made through the facilities of DTC on or about July \_\_, 2022.

## **BofA Securities**

**Loop Capital Markets**

**Ramirez & Co., Inc.**

**J.P. Morgan**

**Morgan Stanley**

**Stifel Public Finance**

Dated: July \_\_, 2022

**MATURITY SCHEDULE\***  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**(CUSIP® six digit issuer No. 249182)**  
**\$[\_\_\_\_\_]**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2022A BONDS**  
**([AMT] [NON-AMT])**

<b><u>Maturity</u></b> <b><u>(November 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP® No.</u></b>
20__	\$	%	%	
20__				
20__				
20__				
20__				
20__				
20__				
20__				
20__				
20__				
20__				
20__				

[Insert Addt'l Senior Series Maturity Schedules]

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\* Preliminary, subject to change.

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**MATURITY SCHEDULE\***  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**(CUSIP® six digit issuer No. 249182)**

[\$[\_\_\_\_\_]]  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2022[\_] BONDS**  
**(TERM RATE – [AMT])]**

<u>[Initial Term Rate Period]</u>						
Purchase Date						
Following End of						
Initial Term						
<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Rate Period</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Stepped Rate</u>	<u>CUSIP® No.]</u>

[\$[\_\_\_\_\_]]  
**AIRPORT SYSTEM SUBORDINATE REVENUE BONDS**  
**SERIES 2022[\_] BONDS**  
**([AMT] [NON-AMT] [TAXABLE])**

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP® No.]</u>
20__	\$	%	%	
20__				
20__				
20__				
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20__				
20__				
20__				

\* Preliminary, subject to change.

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## SELECTED CITY OFFICIALS AND CONSULTANTS

### Mayor

Michael B. Hancock

### City Council

Stacie Gilmore, President

Kendra Black	Paul Kashmann
Candi CdeBaca	Robin Kniech
Jolon Clark	Deborah Ortega
Kevin Flynn	Amanda Sandoval
Christopher Herndon	Amanda Sawyer
Chris Hinds	Jamie Torres

### Auditor

Timothy M. O'Brien

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

Paul D. López

### Cabinet Officials

Brendan J. Hanlon	Deputy Mayor, Chief Financial Officer
Kristin M. Bronson, Esq.	City Attorney
Laura Aldrete	Executive Director of the Department of Community Planning and Development
Adam Phipps	Executive Director of the Department of Transportation and Infrastructure
Phillip A. Washington	Executive Director of the Department of Aviation
Allegra "Happy" Haynes	Executive Director of the Department of Parks and Recreation
Robert M. McDonald	Executive Director of the Department of Public Health and Environment
Armando Saldate	Executive Director of the Department of Safety
Andrew Amador	Executive Director of the Department of General Services

### Department of Aviation

Sylvester Lavender	Executive Vice President/Chief Financial Officer
Cristal Torres DeHerrera	Executive Vice President/Chief of Staff
Steve Jaquith	Executive Vice President/Chief Operating Officer
James Starling	Executive Vice President/Chief Construction and Infrastructure Officer
Penny May	Executive Vice President/Chief Commercial Officer
Kristin M. Bronson, Esq.	General Counsel

### Airport Consultant

WJ Advisors LLC  
Denver, Colorado

### Municipal Advisor

Frasca & Associates, LLC  
New York, New York

### Bond Counsel

Hogan Lovells US LLP  
Denver, Colorado

### Special Counsel

Ballard Spahr LLP  
Denver, Colorado

## **PRELIMINARY NOTICES**

This Official Statement does not constitute an offer to sell the Series 2022A-[ ] Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Municipal Advisor or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2022A-[ ] Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2022A-[ ] Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2022A-[ ] Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

The Underwriters may offer and sell the Series 2022A-[ ] Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the MATURITY SCHEDULE on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

### **INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**

THE INFORMATION UNDER THIS CAPTION HAS BEEN FURNISHED BY THE UNDERWRITERS, AND THE ISSUER MAKES NO REPRESENTATION AS TO THE ACCURACY, COMPLETENESS OR ADEQUACY OF THE INFORMATION UNDER THIS CAPTION.

COMPLIANCE WITH ANY RULES OR RESTRICTIONS OF ANY JURISDICTION RELATING TO THE OFFERING, SOLICITATION AND/OR SALE OF THE SERIES 2022A-[ ] BONDS IS THE RESPONSIBILITY OF THE UNDERWRITERS, AND THE ISSUER SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY IN CONNECTION THEREWITH. NO ACTION HAS BEEN TAKEN BY THE ISSUER THAT WOULD PERMIT THE OFFERING OR SALE OF THE SERIES 2022A-[ ] BONDS, OR POSSESSION OR DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR

PUBLICITY MATERIAL RELATING TO THE SERIES 2022A-[ ] BONDS, OR ANY INFORMATION RELATING TO THE PRICING OF THE SERIES 2022A-[ ] BONDS, IN ANY NON-U.S. JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

#### **MINIMUM UNIT SALES**

THE SERIES 2022A-[ ] BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE SERIES 2022A-[ ] BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 SERIES 2022A-[ ] BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM**

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SECURITIES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“EEA”) OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER TO ANY PERSON LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM OF THE SECURITIES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE INITIAL PURCHASERS TO PRODUCE A PROSPECTUS OR SUPPLEMENT FOR SUCH AN OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SECURITIES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SECURITIES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SECURITIES WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A “QUALIFIED INVESTOR” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION); OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION, SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER FOR ANY SUCH OFFER; PROVIDED THAT NO SUCH OFFER OF THE SECURITIES SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE SECURITIES IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SECURITIES.

THE SERIES 2022A-[ ] BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT

CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE SERIES 2022A-[ ] BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2022A-[ ] BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE SERIES 2022A-[ ] BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“EUWA”); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE SERIES 2022A-[ ] BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2022A-[ ] BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SERIES 2022A-[ ] BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SERIES 2022A-[ ] BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.



## **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

THE SERIES 2022A-[ ] BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT (THE “FINSA”), AND NO APPLICATION HAS BEEN OR WILL BE MADE TO ADMIT THE SERIES 2022A-[ ] BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES [2022A-] BONDS (1) CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA OR (2) HAS BEEN OR WILL BE FILED WITH OR APPROVED BY A SWISS REVIEW BODY PURSUANT TO ARTICLE 52 OF THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2022A-[ ] BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

## **NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG**

WARNING. THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE SERIES 2022A-[ ] BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS DOCUMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (“SFO”). THE SERIES 2022A-[ ] BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS DOCUMENT OR ANY OTHER DOCUMENT, AND THIS DOCUMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SERIES 2022A-[ ] BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE SERIES 2022A-[ ] BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, OR (B) TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

## **NOTICE TO PROSPECTIVE INVESTORS IN JAPAN**

THE SERIES 2022A-[ ] BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO.25 OF 1948, AS AMENDED THE “FIEA”). IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS SINCE THE OFFERING CONSTITUTES THE PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL INVESTORS ONLY AS PROVIDED FOR IN “I” OF ARTICLE 2, PARAGRAPH 3, ITEM 2 OF THE FIEA. A TRANSFEROR OF THE SERIES 2022A-[ ] BONDS SHALL NOT TRANSFER OR RESELL THEM EXCEPT WHERE A TRANSFEREE IS A QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED UNDER ARTICLE 10 OF THE CABINET OFFICE ORDINANCE CONCERNING DEFINITIONS PROVIDED IN ARTICLE 2 OF THE FIEA (THE MINISTRY OF FINANCE ORDINANCE NO.14 OF 1993, AS AMENDED).

## **NOTICE TO PROSPECTIVE INVESTORS IN SOUTH KOREA**

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN SOUTH KOREA FOR THE PURPOSES OF

THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. THE SERIES 2022A-[ ] BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FSCMA”). THE SERIES 2022A-[ ] BONDS MAY NOT BE OFFERED, REMARKETED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED, REMARKETED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS LAW OF SOUTH KOREA AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FETL”)) WITHIN ONE YEAR OF THE ISSUANCE OF THE SERIES 2022A-[ ] BONDS, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE SOUTH KOREAN LAWS AND REGULATIONS, INCLUDING THE FSCMA AND THE FETL.

#### **NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN**

THE SERIES 2022A-[ ] BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA (“TAIWAN”) AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND MAY NOT BE ISSUED, OFFERED, OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN OR RELEVANT LAWS AND REGULATIONS THAT REQUIRES A REGISTRATION, FILING OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN. THE SERIES 2022A-[ ] BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE OUTSIDE TAIWAN BY INVESTORS RESIDING IN TAIWAN DIRECTLY, BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY TO THE EXTENT PERMITTED BY APPLICABLE LAWS OR REGULATIONS.

#### **FORWARD-LOOKING STATEMENTS**

This Official Statement, including Appendices thereto, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “anticipate,” “intend,” “expect,” “plan,” “projected” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain such risks and possible variations in results, see “CERTAIN INVESTMENT CONSIDERATIONS.”

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**OFFICIAL STATEMENT**  
**RELATING TO**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**

\$\_\_\_\_\_ \*      [Add Senior Series as  
**SERIES 2022A**                      applicable]  
([AMT] [NON-AMT])

[Add Subordinate Series as applicable]

**INTRODUCTION**

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “**City**”), for and on behalf of its Department of Aviation (the “**Department**”) of its Airport System Revenue Bonds, Series 2022A in the principal amount of \$[\_\_\_\_\_]” (the “**Series 2022A Bonds**”), Airport System Revenue Bonds, Series 2022[ ] in the principal amount of \$[\_\_\_\_\_]” (the “**Series 2022[ ] Bonds**”), [Insert additional Senior Series as applicable], [and Airport System Subordinate Revenue Bonds, Series 2022[ ] ([Taxable])] in the principal amount of \$[\_\_\_\_\_]” (the “**Series 2022[ ] Subordinate Bonds**” and together with the Series 2022A-[ ] Bonds, the “**Series 2022A-[ ] Bonds**”).

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE,” “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE,” “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE,” and “APPENDIX C-2—THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE.”

**The Issuer**

The City is a political subdivision of the State of Colorado (the “**State**”). The Denver Municipal Airport System (the “**Airport System**”) is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the “**Airport**”) is the primary asset of the Airport System.

**Denver International Airport**

*General.* The Airport is the primary air carrier airport for the Denver air service region. According to preliminary statistics compiled by Airports Council International for 2021, the Airport was ranked as the 3<sup>rd</sup> busiest airport in the nation and the 3<sup>rd</sup> busiest airport in the world based on total passengers, servicing approximately 58.8 million passengers in 2021 compared to 33.7 million passengers in 2020 and 69.0 million passengers in 2019. The Airport maintained its national ranking compared to

2020 and increased its national ranking compared to 2019, when it was ranked 5<sup>th</sup>, and increased its global ranking compared to 2020 and 2019, when it was ranked 8<sup>th</sup> and 16<sup>th</sup>, respectively. See “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

***Passenger Traffic and Airport System Revenues.*** With a few exceptions (including during the COVID-19 pandemic), the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 29.4 million enplaned passengers (passengers embarking on airplanes) in 2021, constituting an approximately 74.3% increase compared to the approximately 16.9 million enplaned passengers served in 2020 and an approximate 14.8% decrease from the 34.5 million enplaned passengers served in 2019, which was the Airport’s highest number of annual enplaned passengers since it opened in 1995. See “AVIATION ACTIVITY AND AIRLINES—Aviation Activity” herein for more information on aviation activity and passenger traffic levels, including year-over-year and first quarter comparisons and analysis.

For years 2021, 2020 and 2019, the Airport had operating revenues of approximately \$[\_.] million, \$591.8 million and \$867.8 million, reflective of the global aviation downturn caused by the COVID-19 pandemic and subsequent recovery. For the three-month period ended March 31, 2022, operating revenues at the Airport were \$[\_.] million, compared to \$[\_.] million during the same three-month period in 2019. See “FINANCIAL INFORMATION—Management’s Discussion and Analysis of Financial Performance” herein for more information on the Airport System operating revenues and expenses, including year-over-year and first quarter comparisons and analysis. See also “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT.”

Future levels of aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors. These factors include economic and political conditions, aviation security and public health concerns, in particular the impact of COVID-19 on health, safety and travel, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT” and “CERTAIN INVESTMENT CONSIDERATIONS.”

For further information regarding passenger traffic at the Airport and financial information concerning the Airport System, see generally “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements,” “AVIATION ACTIVITY AND AIRLINES,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements,” “FINANCIAL INFORMATION—Historical Financial Operations,—Management’s Discussion and Analysis of Financial Performance, and—Passenger Facility Charges” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT.”

***Major Air Carriers Operating at the Airport.*** As of April 30, 2022, 26 passenger airlines provided scheduled service at the Airport, including ten major/national passenger airlines, ten foreign flag passenger airlines, and seven regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including FedEx Corporation, United Parcel Service, and Atlas Air/Amazon Prime provide service at the Airport.

The principal air carrier operating at the Airport is United Airlines, together with its United Express regional commuter affiliates (“**United**” or the “**United Group**”), accounting for 43.9% of passenger enplanements at the Airport in 2021, and [\_.]% of passenger enplanements at the Airport for the first four months of 2022. The Airport is a primary connecting hub in United’s route system both in

terms of passengers and flight operations. Under a Use and Lease Agreement with the City, United currently leases 57 full-service contact gates and 15 ground loading positions.

Southwest Airlines (“**Southwest**”) had the second largest market share at the Airport in 2021. Since commencing its service at the Airport in 2006, Southwest has had strong and continued growth in airline service, accounting for 31.7% of passenger enplanements at the Airport in 2021 and [\_\_.]% of passenger enplanements at the Airport for the first four months of 2022. Southwest currently leases 31 gates at the Airport under a Use and Lease Agreement with the City.

Frontier Airlines Inc. (“**Frontier**”) had the third largest market share at the Airport in 2021, accounting for 11.0% of passenger enplanements at the Airport in 2021 and [\_\_.]% of passenger enplanements at the Airport for the first four months of 2022. The Airport serves as a primary hub for Frontier and one of the busiest in the Frontier system. Frontier currently leases eight gates, with an additional six gates currently under development, pursuant to a Use and Lease Agreement with the City. Since 2015, Frontier has been operating as an ultra-low-cost carrier.

American Airlines Group (“**American**”) and Delta Airlines (“**Delta**”) were the Airport’s fourth and fifth largest passenger carriers in 2021, respectively. American and Delta had no connecting enplaned passenger traffic at the Airport in 2021, and neither carrier uses the Airport as a hub. In 2021, American and Delta accounted for 4.9% and 4.6% of passenger enplanements, respectively. In the first four months of 2022, American and Delta each accounted for [\_\_.]% and [\_\_.]% of passenger enplanements at the Airport, respectively.

Except for the United Group, Southwest, Frontier, American, and Delta, no single airline accounted for more than 4.0% of passenger enplanements at the Airport in 2021 or more than [\_\_.]% of any of the airline rentals, fees, and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2021.

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

***The Airport Capital Program.*** The Department’s current capital program, for the years 2018 through 2022 (the “**2018-2022 Capital Program**”) includes approximately \$4.3 billion of major capital projects such as the expansion of Concourses A, B and C to add gates and airline and concessions space, the Great Hall Project (defined below), and the rehabilitation of certain runways, taxiways and apron areas and Peña Boulevard reconstruction. As a result of the COVID-19 pandemic, certain projects in the 2018-2022 Capital Program may be or already have been accelerated or reprioritized. Projects currently included in the 2018-2022 Capital Program, the status of such projects, and the effects of COVID-19 on certain capital projects are described in “CAPITAL PROGRAM” and “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT” herein.

The Department has also developed the next capital program, for the years 2023 through 2027 (the “**2023-2027 Capital Program**”), which includes approximately \$2.9 billion of expansion for new infrastructure assets as well as major maintenance capital projects. The 2023-2027 Capital Program includes capital projects such as the completion phase of the Great Hall Project (defined below), development of the Center of Excellence and Equity in Aviation, as further described herein, expansion of the Concourse A East ground load facility, rehabilitation of certain runways, taxiways and apron areas, including studies for the potential future addition of a new runway, various terminal and concourse projects, continued Peña Boulevard reconstruction, and other infrastructure assets and major maintenance projects, as described in “CAPITAL PROGRAM” herein.

***Sustainability Initiatives and Social Responsibility.*** As part of Mayor Hancock’s “Vision 100 Plan” which contemplates the Airport’s eventual ability to serve 100 million passengers annually, the Airport’s executive management team is striving to implement new sustainability initiatives and social programs over the next five years that are expected to complement a number of existing efforts already in place at the Airport. From an environmental perspective, the new initiatives will support the goals and policies set by Mayor Hancock to reduce greenhouse gas emissions 80% by 2050, further electrify the City’s transportation system to reduce the impact of cars on climate change and transition the City to 100% renewable electricity by 2030, including all City government buildings and facilities by 2025. With respect to social programs, the Department has plans to establish a Center of Excellence and Equity in Aviation at the Airport to link industry leaders in aviation with local community programs, including youth outreach programs, to support career pathways for marginalized communities while also offering internships for high school and college students. The Department also plans to continue to improve the Airport’s food donation program, which was established in 2015 and collects and donates food and other necessities such as unused toilet paper and abandoned luggage, to local non-profit organizations in the Denver community. See “DENVER INTERNATIONAL AIRPORT—Sustainability Initiatives” and “—Social Responsibility” herein for a description of the existing and planned sustainability initiatives and social programs at the Airport.

## **The Series 2022A-[ ] Bonds**

***Authorization.*** The Series 2022A-[ ] Bonds are being issued by authority of the City’s home rule charter (the “**City Charter**”), the State’s Supplemental Public Securities Act, the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of the 2018 Amended and Restated Airport System General Bond Ordinance, enacted as Ordinance No. 0777, Series of 2018 (the “**General Bond Ordinance**”) and a supplemental bond ordinance (the “**Series 2022 Supplemental Ordinance**”) enacted before the issuance of the Series 2022A-[ ] Bonds by the Denver City Council (the “**City Council**”). The General Bond Ordinance, the Series 2022 Supplemental Ordinance and any ordinances supplementing the General Bond Ordinance adopted by the City Council after the adoption of the Series 2022 Supplemental Ordinance are referred to herein collectively as the “**Senior Bond Ordinance.**” The covenants and undertakings of the City with respect to the Senior Bond Ordinance and the Series 2022A-[ ] Bonds are covenants and undertakings of the City, for and on behalf of the Department. See “THE SERIES 2022A-[ ] BONDS—Authorization,” and “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

***Purpose.*** The proceeds of the Series 2022A-[ ] Bonds, together with other available Airport System moneys, are expected to be used to (i) refund and redeem the outstanding principal amount of the “Airport System Interim Note Subordinate Obligation, Tax-Exempt Series A” (the “**2021 Interim Note**”) [and all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds]\*, [(ii) pay the costs of terminating swaps associated with the [ ] revenue bonds]\*, [(iii) fund any necessary deposits to the Bond Reserve Fund and/or Subordinate Bond Reserve Subaccount, as applicable], [(iv) pay for and finance [a portion of] the 2018-22 Capital Program], [(v) pay capitalized interest on the Series 2022A-[ ] Bonds] and (vi) pay the costs of issuing the Series 2022A-[ ] Bonds. See “PLAN OF FINANCING.”

***Maturities, Principal, and Interest.*** The Series 2022A-[ ] Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series 2022A-[ ] Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2022, and semiannually thereafter on each

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\* Preliminary, subject to change



May 15 and November 15 and on the maturity date (each an “**Interest Payment Date**”). The Series 2022A-[\_] Bonds are subject to redemption prior to maturity as described in “THE SERIES 2022A-[\_] BONDS.”

**Book-Entry Only System.** The Series 2022A-[\_] Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will serve as securities depository for the Series 2022A-[\_] Bonds. Ownership interests in the Series 2022A-[\_] Bonds (“**Beneficial Ownership Interests**”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“**DTC Participants**”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“**Beneficial Owners**”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2022A-[\_] Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2022A-[\_] BONDS—DTC Book-Entry System and Global Clearance Procedures” and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

**Special Obligations.** The Series 2022A-[\_] Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Senior Bonds and Senior Obligations (each as defined herein). None of the real properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “**Owners**”) or Beneficial Owners of the Series 2022A-[\_] Bonds and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2022A-[\_] Bonds. The Series 2022A-[\_] Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Pledge of Net Revenues.”

**Pledge of Net Revenues.** The Series 2022A-[\_] Bonds are payable from Net Revenues on a parity with all bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Senior Bond Ordinance (collectively, the “**Senior Bonds**”) and Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds which have a lien on Net Revenues on a parity with the lien on the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Pledge of Net Revenues” and “FINANCIAL INFORMATION—Outstanding Senior Bonds.” See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the definitions of Hedge Facility Obligations and Credit Facility Obligations.

The Senior Bond Ordinance creates four categories of obligations that are payable from Net Revenues on a parity with each other, such obligations being (i) Bonds, generally comprised of bonds, notes, certificates, and commercial paper referred to herein as Senior Bonds, (ii) Contract Obligations, generally comprised of capital leases, installment purchase agreements, guaranty agreements and other similar contracts, (iii) Hedge Facility Obligations, generally comprised of rate swap transactions, basis swap transactions, cap and floor transactions and collar transactions, and (iv) Credit Facility Obligations, generally comprised of obligations incurred pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility which is generally defined as a letter of credit, bond insurance policy, surety bond, guaranty and similar instrument issued by a financial, insurance, or other institution and which provide security or liquidity in respect of Bonds.

Contract Obligations, Hedge Facility Obligations and Credit Facility Obligations are collectively referred to herein as “**Senior Obligations.**” See “FINANCIAL INFORMATION—Outstanding Senior Bonds.”

**Further Information.** For further information regarding the Series 2022A-[\_] Bonds, see generally “THE SERIES 2022A-[\_] BONDS,” “FINANCIAL INFORMATION,” “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE.”

**[To be updated/removed as applicable] [The Series 2022[\_] Subordinate Bonds**

**Authorization.** The Series 2022[\_] Subordinate Bonds are being issued by authority of the City Charter, the State’s Supplemental Public Securities Act, the Amended and Restated Airport System General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented (the “**General Subordinate Bond Ordinance**”), and a supplemental subordinate bond ordinance (the “**Series 2022 Supplemental Subordinate Ordinance**”) enacted before the issuance of the Series 2022[\_] Subordinate Bonds by the City Council. The General Subordinate Bond Ordinance and the Series 2022 Supplemental Subordinate Ordinance and any Supplemental Subordinate Ordinances adopted by the City Council after the adoption of the Series 2022 Supplemental Subordinate Ordinance are referred to herein collectively as the “**Subordinate Bond Ordinance.**” The covenants and undertakings of the City with respect to the Subordinate Bond Ordinance and the Series 2022[\_] Subordinate Bonds are covenants and undertakings of the City, for and on behalf of the Department. See “THE SERIES 2022[\_] SUBORDINATE BONDS—Authorization,” “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM SUBORDINATE BOND ORDINANCE,” and “APPENDIX C-2—THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE.”

**Purpose.** The proceeds of the Series 2022[\_]Subordinate Bonds, together with other available Airport System moneys, are expected to be used to (i) [Add refunding/capital improvements]\*, (ii) [fund a deposit to the Series 2022[\_] Subordinate Bond Reserve Subaccount], and (iii) pay the costs of issuing the Series 2022[\_] Subordinate Bonds. See “PLAN OF FINANCING.”

**Maturities, Principal, and Interest.** The Series 2022[\_] Subordinate Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series 2022[\_] Subordinate Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2022, and semiannually thereafter on each May 15 and November 15 and on the maturity date (each an “**Interest Payment Date**”). The Series 2022[\_] Subordinate Bonds are subject to redemption prior to maturity as described in “THE SERIES 2022[\_] SUBORDINATE BONDS—Redemption Prior to Maturity.”

**Book-Entry Only System.** The Series 2022[\_] Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2022[\_] Subordinate Bonds. Beneficial Ownership Interests in the Series 2022[\_] Subordinate Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2022[\_] Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2022[\_]

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\* Preliminary, subject to change.

SUBORDINATE BONDS—General Provisions” and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

***Special Obligations.*** The Series 2022[\_] Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Subordinate Bonds and Subordinate Obligations and subordinate to Senior Bonds and Senior Obligations. None of the real properties of the Airport System are subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2022[\_] Subordinate Bonds and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2022[\_] Subordinate Bonds. The Series 2022[\_] Subordinate Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[\_] SUBORDINATE BONDS—Subordinate Pledge of Net Revenues.”

***Subordinate Pledge of Net Revenues.*** The Series 2022[\_] Subordinate Bonds are payable from Net Revenues on a basis that is (i) subordinate to Senior Bonds (including the Series 2022A-[\_] Bonds) under the General Bond Ordinance and Senior Obligations, and (ii) on a parity with all other bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance (the “**Subordinate Bonds**”), and Subordinate Obligations that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[\_] SUBORDINATE BONDS—Subordinate Pledge of Net Revenues” and “FINANCIAL INFORMATION—Outstanding Subordinate Bonds, —Subordinate Obligations.” See “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE” for the definition of Subordinate Obligations.

The Subordinate Bond Ordinance creates four categories of obligations that are payable from Net Revenues on a basis that is subordinate to the Senior Bonds and the Senior Obligations and on a parity with each other, such obligations being (i) Subordinate Bonds, generally comprised of bonds, notes, certificates, and commercial paper, (ii) Subordinate Contract Obligations, generally comprised of capital leases, installment purchase agreements, guaranty agreements and other similar contracts, (iii) Subordinate Hedge Facility Obligations, generally comprised of rate swap transactions, basis swap transactions, cap and floor transactions and collar transactions, and (iv) Subordinate Credit Facility Obligations, generally comprised of letters of credit, bond insurance policies, surety bonds, guarantees and similar instruments issued by a financial, insurance, or other institution and which provide security or liquidity in respect of Subordinate Bonds. Subordinate Contract Obligations, Subordinate Hedge Facility Obligations and Subordinate Credit Facility Obligations are collectively referred to herein as “**Subordinate Obligations.**” See “FINANCIAL INFORMATION—Subordinate Obligations.”

***Further Information.*** For further information regarding the Series 2022[\_] Subordinate Bonds, see generally “THE SERIES 2022[\_] SUBORDINATE BONDS,” “FINANCIAL INFORMATION,” “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE” and “APPENDIX C-2—THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE.”]

## **Report of the Airport Consultant**

WJ Advisors LLC (the “**Airport Consultant**”) has been retained by the City as its Airport Consultant and in such capacity has prepared the Report of the Airport Consultant dated June \_\_, 2022 in

connection with the issuance of the Series 2022A-[ ] Bonds (the “**Report of the Airport Consultant**”), included herein as “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT” and described in more detail under the caption “REPORT OF THE AIRPORT CONSULTANT” herein. The Report of the Airport Consultant presents certain airline traffic and financial forecasts for fiscal years ending December 31, 2022 through December 31, 2030 (the “**Forecast Period**”), as well as, among other things, an overview of the Airport, descriptions and/or analysis of airline traffic trends, factors affecting future airline traffic, airline traffic forecasts, Airport facilities and capital programs, and financial framework and other economic factors, and the assumptions upon which such forecasts are based. The Report of the Airport Consultant also incorporates certain elements of the funding plan for the 2018-2022 Capital Program and the 2023-2027 Capital Program (together, the “**Total Capital Program**”) and includes a forecast of debt service coverage for the Senior Bonds and Subordinate Bonds during the Forecast Period. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial projections contained therein.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The debt service coverage forecasts in the Report of the Airport Consultant were not updated to reflect the sale, issuance or final terms of the Series 2022A-[ ] Bonds.

No assurances can be given that the forecasts and expectations discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an explanation of the assumptions and forecasts used therein. As of the date of this Official Statement, in the opinion of the Airport Consultant, the assumptions made in the Report of the Airport Consultant provide a reasonable basis for the projections therein.

See “—Forward-Looking Statements”, “AVIATION ACTIVITY AND AIRLINES—Airline Information,” “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT,” “CERTAIN INVESTMENT CONSIDERATIONS—Report of the Airport Consultant; Actual Results May Differ from Projections and Assumptions,” and “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT” for a discussion of, among other things, the factors that may impact projections related to the Airport.

## **Tax Matters**

In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2022A-[ ] Bonds, under existing law and assuming compliance by the City, with certain requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”) that must be met subsequent to the issuance of the Series 2022A-[ ] Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, except with respect to the Series 2022A-[ ] Bonds for any period during which such Series 2022A-[ ] Bonds are held by a person who is a “substantial user” of the Airport System or a “related person” as those terms are used in Section 147(a) of the Code, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2022A-[ ] Bonds, under existing law and to the extent interest on the Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. Interest on the Series 2022-[ ] Subordinate Bonds is included in gross income for federal and State of Colorado income tax purposes. See “TAX MATTERS” for a more detailed discussion.

## **Outstanding Senior Bonds, Senior Obligations, Subordinate Bonds, Subordinate Obligations, and Junior Lien Obligations**

Upon the issuance of the Series 2022A-[ ] Bonds, there will be approximately \$[ ] aggregate principal amount of Senior Bonds Outstanding. The City, for and on behalf of the Department, has entered into various Credit Facility Obligations in connection with the Credit Facilities that additionally secure certain of the outstanding Senior Bonds. See “FINANCIAL INFORMATION—Outstanding Senior Bonds” for a description of outstanding Credit Facility Obligations which constitute Senior Obligations.

Upon [the issuance of the Series 2022A-[ ] Subordinate Bonds and] the refunding of the 2021 Interim Note, there will be approximately \$[ ] aggregate principal amount of Subordinate Bonds Outstanding. The City, for and on behalf of the Department, in the past also has incurred Subordinate Contract Obligations and has entered into various Subordinate Hedge Facility Obligations relating to Senior Bonds that are secured by a pledge of Net Revenues that is subordinate to that of the Senior Bonds and Senior Obligations and on a parity with the Subordinate Bonds. See “FINANCIAL INFORMATION—Outstanding Subordinate Bonds, —Subordinate Obligations, and—Master Derivatives Policy.”

The Senior Bond Ordinance and the Subordinate Bond Ordinance permit the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. Pursuant to the Senior Bond Ordinance and the Subordinate Bond Ordinance, the City adopted Ordinance No. 17-0972, Series of 2017, designated as the General Junior Lien Bond Ordinance (the “**Junior Lien Bond Ordinance**”). The City, for and on behalf of the Department, has previously incurred the Hotel Junior Lien Obligation (defined herein) which constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. No Junior Lien Bonds have been issued by the City or are currently outstanding. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*” and “FINANCIAL INFORMATION—Junior Lien Bonds and Junior Lien Obligations.”

## **Additional Senior Bonds and Senior Obligations, Subordinate Bonds and Subordinate Obligations, and Junior Lien Bonds and Junior Lien Obligations**

The City, for and on behalf of the Department, may issue additional Senior Bonds and incur additional Senior Obligations upon the satisfaction of conditions set forth in the Senior Bond Ordinance, may issue additional Subordinate Bonds and incur additional Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance, and may issue Junior Lien Bonds (defined below) and incur additional Junior Lien Obligations (defined below) upon the satisfaction of certain conditions set forth in the Junior Lien Bond Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[ ] BONDS—Additional Senior Bonds,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[ ] SUBORDINATE BONDS—Additional Subordinate Bonds and Subordinate Obligations,” “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE.”

## **Future Planned Bonds**

The Series 2022 Supplemental Ordinance and the Series 2022 Supplemental Subordinate Ordinance authorize the City, for and on behalf of the Department, to issue certain bonds, notes or other

securities up to a maximum aggregate principal amount of \$3,980,000,000, inclusive of the Series 2022A-[ ] Bonds. After issuance of the Series 2022A-[ ] Bonds, these additional bonds, notes or other securities (the “**Future Planned Bonds**”), if issued, will be issued prior to December 31, 2022. The size, timing of issuance, use of proceeds and other terms of the Future Planned Bonds have not been determined at this time. The City is not obligated to issue any Future Planned Bonds and there is no assurance that such Future Planned Bonds will be issued in the future.

### **Continuing Disclosure**

Pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (“**Rule 15c2-12**”), the City will deliver a Continuing Disclosure Undertaking in respect to the Series 2022A-[ ] Bonds in which it will agree to provide or cause to be provided annually via the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“**EMMA**”) system certain additional financial information and operating data concerning the Airport System and to provide contemporaneous notice of certain specified events. See “**CONTINUING DISCLOSURE**” and “**APPENDIX G—FORM OF CONTINUING DISCLOSURE UNDERTAKING**” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertaking.

### **Additional Information**

Brief descriptions of the Series 2022A-[ ] Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance, the Subordinate Bond Ordinance, and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2022A-[ ] Bonds, copies of the Subordinate Bond Ordinance and the Senior Bond Ordinance may be obtained from the City by contacting Guadalupe Gutierrez-Vasquez, Managing Director of Capital Funding, at (720) 913-9370 and from the Department by contacting the Department of Aviation—Finance at (303) 342-2000.

### **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2022A-[ ] Bonds involve certain investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under “**CERTAIN INVESTMENT CONSIDERATIONS**.”

### **Forward-Looking Statements**

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

## Miscellaneous

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

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

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2022A-[ ] Bonds.

## PLAN OF FINANCING

### Purpose of the Series 2022A-[ ] Bonds

The proceeds of the Series 2022A-[ ] Bonds, together with other available Airport System moneys, are expected to be used to (i) refund and redeem the 2021 Interim Note [and all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds]\*, [(ii) pay the costs of terminating swaps associated with the [Series 2007G-1 and Series 2007G-2 Bonds]\*, [(iii) fund any necessary deposits to the Bond Reserve Fund and/or Subordinate Bond Reserve Subaccount, as applicable], [(iv) defray the costs of acquiring, improving and equipping Airport Facilities], [(v) pay capitalized interest on the Series 2022A-[ ] Bonds] and (vi) pay the costs of issuing the Series 2022A-[ ] Bonds.

The proceeds of the Series 2022[ ] Subordinate Bonds, together with other available Airport System moneys, are expected to be used to [\_\_\_\_\_]\*, (ii) [fund a deposit to the Series 2022[ ] Subordinate Bond Reserve Subaccount], and (iii) pay the costs of issuing the Series 2022[ ] Subordinate Bonds.

The Series 2022 Supplemental Ordinance and Series 2022 Supplemental Subordinate Ordinance authorize the Treasurer to designate for refunding other series of bonds or notes with the proceeds of the Series 2022A-[ ] Bonds and Series 2022[ ] Subordinate Bonds, respectively.

A portion of the proceeds of the Series 2022A-[ ] Bonds are expected to directly redeem the 2021 Interim Note [, refund and redeem all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds] and/or be deposited into one or more irrevocable escrow accounts (the “**Escrow Accounts**”) to be established pursuant to one or more escrow agreements to be entered into by the City, for and on behalf of the Department, and Zions Bancorporation, National Association, as escrow agent, and utilized to redeem and pay certain of the Refunded Bonds to be defeased at the dates set forth in such escrow agreements. [**Remove Escrow as needed**]

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\* Preliminary, subject to change

## Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2022A-[\_] Bonds.

Sources:	Series 2022A Bonds	[Series 2022[_] Bonds]	[Series 2022[_] Bonds]	Series 2022[_] Subordinate Bonds]	Total
Principal Amount .....					
[Net Original Issue Premium/Discount <sup>1</sup> ] .....					
Other Available Airport Moneys .....					
Total					
Uses:					
[Project Account]					
[Deposit to the Escrow Accounts] <sup>2</sup> ....					
[Deposit to the Bond Reserve Fund]					
[Deposit to the Subordinate Bond Reserve Fund]					
[Hedge Facility Termination Payment] <sup>3</sup> .....					
Costs of Issuance <sup>4</sup> .....					
Total					

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

<sup>2</sup> To be used to refund, redeem and defease (as applicable) the 2021 Interim Note [and all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds].

<sup>3</sup> [Consists of termination payments associated with the termination of the interest rate swap agreements with [the Series 2007G-1 and Series 2007G-2 Bonds]. See Table 13 in “FINANCIAL INFORMATION—Subordinate Obligations” for a discussion of swap termination.]

<sup>4</sup> Includes Underwriters’ discount, rating agencies’ fees, legal fees and other costs of issuance for the Series 2022A-[\_] Bonds. See also “UNDERWRITING.”



## THE SERIES 2022A-[ ] BONDS

The following is a summary of certain provisions of the Series 2022A-[ ] Bonds during such time as the Series 2022A-[ ] Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2022A-[ ] Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the Senior Bond Ordinance, including, without limitation, covenants of the City, the rights and remedies of the Owners of the Series 2022A-[ ] Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance, and procedures for redemption of the Series 2022A-[ ] Bonds.

### Authorization

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

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution. The Department is owned by the City, and the Chief Executive Officer of the Department of Aviation (the “**Manager**”) is the governing body of the Department. See “MANAGEMENT OF THE AIRPORT SYSTEM.” The Department has the authority to issue its own revenue bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2022A-[ ] Bonds will be issued pursuant to the Senior Bond Ordinance, including the Series 2022 Supplemental Ordinance to be approved by the City Council prior to the issuance of the Series 2022A-[ ] Bonds and any amendments that may be adopted in accordance with the Series 2022 Supplemental Ordinance after issuance of the Series 2022A-[ ] Bonds. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

The City has appointed Zions Bancorporation, National Association, Denver, Colorado, to serve as paying agent (the “**Paying Agent**”) and registrar (the “**Registrar**”) for the Series 2022A-[ ] Bonds.

### DTC Book-Entry System and Global Clearance Procedures

The Depository Trust Company (“DTC”) will act as securities depository for the 2022A-[ ] Bonds. The 2022A-[ ] Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2022A-[ ] Bonds, each in the aggregate principal amount of such maturity (provided that if the aggregate principal amount of any single maturity exceeds \$500,000,000, separate bond certificates shall be issued for each \$500,000,000 and any amount in excess thereof and subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. Beneficial interests in the 2022A-[ ] Bonds may

be held through DTC, Clearstream Banking, S.A. or Euroclear Bank SA/NV as operator of the Euroclear System (collectively, the “**Clearing Systems**”), directly as a participant or indirectly through organizations that are participants in such system. See “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES” for a description of the Clearing Systems and certain of their responsibilities, and the provisions for registration and registration of transfer of the 2022A-[\_] Bonds if the book-entry-only system of registration is discontinued.

Principal and interest payments with respect to the Series 2022A-[\_] Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2022A-[\_] Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

*None of the City, the Department, the Paying Agent, the Registrar or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC, any DTC Participant or any Clearing System, (2) the distribution by DTC, a DTC Participant or any Clearing System of any notice that is permitted or required to be given to the Owners of the Series 2022A-[\_] Bonds under the Senior Bond Ordinance, (3) the payment by DTC, a DTC Participant or any Clearing System of any amount received under the Senior Bond Ordinance with respect to the Series 2022A-[\_] Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2022A-[\_] Bonds or (5) any other related matter.*

### **The Series 2022A-[\_] Bonds**

**General Provisions.** The Series 2022A-[\_] Bonds (herein also referred to as the “**Tax-Exempt [Fixed Rate] Bonds**”) will be issued in the aggregate principal amount, bear interest at fixed rates at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Tax-Exempt Fixed Rate Bonds are subject to optional redemption prior to maturity as described below in “—*Optional Redemption Prior to Maturity*.” Interest on the Tax-Exempt Fixed Rate Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on November 15, 2022, and semiannually on each Interest Payment Date thereafter, on any redemption date and on the maturity date. The Tax-Exempt Fixed Rate Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Principal and interest payments with respect to the Tax-Exempt Fixed Rate Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Tax-Exempt Fixed Rate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

**Optional Redemption Prior to Maturity.** The Series 2022A-[\_] Bonds maturing on and after November 15, 20\_\_, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20\_\_, in whole or in part, in principal amounts equal to authorized denominations, at a price (the “**Redemption Price**”) equal to 100% of the principal amount of the Series 2022A-[\_] Bonds to be redeemed plus accrued interest to the date of redemption (the “**Redemption Date**”).

[The Series 2022A-[\_] Bonds are **not** subject to redemption prior to maturity at the option of the City.]

***[Mandatory Sinking Fund Redemption.*** The Series 2022[ ] Bonds maturing on November 15, 20\_\_ (the “**Series 2022[ ]Term Bonds**”) are subject to mandatory sinking fund redemption prior to their respective maturities at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on November 15 in each of the years and in the principal amounts set forth in the following table.

### **Mandatory Sinking Fund Redemption Schedule**

<u>Year of Redemption</u>	<u>Principal Amount to be Redeemed<sup>1</sup></u>
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<sup>1</sup> Final maturity amounts and not mandatory sinking fund redemption payments.

The City has the option of reducing the principal amount of the Series 2022[ ]Term Bonds to be redeemed on any mandatory sinking fund Redemption Date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2022 Supplemental Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2022[ ] Term Bonds, which have been redeemed prior to or will be redeemed on such Redemption Date under any other provision of the Series 2022 Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of the Series 2022[ ] Term Bonds). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such redemption date, a written notice stating the amount of such reduction.]

***Purchase in Lieu of Redemption.*** In lieu of mandatory redemption, the City may surrender to the Paying Agent for cancellation any series or subseries of Tax-Exempt Fixed Rate Bonds purchased on the open market, and such series or subseries of Tax-Exempt Fixed Rate Bonds are required to be cancelled by the Paying Agent. If any series or subseries of Tax-Exempt Fixed Rate Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such series or subseries of Tax-Exempt Fixed Rate Bonds so purchased that are to be reduced as a result of such cancellation. [In the Series 2022 Supplemental Ordinance, the City covenants and agrees that any Tax-Exempt Fixed Rate Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Paying Agent for cancellation, unless the City has delivered to the Paying Agent an Opinion of Bond Counsel stating that the failure to promptly surrender such Tax-Exempt Fixed Rate Bonds for cancellation will not, in and of itself, adversely affect the tax-exempt status of the interest on any of such bonds.

***Partial Redemption of the Tax-Exempt Fixed Rate Bonds.*** If less than all of the Tax-Exempt Fixed Rate Bonds of a series or subseries maturing by their terms on any one date are called for prior redemption at the City’s option, the City is required to select the Tax-Exempt Fixed Rate Bonds or such maturity date to be redeemed in any manner that it deems appropriate and fair. For purposes of such selection, the Tax-Exempt Fixed Rate Bonds of each series or subseries shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

If less than all of the Tax-Exempt Fixed Rate Bonds maturing by their terms on any one date are to be redeemed at any one time with Sinking Fund Installments, the Paying Agent will select the Tax-

Exempt Fixed Rate Bonds of such maturity to be redeemed by lot in any manner that it deems appropriate. For purposes of such selection, the Tax-Exempt Fixed Rate Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

The Series 2022 Supplemental Ordinance provides that notwithstanding the foregoing, so long as the Tax-Exempt Fixed Rate Bonds are registered in the name of the Securities Depository, the provisions for selecting the Tax-Exempt Fixed Rate Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System and Global Clearance Procedures” above and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Tax-Exempt Fixed Rate Bonds to be redeemed at their addresses as shown on the registration records kept by the Bond Registrar, or in the event that the Tax-Exempt Fixed Rate Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Tax-Exempt Fixed Rate Bonds.

Each notice of redemption must specify the Tax-Exempt Fixed Rate Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

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 redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Tax-Exempt Fixed Rate Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Tax-Exempt Fixed Rate Bonds called for redemption.

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

#### **The Series 2022[ ] Bonds [Note- these are Term Bonds; Inclusion TBD]**

The summary of certain provision of the Series 2022[ ] Bonds set forth in this Official Statement is only applicable to the Series 2022[ ] Bonds bearing interest at the Term Rate during the initial Term Rate Period or at a Stepped Rate, and only during such time as the Series 2022[ ] Bonds are not secured by a Series 2022 Credit Facility.

Additionally, during such time as the Series 2022[ ] Bonds bear interest at a Term Rate, such Series 2022[ ] Bonds are not required to be secured by a Series 2022 Credit Facility to provide credit or

liquidity support, and the Series 2022[\_] Bonds as initially issued will **not** be secured by a Series 2022 Credit Facility.

**This Official Statement describes the Series 2022[\_] Bonds only while they bear interest at a Term Rate during the initial Term Rate Period or at a Stepped Rate, and are not secured by a Series 2022 Credit Facility. If the Series 2022[\_] Bonds are converted to a different Interest Rate Mode or a Series 2022 Credit Facility is provided as security for the Series 2022[\_] Bonds while bearing interest at a Term Rate, an offering document is expected to be prepared if needed for the remarketing of such Series 2022[\_] Bonds.**

***General Provisions.*** The Series 2022[\_] Bonds will be issued in the aggregate principal amount and mature on the date and in the principal amount set forth on the inside cover page hereof. The Series 2022[\_] Bonds are subject to tender for purchase, mandatory sinking fund redemption and optional redemption prior to maturity as described below in “—*Tender Provisions*” and “—*Redemption Prior to Maturity*.” The Series 2022[\_] Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

***Term Rate Periods.*** The Series 2022[\_] Bonds will bear interest initially at a Term Rate and for the Term Rate Period. The initial Term Rate Period for the Series 2022[\_] Bonds will commence on the delivery date and end on the day preceding the Purchase Date set forth on the inside cover page hereof. Upon expiration of the initial Term Rate Period, unless the City has given notice of its election to convert the Series 2022[\_] Bonds to a different permitted Interest Rate Mode or to continue in a subsequent Term Rate Mode, or if the conditions to the effectiveness of a new Term Rate Period or conversion to another Interest Rate Mode are not satisfied, then the Series 2022[\_] Bonds will bear interest at the Stepped Rate until such Series 2022[\_] Bonds are converted, redeemed, purchased, or mature, whichever is earlier. See “—*Tender Provisions*” and “—*Insufficient Funds; Stepped Rate*” below. All Series 2022[\_] Bonds must bear interest for the same Term Rate Period.

***Interest Rate.*** The Series 2022[\_] Bonds will bear interest for the initial Term Rate Period at the rate per annum set forth on the inside cover page hereof. Interest on the Series 2022[\_] Bonds is payable commencing [November 15], 2022, and semiannually on each May 15 and November 15 thereafter, and on any Conversion Date, on any redemption date and on the maturity date. Interest on the Series 2022[\_] Bonds bearing interest at a Term Rate will be computed on the basis of a 360-day year of twelve 30-day months. In no event may the Term Rate exceed the Maximum Interest Rate of twelve percent (12%) per annum.

Upon satisfaction of conditions set forth in the Series 2022 Supplemental Ordinance, including mandatory tender and remarketing, all, but not less than all, of Series 2022[\_] Bonds may be changed at the election of the City to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, Index Rate or Fixed Rate). See “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE.” If the Interest Rate Determination Method is converted from a Term Rate Period to any other Interest Rate Determination Method, other than the Stepped Rate, or if a new Term Rate Period is established on or prior to the end of the initial Term Rate Period, such Series 2022[\_] Bonds will be subject to mandatory tender for purchase.

**The Series 2022[\_] Bonds will be subject to mandatory tender and remarketing on November 15, 20\_\_, as set forth on the inside cover page hereof, which is the Purchase Date following the end of the initial Term Rate Period that begins on the delivery date for the Series 2022[\_] Bonds. The City expects to apply funds from such remarketing to pay the Purchase Price of the Series 2022[\_] Bonds. The City is not obligated to provide any other funds for the purchase**

of the Series 2022[ ] Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Purchase Price of the Series 2022[ ] Bonds upon such mandatory tender. If there are insufficient funds to purchase the Series 2022[ ] Bonds at the end of any Term Rate Period, the Owners of such Series 2022[ ] Bonds will retain such Series 2022[ ] Bonds and such Series 2022[ ] Bonds will bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” below.

The Series 2022[ ] Bonds are also subject to mandatory tender and remarketing, at the option of the City, on any date on which the Series 2022[ ] Bonds are subject to redemption at the option of the City. See “—*Tender Provisions*,” and “—*Mandatory Tender for City Purchase of Series 2022[ ] Bonds at Direction of City*” below.

During the initial Term Rate Period, the Series 2022[ ] Bonds are not subject to optional tender by the Owners thereof.

This Official Statement is not intended to provide information about the Series 2022[ ] Bonds after conversion to another Interest Rate Determination Method, other than the Stepped Rate, or upon establishment of a new Term Rate Period following the end of the initial Term Rate Period.

*Term Rate Continuation.* On any date the Series 2022[ ] Bonds in Term Rate Period are subject to optional redemption, or as of the day following the last day of a Term Rate Period for any Series 2022[ ] Bonds in a Term Rate Period, unless the City has given a Conversion Notice with respect to the Conversion of the Series 2022[ ] Bonds to another Interest Rate Determination Method, the City may establish a new Term Rate Period for such Series 2022[ ] Bonds by delivery of a written notice (a “**Term Rate Continuation Notice**”) to the Paying Agent and the Remarketing Agent no less than 35 days prior to the effective date of the new Term Rate Period. The City is required to deliver a Pricing Certificate to the Paying Agent no later than two Business Days prior to the effective date of the new Term Rate Period.

The first day of such new Term Rate Period must be a Business Day and either (1) a date on which the Series 2022[ ] Bonds are subject to redemption at the option of the City or (2) a date on which such Series 2022[ ] Bonds are subject to mandatory tender pursuant to the applicable provisions of the Series 2022 Supplemental Ordinance. The Series 2022[ ] Bonds will be subject to mandatory tender on the first day of such new Term Rate Period for purchase at its Purchase Price. No new Term Rate Period shall become effective unless an Opinion of Bond Counsel delivered on (and as of) the first day of the new Term Rate Period and unless all such Outstanding Series 2022[ ] Bonds are successfully remarketed in the new Term Rate Period. **Unsuccessful attempts to remarket to a new Term Rate Period prior to the end of the initial Term Rate Period do not result in a change in the Term Rate or Term Rate Period and the Owners of the Series 2022[ ] Bonds will continue to hold such Series 2022[ ] Bonds at the existing Term Rate until the end of the existing Term Rate Period.**

*Notice to Owners.* Upon receipt of a Term Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the first day of the proposed new Term Rate Period, the Paying Agent must give notice by first-class mail to the Owners of the affected Series 2022[ ] Bonds, which notice will state in substance (1) that a new Term Rate Period and Term Rate is to be established for such Series 2022[ ] Bonds on the applicable Term Rate Conversion Date if the conditions specified in the Series 2022 Supplemental Ordinance (and generally described in such notice) are satisfied on or before such date, (2) the first day of the new Term Rate Period, (3) that the City has delivered to the Paying Agent the form of an Opinion of Bond Counsel proposed to be delivered to the Paying Agent in connection with the continuation of the Series 2022[ ] Bonds in the Term Rate, (4) that a new Term Rate Period and Term Rate for the Series 2022[ ] Bonds

shall not be established unless an Opinion of Bond Counsel is delivered to the Paying Agent on (and as of) the first day of the new Term Rate Period and all such Series 2022[ ] Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof, and (5) additional information required to be contained in the Conversion Notice.

*End of Term Rate.* In the event the City has not given Term Rate Continuation Notice or a Conversion Notice with respect to Series 2022[ ] Bonds bearing interest at a Term Rate at the time required, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate or the conditions to Conversion to another Interest Rate Determination Method are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as provided in the Series 2022 Supplemental Ordinance, then on the day following the last day of the current Term Rate Period, such Series 2022[ ] Bonds will bear interest at a rate of interest equal to the Stepped Rate until they are successfully remarketed or redeemed. Series 2022[ ] Bonds bearing interest at the Stepped Rate will not be subject to optional tender by the Owners thereof.

**Any failure to remarket all such Series 2022[ ] Bonds into a new Term Rate Period or to convert any such Series 2022[ ] Bonds to another Interest Rate Determination Method does not constitute an Event of Default under the Series 2022 Supplemental Ordinance. See “—Insufficient Funds; Stepped Rate” below.**

*Insufficient Funds; Stepped Rate.* If sufficient funds are not available for the purchase of all Series 2022[ ] Bonds tendered or deemed tendered and required to be purchased on any Purchase Date following the end of the applicable Term Rate Period, all Series 2022[ ] Bonds shall bear interest at a rate of interest equal to the Stepped Rate (defined below) from the date of such failed purchase (the “**Failed Tender Date**”) until all such Series 2022[ ] Bonds are purchased (or mature or are earlier redeemed), such rate to be determined in accordance with the Series 2022 Supplemental Ordinance, and all tendered Series 2022[ ] Bonds are required to be returned to their respective Owners. Such failed purchase and return do not constitute an Event of Default. In addition, the Remarketing Agent shall remain obligated to remarket the Series 2022[ ] Bonds and such Series 2022[ ] Bonds remain subject to optional redemption, mandatory tender for purchase, and Conversion as provided in the Series 2022 Supplemental Ordinance. **None of the Series 2022[ ] Bonds will be supported by a Series 2022 Credit Facility during the initial Term Rate Period.**

From the Failed Tender Date until all of the Series 2022[ ] Bonds are purchased (or mature or are earlier redeemed) as required by the Series 2022 Supplemental Ordinance, such Series 2022[ ] Bonds will bear interest at the rate of [ ]. ]% per annum (the “**Stepped Rate**”), payable on each May 15 and November 15 occurring during the period in which such Series 2022[ ] Bonds bear interest at the Stepped Rate.

#### ***Conversion of Interest Rate Determination Method***

*Right of Conversion.* The Series 2022[ ] Bonds are subject to conversion from the Term Rate to another Interest Rate Determination Method from time to time at the option of the City, with such right to be exercised by delivery of a Conversion Notice to the Paying Agent and the Remarketing Agent for the Series 2022[ ] Bonds to be converted. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Paying Agent is to give notice by first-class mail to the Owners of the Series 2022[ ] Bonds in accordance with the Series 2022 Supplemental Ordinance. See “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE.”

The Conversion Notice must contain: (1) the proposed Conversion Date; (2) the new Interest Rate Determination Method to take effect; (3) if applicable, the terms upon which the Owners of the Series 2022[\_] Bonds shall have the option to tender the Series 2022[\_] Bonds for purchase during the new Interest Rate Determination Method; (4) if a new Series 2022 Credit Facility will be in effect for the Series 2022[\_] Bonds after the proposed Conversion Date, the form and terms of such new Series 2022 Credit Facility for the Series 2022[\_] Bonds; (5) if the Conversion is to the Fixed Rate, the redemption dates and redemption prices applicable to such Fixed Rate Period; and (6) modifications to the Sinking Fund Installments, if any. The Conversion Notice must be accompanied by the proposed form of an Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Series 2022 Supplemental Ordinance and (unless the Series 2022[\_] Bonds are to be remarketed after the proposed Conversion as obligations that are not Tax-Exempt) will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the Series 2022[\_] Bonds to be converted.

The Series 2022[\_] Bonds bearing interest in a Term Rate Period are subject to Conversion at the option of the City on any date the Series 2022[\_] Bonds are subject to optional redemption or any date on which the Series 2022[\_] Bonds are subject to mandatory tender pursuant to the Series 2022 Supplemental Ordinance.

The Series 2022 Supplemental Ordinance provides that the City may rescind a Conversion Notice by giving written notice thereof to the Paying Agent and the Remarketing Agent on or prior to such proposed Conversion Date. If the Paying Agent receives notice of such rescission prior to the time the Paying Agent has given notice to the Owners of the Series 2022[\_] Bonds, then the Conversion Notice previously delivered by the City shall be of no force and effect. If the Paying Agent receives notice from the City of rescission of the Conversion Notice after the Paying Agent has given notice to the Owners of the Series 2022[\_] Bonds, then there will be no purchase or Conversion. See “APPENDIX B-2 — THE SERIES 2022 SUPPLEMENTAL ORDINANCE.”

*Failure to Convert.* The Series 2022 Supplemental Ordinance includes provisions setting forth the procedures and conditions for the exercise by the City of its right of conversion of the Series 2022[\_] Bonds from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed.

The Series 2022 Supplemental Ordinance provides that with respect to any Conversion of the Series 2022[\_] Bonds from a Term Rate Period, if the City fails to deliver the Opinion of Bond Counsel if required by the Series 2022 Supplemental Ordinance to the Remarketing Agent before the Conversion Date or if the Remarketing Agent has not successfully remarketed all Outstanding Series 2022[\_] Bonds to be converted to the new Interest Rate Determination Method on the Conversion Date, the Interest Rate Determination Method shall not be converted and such Series 2022[\_] Bonds shall not be deemed to have been tendered for purchase on the Conversion Date specified in the Conversion Notice and, except as otherwise provided in the Series 2022 Supplemental Ordinance with respect to failed Conversions on the day following the end of the Term Rate Period, such Series 2022[\_] Bonds shall continue to bear interest at the Term Rate in effect prior to the proposed Conversion Date specified in the Conversion Notice. **Unsuccessful Conversions prior to the end of the initial Term Rate Period do not result in a change in the Term Rate or Term Rate Period and the Owners of the Series 2022[\_] Bonds will continue to hold such Series 2022[\_] Bonds at the existing Term Rate until the end of the existing Term Rate Period.** With respect to failed Conversions on the day following the end of a Term Rate Period, any Series 2022[\_] Bonds not remarketed will bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” above.

No Conversion is permitted to occur under the Series 2022 Supplemental Ordinance if at the time of such Conversion an Event of Default has occurred and is continuing.



### ***Tender Provisions***

*Optional Tender.* The Series 2022[\_] Bonds are **not** subject to optional tender while bearing interest at the Term Rate during any Term Rate Period.

*Mandatory Tenders.* The Series 2022[\_] Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the Conversion Date for such Series 2022[\_] Bonds to a new Interest Rate Determination Method specified in a Conversion Notice or to a new Term Rate Period as specified in a Term Rate Continuation Notice (whether or not the proposed Conversion becomes effective on such date, unless such Series 2022[\_] Bonds are being converted from a Term Rate Period not supported by a Series 2022 Credit Facility and the proposed Conversion does not occur, in which case the Series 2022[\_] Bonds subject to mandatory tender will not be purchased); and (ii) on the Interest Payment Date immediately following the Term Rate Period for the Series 2022[\_] Bonds. The “**Purchase Price**” for such Series 2022[\_] Bonds is an amount equal to 100% of the principal amount thereof plus accrued interest thereon to the purchase date.

Upon the expiration of the initial Term Rate Period for the Series 2022[\_] Bonds, the Paying Agent shall give notice by first-class mail, not later than the fifteenth (15<sup>th</sup>) day prior to the date on which such Series 2022[\_] Bonds are subject to mandatory tender pursuant to the Series 2022 Supplemental Ordinance, which notice shall state that such Series 2022[\_] Bonds are subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which Purchase Price shall be specified in such notice).

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 of Series 2022[\_] Bonds will be governed by arrangements among them, and the City and the Paying Agent will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2022[\_] Bonds.

*Funding Mandatory Tenders of Series 2022[\_] Bonds.* The City expects funds to be made available to purchase Series 2022[\_] Bonds tendered for purchase pursuant to the mandatory tender provisions described above by having the Remarketing Agent remarket the tendered Series 2022[\_] Bonds and having the proceeds applied to purchase the tendered Series 2022[\_] Bonds.

The City is not obligated to provide any other funds for the purchase of the Series 2022[\_] Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Series 2022[\_] Bonds upon mandatory tender. The Series 2022 Supplemental Ordinance provides that if sufficient funds are not available for the purchase of any Series 2022[\_] Bonds tendered for purchase on the Purchase Date following the end of the initial Term Rate Period pursuant to the mandatory tender provisions described above, such Series 2022[\_] Bonds shall bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” above.

If such remarketing of the Series 2022[\_] Bonds is not successful, the City may, in its sole discretion, apply other potential sources of payment to the payment of the Purchase Price of any Series 2022[\_] Bonds. Principal of and accrued and unpaid interest on the Series 2022[\_] Bonds are payable from Net Revenues on a parity with all other outstanding Senior Bonds (including Senior Obligations). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Pledge of Net Revenues.” See also, “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations.”

*Mandatory Tender for City Purchase of Series 2022[ ] Bonds at Direction of City.* The Series 2022[ ] Bonds are subject to mandatory tender for purchase by the City, in whole or in part (such that the portion that is subject to mandatory tender for purchase pursuant to the Series 2022 Supplemental Ordinance and the portion not subject to such mandatory tender shall each be in Authorized Denominations), on any date such Series 2022[ ] Bonds would be subject to optional redemption (each, an “**Optional Purchase Date**”) at a purchase price equal to the principal amount of such Series 2022[ ] Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (the “**Optional Purchase Price**”). See “—*Redemption Prior to Maturity*” below. In the event that the City determines to purchase any Series 2022[ ] Bonds on any Optional Purchase Date, the City is required to provide the Paying Agent with written notice of such determination at least thirty-five (35) days prior to the Optional Purchase Date, which notice is required to specify the Series 2022[ ] Bonds, the principal amount of such Series 2022[ ] Bonds that are to be purchased, and the Optional Purchase Date on which such purchase is to occur.

When the Paying Agent receives notice from the City of its determination to purchase Series 2022[ ] Bonds pursuant to the above paragraph, the Paying Agent is required to give notice, in the name of the City, of the mandatory tender for purchase of such Series 2022[ ] Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days before the Optional Purchase Date to the owners of any Series 2022[ ] Bonds or portions of Series 2022[ ] Bonds to be purchased at their addresses appearing in the bond register, with a copy to the Remarketing Agent. Receipt of such notice of mandatory tender for purchase is not a condition precedent to the mandatory tender for purchase of the Series 2022[ ] Bonds and failure of any owner of a Series 2022[ ] Bond to receive any such notice or any defect in such notice will not affect the validity of the proceedings for the mandatory tender for purchase of the Series 2022[ ] Bonds pursuant to the provisions of the Series 2022 Supplemental Ordinance described herein. 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 of Series 2022[ ] Bonds will be governed by arrangements among them, and the City and the Paying Agent will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2022[ ] Bonds.

If at the time the Paying Agent sends any notice of mandatory tender for purchase of the Series 2022[ ] Bonds by the City as described above, the City has not deposited with the Paying Agent an amount sufficient to pay the full Optional Purchase Price of the Series 2022[ ] Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Paying Agent on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such Series 2022[ ] Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to purchase such Series 2022[ ] Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such moneys are not so received, no purchase of the Series 2022[ ] Bonds identified in the notice of mandatory tender for purchase shall be made and the Paying Agent shall, within a reasonable time thereafter, give notice to the Remarketing Agent and to the persons and in the manner in which the notice of tender was given, that such moneys were not so received and that there will be no purchase of Series 2022[ ] Bonds pursuant to the notice of mandatory tender for purchase.

If less than all of the Outstanding Series 2022[ ] Bonds are to be called for mandatory tender for purchase pursuant to the Senior Bond Ordinance, the principal amount and maturity of such Series 2022[ ] Bonds to be purchased shall be selected by the City in its sole discretion. If less than all of the Series 2022[ ] Bonds of like maturity shall be called for mandatory tender for purchase, the particular Series 2022[ ] Bonds or portions of Series 2022[ ] Bonds to be purchased shall be selected at random by the Paying Agent in such manner as the Paying Agent in its discretion may deem fair and appropriate;

provided, however, that in selecting portions of Series 2022[ ] Bonds for purchase, the Paying Agent shall treat each Series 2022[ ] Bond as representing that number of Series 2022[ ] Bonds of the minimum Authorized Denomination for the Series 2022[ ] Bonds that is obtained by dividing the principal amount of such Series 2022[ ] Bond by the minimum Authorized Denomination for the Series 2022[ ] Bonds.

If all Outstanding Series 2022[ ] Bonds bearing interest in a Term Rate Period are purchased by the City pursuant to the Series 2022 Supplemental Ordinance, then, notwithstanding anything to the contrary in the Series 2022 Supplemental Ordinance, (i) the date of such purchase by the City will be deemed to be the Purchase Date for such Series 2022[ ] Bonds, and (ii) the Term Rate will be deemed to have expired on the day immediately preceding such Purchase Date.

*Mechanics and Timing of Mandatory Tenders.* The mechanics and timing of delivery and payment for Series 2022[ ] Bonds tendered for purchase are addressed in the Series 2022 Supplemental Ordinance. See “APPENDIX B-2 — THE SERIES 2022 SUPPLEMENTAL ORDINANCE.”

*Failure to Deliver Series 2022[ ] Bonds for Purchase.* To the extent that there shall be on deposit with the Paying Agent on the first day of the new Term Rate Period or the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all such Series 2022[ ] Bonds not delivered to the Paying Agent on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the owner thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Paying Agent, without interest accruing thereon after such date.

***Redemption Prior to Maturity.***

*Optional Redemption.* The Series 2022[ ] Bonds are subject to redemption, at the option of the City, in whole or in part, in Authorized Denominations (1) on the day immediately following the last day of each Term Rate Period, and (2) any day designated by the City in the Pricing Notice relating to the initial Term Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, with premium, if any, as designated by the City in the Pricing Notice. In its Pricing Notice for the Series 2022[ ] Bonds, the City designated any date on or after [ ], 20[ ] as a date the Series 2022[ ] Bonds may be redeemed at the option of the City at a redemption price equal to the principal amount thereof, plus accrued but unpaid interest, if any, without premium.

*Mandatory Sinking Fund Redemption.* The Series 2022[ ] Bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest, if any, to the Redemption Date, without premium, on November 15 in each of the years and in the principal amounts set forth in the following table.

<u>Year of Redemption</u>	<u>Principal Amount to be Redeemed<sup>1</sup></u>
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<sup>1</sup> Final maturity amount and not mandatory sinking fund redemption payment

***Purchase in Lieu of Redemption.*** In lieu of mandatory redemption, the City may surrender to the Paying Agent for cancellation any Series 2022[\_] Bonds purchased on the open market, and such Series 2022[\_] Bonds are required to be cancelled by the Paying Agent. If any Series 2022[\_] Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such Series 2022[\_] Bonds so purchased that are to be reduced as a result of such cancellation. In the Series 2022 Supplemental Ordinance, the City covenants and agrees that any Series 2022[\_] Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Paying Agent for cancellation, unless the City has delivered to the Paying Agent an Opinion of Bond Counsel stating that the failure to promptly surrender such Series 2022[\_] Bonds for cancellation will not, in and of itself, adversely affect the tax-exempt status of the interest on any of such bonds.

***Partial Redemption of the Series 2022[\_] Bonds.*** If less than all of the Series 2022[\_] Bonds maturing by their terms on any one date are to be called for prior redemption at the City's option, the City is required to select the Series 2022[\_] Bonds or the respective portions thereof to be redeemed in any manner that it deems appropriate and fair. For purposes of such selection, the Series 2022[\_] Bonds, or each subseries, as applicable, will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

If less than all of the Series 2022[\_] Bonds of any series or subseries maturing by their terms on any one date are to be redeemed at any one time with Sinking Fund Installments, the Paying Agent shall select the Series 2022[\_] Bonds of such series or subseries and maturity to be redeemed by lot in any manner that it deems appropriate; provided that, prior to the successful remarketing of any of the Series 2022[\_] Bonds and division of such series into applicable subseries, any partial redemption of Series 2022[\_] Bonds shall be applied to reduce scheduled Sinking Fund Installments of any applicable subseries of the Series 2022[\_] Bonds for such date as designated by the City, subject to minimum Authorized Denominations. For purposes of such selection, the Series 2022[\_] Bonds, or each subseries, as applicable, will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

The Series 2022 Supplemental Ordinance provides that notwithstanding the foregoing, so long as the Series 2022[\_] Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2022[\_] Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System and Global Clearance Procedures” above and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2022[\_] Bonds to be redeemed at their addresses as shown on the registration records kept by the Bond Registrar, or in the event that the Series 2022[\_] Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2022[\_] Bonds.

Each notice of redemption must specify the Series 2022[\_] Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

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 redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2022[\_] Bonds so called for redemption, and

that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2022[ ] Bonds called for redemption.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2022[ ] Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2022[ ] Bonds properly called for redemption or any other action premised on that notice.

**The Series 2022[ ] Bonds [Note: these are Taxable Bonds; Inclusion TBD]**

***General Provisions.*** The Series 2022[ ] Bonds will be issued in the aggregate principal amount, bear interest at fixed rates at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Series 2022[ ] Bonds are subject to optional redemption prior to maturity as described below in "*Optional Redemption at Par*" and "*Optional Make-Whole Redemption Prior to Maturity.*" Interest on the Series 2022[ ] Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on November 15, 2022, and semiannually on each Interest Payment Date thereafter, on any redemption date and on the maturity date. The Series 2022[ ] Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Principal and interest payments with respect to the Series 2022[ ] Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2022[ ] Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

***Optional Redemption at Par.*** The Series 2022[ ] Bonds maturing on and after November 15, 20\_\_, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20\_\_, in whole or in part, in principal amounts equal to authorized denominations, a Redemption Price equal to 100% of the principal amount of the Series 2022[ ] Bonds to be redeemed plus accrued interest to the Redemption Date.

***Optional Make-Whole Redemption Prior to Maturity.*** The Series 2022[ ] Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time, in part, at the City's option, on prior notice on the date to be fixed for redemption in such notice, at the "**Series 2022[ ] Make-Whole Redemption Price.**" The "Series 2022[ ] Make-Whole Redemption Price" shall be the greater of (1) the issue price as shown on the inside cover page of this Official Statement pertaining to the Series 2022[ ] Bonds (but not less than 100% of the principal amount of the Series 2022[ ] Bonds to be redeemed); or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2022[ ] Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2022[ ] Bonds are to be redeemed, discounted to the date on which the Series 2022[ ] Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus [ ] basis points, plus, in each case, accrued and unpaid interest on the Series 2022[ ] Bonds to be redeemed on the Redemption Date. If the Series 2022[ ] Bonds are to be called for redemption, the Series 2022[ ] Bonds to be called

shall be determined in accordance with the procedures set forth at “Mandatory Sinking Fund Redemption” below.

The following definitions shall apply for purposes of the computation of the “Series 2022[\_] Make-Whole Redemption Price”:

**“Comparable Treasury Issue”** means, with respect to any Redemption Date for the Series 2022[\_] Bonds, the United States Treasury security or securities [(excluding inflation indexed securities)] selected by the Designated Investment Banker (as defined below) that has an actual or interpolated maturity comparable to the remaining average life of the Series 2022[\_] Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2022[\_] Bonds to be redeemed.

**“Comparable Treasury Price”** means, with respect to any redemption date for the Series 2022[\_] Bonds, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (as defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

**“Designated Investment Banker”** means one of the Reference Treasury Dealers (as defined below) appointed by the City.

**“Reference Treasury Dealer”** means each of the four firms, specified by the City from time to time, any or all of which may also be an Underwriter for the Series 2022[\_] Bonds, that are primary United States government securities dealers in The City of New York (each a **“Primary Treasury Dealer”**); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

**“Reference Treasury Dealer Quotations”** means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2022[\_] Bonds, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, [no less than three business days preceding such Redemption Date and no more than 60 business days preceding such Redemption Date].

**“Treasury Rate”** means, with respect to any Redemption Date for the Series 2022[\_] Bonds, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (as defined above), assuming that the Comparable Treasury Issue is purchased on the Redemption Date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

***Mandatory Sinking Fund Redemption.*** The Series 2022[\_] Bonds maturing on November 15, 20\_\_ (the **“Series 2022[\_] Term Bonds”**) are all subject to mandatory sinking fund redemption prior to their respective maturities at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on November 15 in each of the years and in the principal amounts set forth in the following table.

## Mandatory Sinking Fund Redemption Schedule

<u>Year of Redemption</u>	<u>Principal Amount to be Redeemed<sup>1</sup></u>
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<sup>1</sup> Final maturity amounts and not mandatory sinking fund redemption payments.

The City has the option of reducing the principal amount of the Series 2022[\_] Term Bonds to be redeemed on any mandatory sinking fund Redemption Date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2022 Supplemental Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2022[\_] Term Bonds, which have been redeemed prior to or will be redeemed on such Redemption Date under any other provision of the Series 2022 Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of the Series 2022[\_] Term Bonds). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such redemption date, a written notice stating the amount of such reduction.

***Purchase in Lieu of Redemption.*** In lieu of mandatory redemption, the City may surrender to the Paying Agent for cancellation any Series 2022[\_] Bonds purchased on the open market, and such Series 2022[\_] Bonds are required to be cancelled by the Paying Agent. If any Series 2022[\_] Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such series or subseries of Series 2022[\_] Bonds so purchased that are to be reduced as a result of such cancellation. In the Series 2022 Supplemental Ordinance, the City covenants and agrees that any Series 2022[\_] Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Paying Agent for cancellation.

***Partial Redemption of the Series 2022[\_] Bonds.*** If less than all of the Series 2022[\_] Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the particular Series 2022[\_] Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with Securities Depository procedures, provided that, so long as the Series 2022[\_] Bonds are held in book-entry form, the selection for redemption of such Series 2022[\_] Bonds shall be made in accordance with the operational arrangements of Securities Depository then in effect, and, if the Securities Depository operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2022[\_] Bonds will be selected for redemption, in accordance with Securities Depository procedures, by lot.

If less than all of the Series 2022[\_] Bonds maturing by their terms on any one date are to be redeemed at any one time with Sinking Fund Installments, the Paying Agent will select the Series 2022[\_] Bonds of such maturity to be redeemed by lot in any manner that it deems appropriate. For purposes of such selection, the Series 2022[\_] Bonds will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

The Series 2022 Supplemental Ordinance provides that notwithstanding the foregoing, so long as the Series 2022[\_] Bonds are registered in the name of the Securities Depository, the provisions for

selecting the Series 2022[\_] Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System and Global Clearance Procedures” above and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2022[\_] Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2022[\_] Bonds Registrar, or in the event that the Series 2022[\_] Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2022[\_] Bonds.

Each notice of redemption must specify the Series 2022[\_] Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

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 redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2022[\_] Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2022[\_] Bonds called for redemption.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2022[\_] Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC’s standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.” DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2022[\_] Bonds properly called for redemption or any other action premised on that notice.

#### **THE SERIES 2022[\_] SUBORDINATE BONDS [INCLUSION TBD]**

The following is a summary of certain provisions of the Series 2022[\_] Subordinate Bonds during such time as the Series 2022[\_] Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2022[\_] Subordinate Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE” for the Subordinate Bond Ordinance, including, without limitation, covenants of the City, the rights and remedies of the Owners of the Series 2022[\_] Subordinate Bonds upon an Event of Default (as defined herein) under the Subordinate Bond Ordinance, provisions relating to amendments of the Subordinate Bond Ordinance, and procedures for redemption of the Series 2022[\_] Subordinate Bonds.



## Authorization

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

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of the State constitution. The Department is owned by the City, and the Manager is the governing body of the Department. See "MANAGEMENT OF THE AIRPORT SYSTEM." The Department has the authority to issue its own revenue bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2022[ ] Subordinate Bonds will be issued pursuant to the Subordinate Bond Ordinance, including the Series 2022 Supplemental Subordinate Ordinance to be approved by the City Council prior to the issuance of the Series 2022[ ] Subordinate Bonds and any amendments that may be adopted in accordance with the Series 2022 Supplemental Subordinate Ordinance after issuance of the Series 2022[ ] Subordinate Bonds. See "APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE."

The City has appointed Zions Bancorporation, National Association, Denver, Colorado, to serve as paying agent (the "**Paying Agent**") and registrar (the "**Registrar**") for the Series 2022[ ] Subordinate Bonds.

## DTC Book-Entry System and Global Clearance Procedures

The Depository Trust Company ("DTC") will act as securities depository for the 2022A-[ ] Bonds. The 2022A-[ ] Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2022A-[ ] Bonds, each in the aggregate principal amount of such maturity (provided that if the aggregate principal amount of any single maturity exceeds \$500,000,000, separate bond certificates shall be issued for each \$500,000,000 and any amount in excess thereof and subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. Beneficial interests in the 2022A-[ ] Bonds may be held through DTC, Clearstream Banking, S.A. or Euroclear Bank SA/NV as operator of the Euroclear System (collectively, the "**Clearing Systems**"), directly as a participant or indirectly through organizations that are participants in such system. See "APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" for a description of the Clearing Systems and certain of their responsibilities, and the provisions for registration and registration of transfer of the 2022A-[ ] Bonds if the book-entry-only system of registration is discontinued.

Principal and interest payments with respect to the Series 2022A-[ ] Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2022A-[ ] Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

*None of the City, the Department, the Paying Agent, the Registrar or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC, any DTC Participant or any Clearing System, (2) the distribution by DTC, a DTC Participant or any Clearing System of any notice that is permitted or required to be given to the Owners of the Series 2022A-[\_] Bonds under the Senior Bond Ordinance, (3) the payment by DTC, a DTC Participant or any Clearing System of any amount received under the Senior Bond Ordinance with respect to the Series 2022A-[\_] Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2022A-[\_] Bonds or (5) any other related matter.*

## **General Provisions**

The Series 2022[\_] Subordinate Bonds will be issued in the aggregate principal amount, bear interest at fixed rates at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Series 2022[\_] Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described below in “—Redemption Prior to Maturity.” Interest on the Series 2022[\_] Subordinate Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on November 15, 2022, and semiannually on each Interest Payment Date thereafter, on any redemption date and on the maturity date. The Series 2022[\_] Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Principal and interest payments with respect to the Series 2022[\_] Subordinate Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2022[\_] Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

## **Redemption Prior to Maturity**

***Optional Redemption at Par.*** The Series 2022[\_] Subordinate Bonds maturing on and after November 15, 20\_\_, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20\_\_, in whole or in part, in principal amounts equal to authorized denominations, a Redemption Price equal to 100% of the principal amount of the Series 2022[\_] Subordinate Bonds to be redeemed plus accrued interest to the Redemption Date.

***Optional Make-Whole Redemption Prior to Maturity.*** The Series 2022[\_] Subordinate Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time, in part, at the City’s option, on prior notice on the date to be fixed for redemption in such notice, at the “**Series 2022[\_] Make-Whole Redemption Price.**” The “Series 2022[\_] Make-Whole Redemption Price” shall be the greater of (1) the issue price as shown on the inside cover page of this Official Statement pertaining to the Series 2022[\_] Subordinate Bonds (but not less than 100% of the principal amount of the Series 2022[\_] Subordinate Bonds to be redeemed); or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2022[\_] Subordinate Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2022[\_] Subordinate Bonds are to be redeemed, discounted to the date on which the Series 2022[\_] Subordinate Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus [\_] basis points, plus, in each case, accrued and unpaid interest on the Series 2022[\_] Subordinate Bonds to be redeemed on the Redemption Date. If the Series 2022[\_] Subordinate Bonds are to be called for redemption, the Series 2022[\_] Subordinate Bonds to be called shall be determined in accordance with the procedures set forth at “Mandatory Sinking Fund Redemption” below.

The following definitions shall apply for purposes of the computation of the “Series 2022[\_] Make-Whole Redemption Price”:

**“Comparable Treasury Issue”** means, with respect to any Redemption Date for the Series 2022[\_] Subordinate Bonds, the United States Treasury security or securities [(excluding inflation indexed securities)] selected by the Designated Investment Banker (as defined below) that has an actual or interpolated maturity comparable to the remaining average life of the Series 2022[\_] Subordinate Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2022[\_] Subordinate Bonds to be redeemed.

**“Comparable Treasury Price”** means, with respect to any redemption date for the Series 2022[\_] Subordinate Bonds, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (as defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

**“Designated Investment Banker”** means one of the Reference Treasury Dealers (as defined below) appointed by the City.

**“Reference Treasury Dealer”** means each of the four firms, specified by the City from time to time, any or all of which may also be an Underwriter for the Series 2022[\_] Subordinate Bonds, that are primary United States government securities dealers in The City of New York (each a **“Primary Treasury Dealer”**); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

**“Reference Treasury Dealer Quotations”** means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2022[\_] Subordinate Bonds, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, [no less than three business days preceding such Redemption Date and no more than 60 business days preceding such Redemption Date].

**“Treasury Rate”** means, with respect to any Redemption Date for the Series 2022[\_] Subordinate Bonds, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (as defined above), assuming that the Comparable Treasury Issue is purchased on the Redemption Date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

***Mandatory Sinking Fund Redemption.*** The Series 2022[\_] Subordinate Bonds maturing on November 15, 20\_\_ (the **“Series 2022[\_] Subordinate Term Bonds”**) are all subject to mandatory sinking fund redemption prior to their respective maturities at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on November 15 in each of the years and in the principal amounts set forth in the following table.

## Mandatory Sinking Fund Redemption Schedule

<u>Year of Redemption</u>	<u>Principal Amount to be Redeemed<sup>1</sup></u>
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<sup>1</sup> Final maturity amounts and not mandatory sinking fund redemption payments.

The City has the option of reducing the principal amount of the Series 2022[\_] Subordinate Term Bonds to be redeemed on any mandatory sinking fund Redemption Date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2022 Supplemental Subordinate Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2022[\_] Subordinate Term Bonds, which have been redeemed prior to or will be redeemed on such Redemption Date under any other provision of the Series 2022 Supplemental Subordinate Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of the Series 2022[\_] Subordinate Term Bonds). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such redemption date, a written notice stating the amount of such reduction.

***Partial Redemption of the Series 2022[\_] Subordinate Bonds.*** If less than all of the Series 2022[\_] Subordinate Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City’s option, the particular Series 2022[\_] Subordinate Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with Securities Depository procedures, provided that, so long as the Series 2022[\_] Subordinate Bonds are held in book-entry form, the selection for redemption of such Series 2022[\_] Subordinate Bonds shall be made in accordance with the operational arrangements of Securities Depository then in effect, and, if the Securities Depository operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2022[\_] Bonds will be selected for redemption, in accordance with Securities Depository procedures, by lot.

The Series 2022 Supplemental Subordinate Ordinance provides that notwithstanding the foregoing, so long as the Series 2022[\_] Subordinate Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2022[\_] Subordinate Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System and Global Clearance Procedures” above and “APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2022[\_] Subordinate Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2022[\_] Subordinate Bonds Registrar, or in the event that the Series 2022[\_] Subordinate Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or

any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2022[\_] Subordinate Bonds.

Each notice of redemption must specify the Series 2022[\_] Subordinate Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

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 redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2022[\_] Subordinate Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2022[\_] Subordinate Bonds called for redemption.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2022[\_] Subordinate Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX D—DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2022[\_] Subordinate Bonds properly called for redemption or any other action premised on that notice.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS**

### **Pledge of Net Revenues**

The Series 2022A-[\_] Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a senior pledge of Net Revenues on a parity with all other outstanding Senior Bonds and Senior Obligations. The Series 2022A-[\_] Bonds are also payable under certain circumstances from the Bond Reserve Fund as discussed in "— Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Series 2022A-[\_] Bonds and other Senior Bonds. The Series 2022A-[\_] Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2022A-[\_] Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2022A-[\_] Bonds.

Upon the issuance of the Series 2022A-[\_] Bonds and the refunding and redemption of the 2021 Interim Note [and all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, and the Series 2019D Bonds] the aggregate principal amount of all Senior Bonds and Subordinate Bonds Outstanding as of such date will be \$[\_\_\_\_\_] and \$[\_\_\_\_\_] , respectively. The City, for and on behalf of the Department, has also incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior Bonds, (2) Subordinate Bonds and Subordinate Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds and Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See "FINANCIAL INFORMATION—Outstanding Senior Bonds, —Outstanding Subordinate Bonds, —Subordinate Obligations, and —Junior Lien Bonds and Junior Lien Obligations."

“**Net Revenues**” is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. “**Gross Revenues**” generally constitute any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. “**Operation and Maintenance Expenses**” means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System.

Gross Revenues do not include, among other things, grants derived directly from the United States, including Stimulus Funds (defined below), or any passenger taxes or other passenger charges, including passenger facility charges (“**PFCs**”), imposed to finance certain eligible projects of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Pursuant to Ordinance No. 18-0776, Series of 2018 adopted by the City Council (the “**PFC Supplemental Ordinance**”), beginning on January 1, 2019, the City has been including all PFC revenues (net of collection fees) received by the City in Gross Revenues under each of the Senior Bond Ordinance, Subordinate Bond Ordinance and Junior Lien Bond Ordinance (collectively, the “**Bond Ordinances**”) until such time, if any, that the Manager determines, in his or her sole discretion, that all or a portion of such PFCs shall no longer be included in Gross Revenues for purposes of the Bond Ordinances, as further described under “FINANCIAL INFORMATION—Passenger Facility Charges.” PFC revenues that are included in Gross Revenues may be applied for any lawful purpose authorized by PFC applications approved by the Federal Aviation Administration (“**FAA**”), including paying debt service on debt issued to finance PFC-eligible projects. The City’s current authorization to impose PFCs permits it to use PFC revenues to pay Debt Service Requirements on certain outstanding Senior Bonds. The City may apply to the FAA for new authorizations and use PFCs to pay PFC-eligible debt service and/or project costs. The City has no obligation to continue including PFC revenues received by the City in Gross Revenues for purposes of the Bond Ordinances.

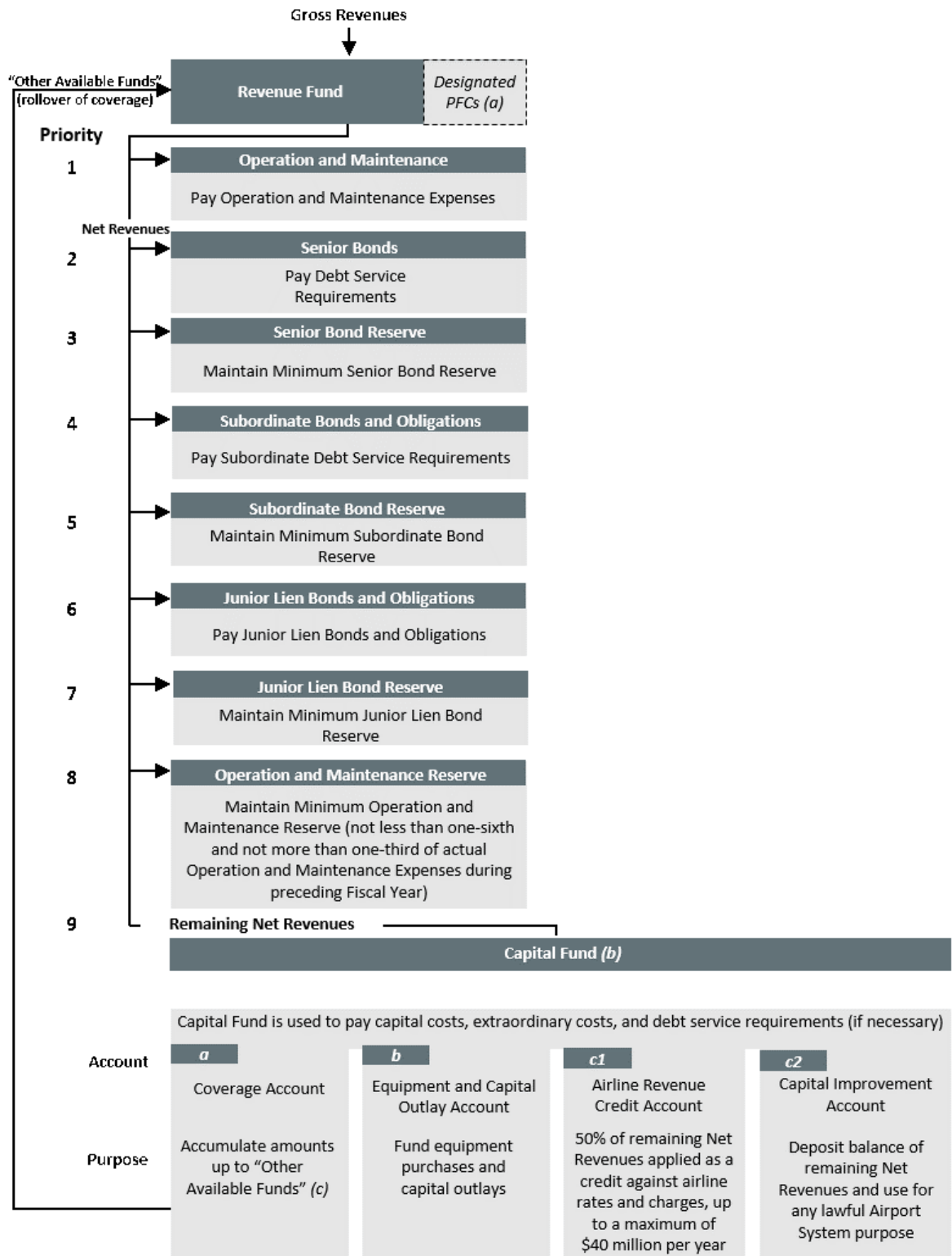
In addition, in any Fiscal Year, the City is permitted to transfer Other Available Funds from the Capital Fund to the Revenue Fund for purposes of meeting rate maintenance covenants for such Fiscal Year under the Senior Bond Ordinance. The Senior Bond Ordinance defines “**Other Available Funds**”, with respect to any Fiscal Year, as the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for Senior Bonds for such Fiscal Year. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “—Rate Maintenance Covenants” below. For the complete definitions of Gross Revenues, Operation and Maintenance Expenses and Other Available Funds as it relates to Senior Bonds, see “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

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

The application of Gross Revenues is governed by the provisions of the Bond Ordinances. The Senior Bond Ordinance creates the “City and County of Denver, Airport System Fund” (the “**Airport System Fund**”), and within the Airport System Fund a special fund designated the “City and County of Denver, Airport System Gross Revenue Fund” (the “**Revenue Fund**”). See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues.” The City is required to set aside in the Revenue Fund all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance, the Subordinate Bond Ordinance, and the Junior Lien Bond Ordinance. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—

ARTICLE V—Administration of and Accounting for Pledged Revenues” for the application of Gross Revenues. The flow of funds under these ordinances is illustrated in the following diagram.

### Flow of Funds Under the Bond Ordinances



- (a) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues. See “FINANCIAL INFORMATION—Passenger Facility Charges.”
- (b) The account structure for the Capital Fund may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance, the Subordinate Bond Ordinance, or the Junior Lien Bond Ordinance.
- (c) Under the Senior Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements. Under the Subordinate Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements and Subordinate Debt Service Requirements.

## **Bond Reserve Fund**

The Senior Bond Ordinance creates the Bond Reserve Fund within the Airport System Fund. Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds, including the Series 2022A-[\_] Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the lesser of (A) the maximum annual Debt Service Requirements on outstanding Senior Bonds and (B) 125% of the average annual aggregate Debt Service Requirements on outstanding Senior Bonds, within 60 months from the first day of the month next succeeding each date on which any series of Senior Bonds is issued or on which the amounts credited to the Bond Reserve Fund are less than the Minimum Bond Reserve. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.” Amounts on deposit in the Bond Reserve Fund are not available to pay debt service on any obligations other than Senior Bonds.

Upon the issuance of the Series 2022A-[\_] Bonds, the amount on deposit in the Bond Reserve Fund will be \$[\_\_\_\_\_], which is at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period of as long as 60 months. Subject to certain limitations set forth in the General Bond Ordinance, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys.

## **Capital Fund**

The Senior Bond Ordinance also creates the “City and County of Denver, Airport System Capital Improvement and Replacement Fund” (the “**Capital Fund**”) within the Airport System Fund, which may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities (as defined in “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE”), to the extent such costs are not Operation and Maintenance Expenses; the costs of extraordinary and major repairs, renewals, replacements or maintenance items relating to any Airport Facilities of a type not properly defrayed as Operation and Maintenance Expenses; and the Bond Requirements (as defined in “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE”) of any Senior Bonds, or payments due for Subordinate Bonds, if such payment is necessary to prevent any default in such payment. The Capital Fund is to be funded from Net Revenues and certain other amounts as provided in the Senior Bond Ordinance.

The account structure for the Capital Fund is not mandated by the Senior Bond Ordinance, the Subordinate Bond Ordinance, or the Junior Lien Bond Ordinance, but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue



Credit Account, and the Capital Improvement Account for the purposes described in the flow of funds diagram set forth above in the subsection entitled “Flow of Funds; Revenue Fund.”

The amount on deposit in the Capital Fund as of March 31, 2022 was approximately \$[\_.] million. Such amount has been designated for use by the City as follows: (1) \$[\_.] million for the Coverage Account (constituting Other Available Funds) and (2) \$[\_.] million for any lawful Airport System purpose. See “FINANCIAL INFORMATION—Cash and Liquidity.” See also “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues” and “—ARTICLE X—Miscellaneous Protective Covenants,” “CAPITAL PROGRAM—2018-2022 Capital Program”, “—2023-2027 Capital Program” and “—Funding for the Total Capital Program” herein.

### **Rate Maintenance Covenants**

The City has covenanted in the Senior Bond Ordinance (the “**Senior Rate Maintenance Covenant**”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each calendar year (each, a “**Fiscal Year**”) Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either:

(1) the amounts needed for making the required cash deposits to the credit of several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of several accounts and subaccounts of the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or

(2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year.

See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE IX—Rentals, Rates, Fees, and Other Charges.” See also “—Capital Fund” and “—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts described above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

In addition, the City has covenanted in the Subordinate Bond Ordinance (the “**Subordinate Rate Maintenance Covenant**”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either:

(1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account or any similar account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, and the Operation and Maintenance Reserve Account, or

(2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds and the aggregate debt service requirements with respect to Subordinate Obligations (as more fully described in the Subordinate Bond Ordinance, the “**Subordinate Debt Service Requirements**”) for such Fiscal Year.

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts described above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Subordinate Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Subordinate Bond Ordinance will be deemed to have occurred even though Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

In order to meet the Senior Rate Maintenance Covenant or the Subordinate Rate Maintenance Covenant, or both, in addition to or in lieu of the foregoing, the City may, among other things, increase rentals, rates, fees and charges for the use of the Airport, reduce the Operation and Maintenance Expenses, and as permitted by the Senior Bond Ordinance and the Subordinate Bond Ordinance, reduce the Debt Service Requirements on Senior Bonds or Subordinate Debt Service Requirements or both by irrevocably committing additional amounts to pay Debt Service Requirements or Subordinate Debt Service Requirements, respectively. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the definition of Debt Service Requirements and “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE.” See also “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT—Federal Relief Programs” relating to the irrevocable commitment of certain Stimulus Funds to Debt Service Requirements and Subordinate Debt Service Requirements.

Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operation and Maintenance Expenses could be subject to contractual, statutory and regulatory restrictions as discussed in “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Federal Regulations and Funding—*Regulations and Restrictions Affecting the Airport*,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, pursuant to the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “**Signatory Airlines**”), the Signatory Airlines have agreed that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds, must be sufficient to satisfy the Senior Rate Maintenance Covenant, and the Signatory Airlines have agreed to pay such rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

For more information see “CERTAIN INVESTMENT CONSIDERATIONS—Ability to Meet Rate Maintenance Covenants,” “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE.”

Further, the City has covenanted in the Junior Lien Bond Ordinance to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, the Junior Lien Obligations Fund, and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds, the aggregate Subordinate Debt Service Requirements, and the aggregate debt service requirements for Junior Lien Bonds and Junior Lien Obligations for such Fiscal Year.

### **Additional Senior Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance on a parity with other Senior Bonds (“**Additional Senior Bonds**”) to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds, Subordinate Obligations or other securities or obligations. As described more fully in “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations,” in order to issue Additional Senior Bonds, other than for any refunding of Senior Bonds, the City is required to satisfy certain requirements (the “**Additional Senior Bonds Test**”), including obtaining, among other things, a report of an Airport Consultant estimating the ability of the Airport System to meet the requirements of the Senior Rate Maintenance Covenant in each year of the forecast period, and a certificate of an Independent Accountant setting forth for the last audited Fiscal Year, or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Additional Senior Bonds, as determined by the Independent Accountant, (1) Net Revenues, together with any Other Available Funds, for such period and (2) the aggregate Debt Service Requirements for the Outstanding Senior Bonds, for such period; and demonstrating that for such period Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund for the Senior Bonds and to the credit of the Bond Reserve Fund for the Senior Bonds and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for the Outstanding Senior Bonds for such period.

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Senior Bonds. See “—Rate Maintenance Covenants” above, “—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements” below and “FINANCIAL INFORMATION—Outstanding Senior Bonds.”

Under the Subordinate Bond Ordinance, the City has agreed for the benefit of the Owners of Subordinate Bonds that the City will not issue Additional Senior Bonds if, upon the issuance of such Additional Senior Bonds, the City would fail to comply with the Subordinate Rate Maintenance Covenant. See “—Rate Maintenance Covenants” above and “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations.”

[The Series 2022[ ] Bonds are being issued to pay or finance a portion of the costs of the 2018-22 Capital Program and the City will comply with the Additional Senior Bonds Test prior to the issuance of such bonds. See “PLAN OF FINANCING”.]

[The Series 2022[ ] Bonds are being issued to refund certain outstanding Senior Bonds, and therefore the Additional Bonds Test is not applicable to their issuance. See “PLAN OF FINANCING”.]

#### **Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements**

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2017 through 2021, including recalculated debt service coverage assuming all annual PFC revenues in 2017 and 2018 were Designated Passenger Facility Charges under the PFC Supplemental Ordinance. PFCs set forth in the following table reflect amounts actually received in the applicable Fiscal Year, plus investment earnings thereon, and will differ from the PFCs appearing in the financial statements of the Airport System and elsewhere in this Official Statement that are reported on an accrual basis. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

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**Table 1**  
**Historical Net Revenues and Debt Service Coverage**  
**of the Senior Bonds and Subordinate Debt Service Requirements**  
(Amounts in thousands, except coverage ratios, and rounded)

	<b>Fiscal Year Ended December 31</b>				
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Gross Revenues, not including Designated Passenger Facility Charges <sup>1</sup>	\$838,815 <sup>7</sup>	\$884,336 <sup>7</sup>	\$949,892 <sup>7</sup>	\$665,991 <sup>7</sup>	\$ <sup>7</sup>
Designated Passenger Facility Charges <sup>2</sup>	<u>37,656</u>	<u>40,851</u>	<u>131,434</u>	<u>71,652</u>	
Gross Revenues <sup>1</sup>	876,471 <sup>7</sup>	925,187 <sup>7</sup>	1,102,828 <sup>7</sup>	925,187 <sup>7</sup>	7
Operation and Maintenance Expenses <sup>1</sup>	<u>(425,005)</u>	<u>(445,801)</u>	<u>(478,305)</u>	<u>(407,365)</u>	
Net Revenues	451,466	479,386	603,020	330,278	
Other Available Funds <sup>3</sup>	<u>47,090</u>	<u>43,901</u>	<u>68,365</u>	<u>39,848</u>	
Total Amount Available for Debt Service	\$498,556	\$523,287	\$671,385	\$370,126	\$
Senior Bond Debt Service <sup>4</sup>	\$264,814	\$258,545	\$273,460	\$159,391	\$
Committed Passenger Facility Charges <sup>5</sup>	<u>(76,454)</u>	<u>(82,940)</u>	<u>0</u>	<u>0</u>	
Debt Service Requirements for the Senior Bonds	\$188,360	\$175,605	\$273,460	\$159,391	\$
Debt Service Coverage for the Senior Bonds	265%	298%	246%	232%	%
Subordinate Debt Service Requirements <sup>6</sup>	\$93,891	\$101,344	\$102,805	\$92,997	\$
Debt Service Requirements for the Senior Bonds	<u>188,360</u>	<u>175,605</u>	<u>273,460</u>	<u>159,391</u>	
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	\$282,251	\$276,949	\$376,265	\$252,388	\$
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	177%	189%	178%	147%	%
Recalculated Debt Service Coverage Assuming Senior Debt Service was not Reduced by Committed Passenger Facility Charges					
Recalculated Debt Service Coverage for the Senior Bonds <sup>8</sup>	217%	234%	N/A	N/A	N/A
Recalculated Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements <sup>8</sup>	160%	168%	N/A	N/A	N/A

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in “FINANCIAL INFORMATION—Historical Financial Operations.” See also “— Pledge of Net Revenues” above in this section and “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

<sup>2</sup> Reflects that portion of PFC revenues included in the Airport System’s Gross Revenues for Fiscal Years 2017 and 2018. See “FINANCIAL INFORMATION—Passenger Facility Charges—*Prior Treatment of PFCs under the Prior PFC Supplemental Ordinances.*”

<sup>3</sup> For description and definition of Other Available Funds see “— Pledge of Net Revenues” above and “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

<sup>4</sup> Senior Bond debt service is not reduced by the irrevocably committed Passenger Facility Charges in such Fiscal Years but is reduced by capitalized interest and certain other available moneys irrevocably committed to the payment of Senior Bonds Debt Service Requirements, including the debt service on certain Senior Bonds that have been economically defeased. See “FINANCIAL INFORMATION—Outstanding Senior Bonds” and “— Passenger Facility Charges.” [Senior Bond debt service is reduced by any estimated Build America Bond subsidy payments from the United States Treasury.]

<sup>5</sup> Reflects that portion of PFC revenues which was irrevocably committed to the payment of Senior Bonds Debt Service Requirements in each of the Fiscal Years 2017 and 2018. See “FINANCIAL INFORMATION—Passenger Facility Charges.”

<sup>6</sup> Includes amounts required to pay any Subordinate Bonds and any Subordinate Obligations, including Subordinate Hedge Facility Obligations. See “FINANCIAL INFORMATION—Subordinate Obligations.”

<sup>7</sup> These amounts exclude \$19,491,735, \$20,019,006, \$21,524,769, \$10,621,397 and \$[\_\_\_\_\_] of rental car customer facility charges (“CFCs”) received in 2017, 2018, 2019, 2020 and 2021 respectively. In 2017 through 2021 CFCs were included as gross revenues in the Airport’s audited financial statements attached hereto as “APPENDIX E,” but for purposes of this table, they are excluded from calculations of Gross Revenues. In the future, CFCs may be pledged to Special Facilities Bonds and excluded from the definition of “Gross Revenues” (as defined in the Senior Bond Ordinance) by a Supplemental Ordinance.

<sup>8</sup> Reflects a re-computation of debt service coverage assuming all annual PFC revenues in 2017 and 2018 were Designated Passenger Facility Charges under the PFC Supplemental Ordinance. See “FINANCIAL INFORMATION—Passenger Facility Charges.”

Sources: Audited financial statements of the Airport System for Fiscal Years 2017-2021, and Department of Aviation management records.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[ ] SUBORDINATE BONDS [INCLUSION TBD]**

### **Subordinate Pledge of Net Revenues**

The Series 2022[ ] Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues on a parity with all other outstanding Subordinate Bonds and Subordinate Obligations. The Series 2022[ ] Subordinate Bonds are also payable under certain circumstances from the Series 2022[ ] Subordinate Bond Reserve Subaccount as discussed in “— Series 2022[ ] Subordinate Bond Reserve Subaccount” below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Subordinate Bond Fund and the Series 2022[ ] Subordinate Bond Reserve Subaccount to the payment of the Series 2022[ ] Subordinate Bonds and other Subordinate Bonds. The Series 2022[ ] Subordinate Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2022[ ] Subordinate Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2022[ ] Subordinate Bonds.

**The pledge of Net Revenues and funds on deposit in the Subordinate Bond Fund to the payment of the Subordinate Bonds, including the Series 2022[ ] Subordinate Bonds, is expressly subordinate to the pledge of Net Revenues for the payment of Senior Bonds and Senior Obligations which may be issued and outstanding from time to time.**

Upon the issuance of the Series 2022[ ] Subordinate Bonds and the refunding and redemption of the Refunded Bonds, the aggregate principal amount of all Senior Bonds and Subordinate Bonds Outstanding as of such date will be \$[ ] and \$[ ], respectively. The City, for and on behalf of the Department, has also incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior Bonds, but senior to the lien of the Subordinate Bonds and Subordinate Obligations, (2) Subordinate Obligations that have a lien on Net Revenues on parity with the lien of Subordinate Bonds, but subordinate to the lien of Senior Bonds and Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See “FINANCIAL INFORMATION— Outstanding Senior Bonds, —Outstanding Subordinate Bonds, —Subordinate Obligations, and —Junior Lien Bonds and Junior Lien Obligations.”

For definitions of the terms “Net Revenues,” “Gross Revenues,” “Operation and Maintenance Expenses,” “PFCs,” “PFC Supplemental Ordinance,” “Bond Ordinances,” “FAA”, as well as a discussion of treatment of PFCs under certain supplemental ordinances and discussion on the treatment of Other Available Funds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[ ] BONDS—Pledge of Net Revenues.” See also “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE.”

In addition, in any Fiscal Year, the City is permitted to transfer Other Available Funds from the Capital Fund to the Revenue Fund for purposes of meeting rate maintenance covenants for such Fiscal Year under the Senior Bond Ordinance and the Subordinate Bond Ordinance. The Subordinate Bond Ordinance defines “**Other Available Funds**”, with respect to any Fiscal Year, as the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year. See “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE” and “—Rate Maintenance Covenants”

below. For the complete definitions of Gross Revenues, Operation and Maintenance Expenses and Other Available Funds as it relates to Subordinate Bonds, see “APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE.”

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

The application of Gross Revenues is governed by the provisions of the Bond Ordinances. For a description and diagram of the flow of funds under the Bond Ordinances applicable to the Senior Bonds and Subordinate Bonds, including the Series 2022[ ] Subordinate Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[ ] BONDS—Flow of Funds; Revenue Fund.”

### **Series 2022[ ] Subordinate Bond Reserve Subaccount**

The Subordinate Bond Ordinance creates the Subordinate Bond Reserve Fund within the Subordinate Bond Fund and permit the City to establish separate subaccounts within the Subordinate Bond Reserve Fund for a series of Subordinate Bonds. Each separate reserve subaccount would be subject to the lien of only those particular series of Subordinate Bonds for which such subaccount was created and pledged. The City established separate accounts within the Subordinate Bond Reserve Fund to secure each of the Series 2013 Subordinate Bonds and Series 2018 Subordinate Bonds.

The Series 2022 Supplemental Subordinate Ordinance creates within the Subordinate Bond Reserve Account a debt service reserve subaccount for the Series 2022[ ] Subordinate Bonds (the “**Series 2022[ ] Subordinate Bond Reserve Subaccount**”). The Series 2022[ ] Subordinate Bond Reserve Subaccount is to be funded with the proceeds of the Series 2022[ ] Subordinate Bonds, together with other available Airport System moneys, in the amount which is the lesser of (i) the maximum amount of Subordinate Bond Requirements with respect to the Series 2022[ ] Subordinate Bonds in any Fiscal Year, or (ii) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2022[ ] Subordinate Bonds, or (iii) 10% of the lesser of the proceeds or the stated aggregate principal amount of the Series 2022[ ] Subordinate Bonds (the “**Series 2022[ ] Minimum Subordinate Bond Reserve**”).

Amounts on deposit in the Series 2022[ ] Subordinate Bond Reserve Subaccount are available to pay debt service on the Series 2022[ ] Subordinate Bonds. The Series 2022 Supplemental Subordinate Ordinance also allows any additional Subordinate Bonds that may be issued in the future (but not Subordinate Bonds that are currently outstanding) to be secured by the Series 2022[ ] Subordinate Bond Reserve Subaccount and, upon such issuance, the Series 2022[ ] Minimum Subordinate Bond Reserve is to be recalculated as provided in the definition of Series 2022[ ] Minimum Subordinate Bond Reserve as of the issue date of any such additional Subordinate Bonds but shall also take into account the additional Subordinate Bonds so secured. In such an event, the City may rename the Series 2022[ ] Subordinate Bond Reserve Subaccount to properly reflect the Subordinate Bonds secured thereby and each such series of Subordinate Bonds so secured will be secured on a pro rata basis with respect to all bonds secured by the Series 2022[ ] Subordinate Bond Reserve Subaccount.

Accordingly, if the City decides to issue additional Subordinate Bonds in the future, the City may (a) establish a separate subaccount in the Subordinate Bond Reserve Fund, (b) secure such future Subordinate Bonds with an existing Series 2022[ ] Subordinate Bond Reserve Subaccount (as described above), or (c) establish no reserve subaccount at all to secure such future Subordinate Bonds, all as provided in the supplemental subordinate bond ordinance authorizing such future Subordinate Bonds. See “APPENDIX C-1—AMENDED AND RESTATED GENERAL SUBORDINATE BOND ORDINANCE.”

Pursuant to the Subordinate Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account, and the Redemption Account of the Subordinate Bond Fund, to credit Net Revenues to the Series 2022[\_] Subordinate Bond Reserve Subaccount in substantially equal monthly installments so as to accumulate the Series 2022[\_] Minimum Subordinate Bond Reserve within 60 months of the first day of the month next succeeding each date on which the Series 2022[\_] Subordinate Bonds are issued or on which the amounts credited to the Series 2022[\_] Subordinate Bond Reserve Subaccount are less than the Series 2022[\_] Minimum Subordinate Bond Reserve. Because the Series 2022[\_] Minimum Subordinate Bond Reserve will be funded with the proceeds of the Series 2022[\_] Subordinate Bonds, together with other available Airport System moneys upon issuance of the Series 2022[\_] Subordinate Bonds, the City will not be required to fund it within 60 months from the date of issuance. Subject to certain limitations, a Subordinate Credit Facility may be deposited in the Series 2022[\_] Subordinate Bond Reserve Subaccount in full or partial satisfaction of the Series 2022[\_] Minimum Subordinate Bond Reserve, provided that any such Subordinate Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Series 2022[\_] Subordinate Bond Reserve Subaccount. To date, the City has funded the Subordinate Bond Reserve Account solely with bond proceeds and available Airport System moneys.

### **Capital Fund**

For a description of the Capital Fund and amounts on deposit in the Capital Fund, refer to “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Capital Fund.”

### **Rate Maintenance Covenants**

For a description of the Rate Maintenance Covenants applicable to Senior Bonds and Subordinate Bonds, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenants.”

### **Additional Senior Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Additional Senior Bonds.”

Under the Subordinate Bond Ordinance, the City has agreed for the benefit of the Owners of Subordinate Bonds that the City will not issue Additional Senior Bonds if, upon the issuance of such Additional Senior Bonds, the City would fail to comply with the Subordinate Rate Maintenance Covenant. See “—Rate Maintenance Covenants” above and “APPENDIX C-1—AMENDED AND RESTATED GENERAL SUBORDINATE BOND ORDINANCE.”

### **Additional Subordinate Bonds and Subordinate Obligations**

The City may issue additional Subordinate Bonds and Subordinate Obligations under the Subordinate Bond Ordinance to pay the cost of acquiring, improving, or equipping Airport System facilities. As described more fully in “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE” and “APPENDIX C-2—THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE”, before the City can issue additional Subordinate Bonds or any Subordinate Obligations, including the Series 2022[\_] Subordinate Bonds, (1) the Manager must certify that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance, and (2) the City must file: (i) a certificate or opinion of an Independent Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18



calendar months next preceding the delivery of such Subordinate Bonds or Subordinate Obligations, as determined by the Independent Accountant, certain information demonstrating that Net Revenues, together with Other Available Funds are at least equal to the larger of (A) the amounts needed to make the required deposits to several subaccounts of certain funds with respect to such Subordinate Bonds or Subordinate Obligations, or (B) the amount necessary in order to meet the requirements of the Subordinate Rate Maintenance Covenant for such period, and (ii) a report of the Airport Consultant demonstrating the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds for each of the five Fiscal Years of the forecast period to meet the requirements of the Subordinate Rate Maintenance Covenant in each year of the forecast period.

See “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT”, “APPENDIX B-2—THE SERIES 2022 SUPPLEMENTAL ORDINANCE” and “APPENDIX C-2—THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE” for a more detailed discussion of the requirements for the issuance of additional parity Subordinate Bonds and Subordinate Obligations. See also “—Rate Maintenance Covenants” above, “—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements” and “FINANCIAL INFORMATION—Outstanding Subordinate Bonds, — Subordinate Obligations, and —Junior Lien Bonds and Junior Lien Obligations.”

### **Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements**

The calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2017 and 2021, including recalculated debt service coverage assuming all annual PFC revenues in 2017 through 2028 were Designated Passenger Facility Charges under the PFC Ordinance is set forth in Table 1 above under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements.”

## **MANAGEMENT OF THE AIRPORT SYSTEM**

Under the City Charter, the management, operation and control of the Airport System are delegated to the Department of Aviation under the direction of the Manager appointed by and responsible directly to the Mayor. The Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer of the City (the “**City’s Chief Financial Officer**”) is appointed by the Mayor and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. The following section describes the senior management of the Airport.

**Phillip A. Washington** was nominated by Denver Mayor Michael B. Hancock and unanimously confirmed by the Denver City Council as Chief Executive Officer of the Airport in July 2021. Prior to his appointment Mr. Washington served as the chief executive officer of the Los Angeles County Metropolitan Transportation Authority (2015-2021), where he managed a balanced budget of more than \$8 billion and oversaw an agency with 11,000 employees that transported 1.2 million boarding passengers daily. Mr. Washington also served as chief executive officer of Denver Regional Transportation District (2009-2015), where he had worked as an assistant general manager for nearly ten years. In addition to his 20+ years of experience in the commercial aviation and transportation industries, Mr. Washington served for more than two decades in United States Army, achieving the rank of Command Sergeant Major, the highest non-commissioned officer rank an enlisted soldier can achieve. He retired from active duty, is a disabled veteran and was awarded the prestigious Defense Superior Service Medal for exceptional service to his country. He holds a B.A. in Business from Columbia College, an M.A. in Management from Webster University and is a graduate of the Harvard University Kennedy School for Senior Executives in State and Local Government. He is also a past chair of the American Public Transportation Association

and a former member of the Executive Committee of the Transportation Research Board and the Eno Center for Transportation.

**Brendan Hanlon** is the Deputy Mayor and Chief Financial Officer for the City. Mr. Hanlon served as the City's Budget Director for five years before being appointed to Chief Financial Officer by Mayor Michael B. Hancock in February 2016. Mr. Hanlon has worked in the Mayor's Office and the Budget Management Office in a variety of roles since 2002. He served as a member of the Denver Sheriff Department's Reform Implementation Committee, acted as the Budget Analyst for Denver's bid to win the 2008 Democratic Convention, managed the Better Denver bond program, and has brought his budget expertise to issues facing the City from health insurance to affordable housing. Mr. Hanlon holds a Bachelor's degree in both history and political science and a Master's degree with a concentration in public budgeting from the University of Connecticut.

**Sylvester Lavender** is the Chief Financial Officer of the Department of Aviation. Mr. Lavender leads the business unit that includes Finance, Accounting, Business Management Services, Internal Audit and Financial Planning and Analysis. In this role, he directs the financial and strategic management of the Airport's capital program and operating budget. Mr. Lavender previously served as interim Chief Executive Officer of the Birmingham Airport Authority, which operates Birmingham Shuttlesworth Airport in Birmingham, Alabama, and he has also served as a financial consultant to the Columbus Airport Commission. Mr. Lavender has over 20 years of experience in finance as an executive in the public and private sector. He holds a degree in accounting from the University of Alabama and completed post-graduate work in accounting.

**Cristal Torres DeHerrera** has served as Chief of Staff and Executive Vice President of the Airport since April 2018. Ms. DeHerrera works closely with the chief executive officer in the day-to-day management of the Airport, operationalizing the Vision 100 plan and other CEO priority initiatives. She serves on the executive management team where she oversees the external affairs unit and helps lead the Airport's governance, strategy, equity, diversity and inclusion efforts and employee focused initiatives, including the development of the Center of Excellence and Equity in Aviation and the Career Pathways Program. Ms. DeHerrera previously served as the Deputy City Attorney for the City and County of Denver for four years. Ms. DeHerrera obtained her law degree from the University of California, Berkeley.

**Penny May** is the Chief Commercial Officer of the Department of Aviation. Ms. May leads the Airport's commercial program which consists of the Airport's Concessions Program, Aviation Commercial Business Development, Business Operations/Procurement and Business Technologies. Ms. May previously served as the Airport's Deputy Chief of Staff and as Interim Chief of Staff to Mayor Michael B. Hancock and Deputy Chief of Staff for 18 months. She has also served as the Executive Director of Denver Human Services, the agency serving the City's most vulnerable population. In addition, Ms. May has worked for Denver's Excise and Licensing Department where she implemented the licensure program for Denver's first licensed medical marijuana facilities. Ms. May holds a Bachelor of Arts from the University of Colorado and a Master in Business Administration from the University of Denver.

**Steve Jaquith** became Chief Operating Officer in June 2021 and is responsible for managing the Airport System's largest business unit, including airport operations, maintenance, sustainability, parking and ground transportation. Mr. Jaquith has nearly 40 years of airline experience working in customer service and operations. Prior to being appointed as Chief Operating Officer, Mr. Jaquith was the Vice President of Airport Operations for United Airlines where he had oversight of a \$200 million annual budget and 4,000 employees. Prior to that, he served as the Managing Director for United Airlines Denver

Hub and Rocky Mountain Region. He also worked for Continental Airlines in a number of different positions.

**James Starling** was named Chief Construction and Infrastructure Officer and Executive Vice President of the Airport in November 2021, bringing over 25 years of experience managing large and complex transportation projects in planning, design, construction and commissioning. He previously led several large projects including the Mid-Coast Corridor program in San Diego, the West Rail Line – part of the \$6.9 billion FasTracks program and the Transportation Expansion Project. As the Chief Construction and Infrastructure Officer, Mr. Starling oversees Planning and Design, Airport Infrastructure Management, Sustainability, Real Estate, the Great Hall Project and the Gate Expansion Program.

**Kristin Bronson, Esq.** was named Interim General Counsel for the Department in January 2022. Ms. Bronson also served as Interim General Counsel for the Department from 2018-2021, and she is also the City Attorney for the City, having been appointed by Mayor Michael B. Hancock in October 2016. In that capacity, Ms. Bronson provides policy and legal advice to the Mayor, City Council, City agencies and departments, all City boards and commissions, the City Auditor and the Clerk and Recorder. Prior to joining the City Attorney's office, Ms. Bronson was with the Denver office of Lewis Roca Rothgerber Christie LLP for twenty years. Ms. Bronson earned a degree in American Government from the University of Virginia and a JD from the University of Colorado in Boulder.

## **DENVER INTERNATIONAL AIRPORT**

The Airport serves as the primary air carrier airport for the Denver air service region, and according to preliminary statistics compiled by Airports Council International for 2021, the Airport was ranked as the 3<sup>rd</sup> busiest airport in the nation and the 3<sup>rd</sup> busiest airport in the world based on total passengers, servicing 58.8 million passengers in 2021 compared to 33.7 million passengers in 2020 and 69.0 million passengers in 2019. The Airport maintained its national ranking compared to 2020 and increased its national ranking compared to 2019, while increasing its global ranking in 2021 compared to 2020 and 2019. See "AVIATION ACTIVITY AND AIRLINES." The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway.

### **Airfield**

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

Airfield facilities also include a FAA air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing

pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Systems Leases.”

## **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal (also referred to herein as “**Jeppesen Terminal**”), (2) three airside concourses currently having a total of 111 full-service contact gates and 24 ground loading positions, (3) the Airport Office Building, and (4) the Hotel and Transit Center (described below). The terminal and concourses are connected by an underground automated guideway transit system, or “**AGTS**,” and an elevated walkway connects the Jeppesen Terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the Jeppesen Terminal and Concourses B and C. The Jeppesen Terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Renovations and reconfiguration of Jeppesen Terminal include improvements to the security screening area, curbside space, and commercial concessions. See “—Great Hall Project Developments” below and “CAPITAL PROGRAM—2018-2022 Capital Program—*Major Projects in the 2018-2022 Capital Program—Jeppesen Terminal*” and “—2023-2027 Capital Program—*Major Projects in the 2023-2027 Capital Program—Jeppesen Terminal*” herein.

Concourse A, nearest to the Jeppesen Terminal, encompasses approximately 1.36 million square feet and includes 29 full-service contact gates, of which eight gates are configured for international flights. Concourse B encompasses approximately 2.1 million square feet and includes 53 full-service contact gates plus facilities dedicated for commuter airline operations. Concourse C encompasses approximately 1.4 million square feet and currently includes 45 full-service contact gates, as well as facilities dedicated to commuter airline operations. The Airport was designed to facilitate expansion to more than 250 full-service contact gates either through lengthening of the existing concourses or the construction of two additional concourses. On May 29, 2018, the Airport officially broke ground on constructing an additional 39 gates across all three concourses. Four of the gates opened on the west side of Concourse B in November 2020, 16 gates opened on the east side of Concourse C in May 2022, and the remaining gates are expected to be operational by Fall 2022. See “CAPITAL PROGRAM—2018-2022 Capital Program—*Major Projects in the 2018-2022 Capital Program—Concourses A, B, and C*” and “—2023-2027 Capital Program—*Major Projects in the 2023-2027 Capital Program—Concourses A, B, and C*.” For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements” and “— Other Agreements.”

Two multi-level parking structures adjacent to Jeppesen Terminal provide in excess of 16,000 public parking spaces, as well as in excess of 9,000 surface parking spaces.

See “CAPITAL PROGRAM” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Public Parking*.”

## **Great Hall Project Developments**

The City, for and on behalf of the Department, is undertaking renovations to Jeppesen Terminal including the Great Hall (an open area of approximately 1 million square feet located on Levels 5 and 6 of Jeppesen Terminal) designed to, among other things, enhance security of the passengers and the Airport, expand passenger capacity and increase and improve concessions areas. The City, for and on behalf of

the Department, previously entered into a development agreement (the “**Great Hall Agreement**”) with Denver Great Hall LLC, a Delaware limited liability company (the “**Great Hall Developer**”) to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the “**Great Hall Project**”). On August 12, 2019, the City, for and on behalf of the Department, exercised its right to terminate the Great Hall Agreement for convenience, effective November 12, 2019, and entered into a final termination agreement dated March 13, 2020 (the “**Termination Agreement**”) with the Great Hall Developer, Ferrovial Agroman West, LLC and Great Hall Buildings, LLC to settle all disputes among the parties to the Termination Agreement relating to the Great Hall Agreement, to resolve certain relief event claims filed by the Great Hall Developer on its own behalf and on behalf of Great Hall Builders, LLC under the Great Hall Agreement and to settle the final amount of the termination payment.

Since the termination of the Great Hall Agreement on November 12, 2019, the City, for and on behalf of the Department, recaptured control and operations of the Great Hall Project and contracted with a new project team in March 2020, including a program management consultant, Jacobs Engineering Group, LLC; a lead design firm, Stantec Consulting Services, Inc.; and a construction manager/general contractor, Hensel Phelps Construction Co. (collectively, the “**Great Hall Project Team**”). In October 2021, the Great Hall Project Team completed construction of the initial phase of the Great Hall Project, which consisted generally of renovations to the central Great Hall area for new airline ticketing operations, self-bag drop units, renovated restrooms and new commercial spaces. Total development costs for the first phase of the Great Hall Project were approximately \$495.8 million, consisting of approximately \$245.4 million in legacy costs (i.e. costs associated with former project design and construction, costs related to the termination of the Great Hall Agreement, and historical project support, all of which have been spent on the Great Hall Project) and additional re-design and construction costs of \$250.4 million.

The Great Hall Project Team is expected to construct two additional phases of the Great Hall Project. In July 2021, the Great Hall Project Team began construction of a second phase of improvements consisting generally of a new security checkpoint, widened balcony for more capacity and space at the new checkpoint, a new triple escalator from the security checkpoint to the train platform and installation of new escalator on the west curbside. As of April 2022, the second phase is approximately 18.6% complete. Substantial completion of the second phase of the Great Hall Project is expected to occur in December 2023 at an estimated total construction cost of \$170 million.

In January 2022, the City approved development of the completion phase of the Great Hall Project, the construction of which is expected to be completed in 2028. The completion phase consists of a full buildout of improvements to the Jeppesen Terminal and includes extension and additional improvements to the new security checkpoint developed in the second phase, relocation of certain existing checkpoints, the addition of new screening lanes, new modern and spacious ticketing spaces, new concession area, renovations to restrooms, flooring, lighting, elevators/escalators and other critical infrastructure, and added leisure spaces for travelers. In addition, the completion phase includes the development of a new Center of Excellence and Equity in Aviation (the “**CEEA**”) to be constructed at the Airport Hotel (defined below). The CEEA will engage, educate, empower, motivate, and provide opportunities for under-represented students and young people who are interested and passionate about careers in aviation. Total development costs for the completion phase of the Great Hall Project are currently estimated to be \$1.3 billion with 80% of funding included in the 2023-2027 Capital Program. See “—Social Responsibility” below for an additional description of the CEEA.

The construction costs for the second and completion phases of the Great Hall Project are anticipated to be funded with proceeds of the [Series 2022A Bonds], [Series 2022[\_\_\_] Bonds], amounts on deposit in the Capital Fund, and future bond issuances.

See “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airport Facilities, Construction Risk and Availability of Funding—*Construction Risks Related to Projects Within the Total Capital Program*” for a discussion of risks related to the Great Hall Project.

### **Hotel and Transit Center**

The Hotel and Transit Center includes the 519-room Westin Denver International Airport hotel (the “**Airport Hotel**”), a 37,500 square-foot conference center, an 82,000 square-foot open-air plaza, and a train station (the “**Airport Transit Center**”) to serve the Regional Transportation District’s (“**RTD**”) commuter rail service to downtown Denver.

**The Airport Hotel.** The Airport Hotel is managed and operated by Westin DIA Hotel Operator, LLC, a Delaware limited liability company (“**Westin**”) pursuant to a Hotel Management Agreement (the “**HMA**”) between the City and Westin. Under the HMA, the City has engaged Westin to manage the Airport Hotel as the exclusive operator until November 2030 unless the HMA is terminated earlier pursuant to the provisions thereof. Westin has the right and the duty under the HMA to operate the Airport Hotel as a “first class” hotel in accordance with certain standards, policies and programs and in a manner reasonably calculated to optimize the financial performance of the Airport Hotel. The City and Westin intend for the HMA to constitute a “Qualified Management Agreement” for purposes of the Tax Code.

The City has the right to terminate the HMA based on, among other things, failure of Westin (or any other permitted successor or assign under the HMA, the “**Hotel Manager**”) to pay amounts due or to timely deposit revenues, as well as actions of Westin (or any other Hotel Manager) causing any Bonds issued to finance the capital costs of the Airport Hotel to lose their tax-exempt status. In addition, the HMA separately sets forth performance termination rights for failure of Westin (or any other Hotel Manager) to achieve certain performance tests in any two consecutive years. In the event of a termination, Westin (or any other Hotel Manager) is required to cooperate with the Airport to minimize expenses, provide a final accounting and deliver all non-proprietary books and records, licenses, permits and contracts, and to facilitate the orderly transfer of electronic records and data.

Consistent with the Senior Bond Ordinance, the HMA and the Cash Management Agreement (the “**CMA**”) entered into by the City, for and on behalf of its Department of Aviation, Westin and U.S. Bank National Association, as depository bank, the form of which is attached to the HMA, provide that all Gross Operating Revenues (generally defined in the HMA as all revenue and income derived from operations at the Hotel) of the Airport Hotel will initially be deposited to a separate account created within the Revenue Fund for such purpose (the “**Hotel Operating Account**”) and that such deposited amounts shall constitute Gross Revenues (as defined in the Senior Bond Ordinance).

Amounts remaining in the Hotel Operating Account after the payment of operations and maintenance expenses relating to the Airport Hotel as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund by the Hotel Manager each month for application in accordance with the provisions of the Senior Bond Ordinance and the Hotel Ordinance (as defined herein).

The obligations of the City under the HMA are in all respects subject to, and subordinate to, the Senior Bond Ordinance and the Subordinate Bond Ordinance and to any other bond ordinances that amend, supplement, or replace such bond ordinances. In the event that the Senior Bond Ordinance is amended after the date of the HMA, and such amendment imposes a material adverse burden on the Hotel Manager not otherwise contemplated by the HMA, the Hotel Manager is required to amend the HMA with the City in order to comply with the amendments to the Senior Bond Ordinance. The City has

agreed to compensate the Hotel Manager in order to maintain or restore to the Hotel Manager the benefits expected to be received pursuant to the original terms of the HMA.

See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Airport Hotel*” for information on the Airport Hotel annual revenues.

***Airport Transit Center.*** The Airport Transit Center opened in April 2016 and serves as the terminus on RTD commuter rail service from downtown Denver to the Airport.

## **Other Facilities**

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

## **Sustainability Initiatives**

As part of Mayor Hancock’s “Vision 100 Plan” which contemplates the Airport’s eventual ability to serve 100 million passengers annually, the Airport’s executive management team is striving to implement new sustainability initiatives and programs over the next five years. The new initiatives will support the goals and policies set by Mayor Hancock to reduce greenhouse gas emissions 80% by 2050, further electrify the City’s transportation system to reduce the impact of cars on climate change and transition the City to 100% renewable electricity by 2030, including all City government buildings and facilities by 2025. According to the Department’s Chief Executive Officer, the new initiatives are expected to complement a number of sustainable programs already in place at the Airport, including:

- An ISO 14001-certified Environmental Management System (“**EMS**”) covering all operations, which the Airport established before any other commercial service airport in the United States;
- One of the largest and most diversified solar energy programs of any airport in the world;
- A deicing fluid collection and recycling program that processes approximately one million gallons of deicing fluid each year to save money and reduce wastewater generation;
- More than 50 electric vehicle charging stations for both passenger and employee use; and
- A food donation program that provides thousands of pounds of food from Airport concessions to a local non-profit, to reduce waste and support local families in need.

Some of the new initiatives the Department hopes to undertake over the next five years include:

- Accelerating existing plans to permanently cease oil and gas operations at the Airport by plugging the wells that have been inactive since 2018;
- Implementing deep energy and water retrofits across existing Airport facilities, including LED lighting upgrades, heating and cooling improvements, and water reduction across restrooms;
- Opening four sustainably designed, high-performance concourse expansion projects that are certified to the Leadership in Energy and Environmental Design (LEED) Gold level;
- Constructing and energizing additional solar arrays and investigating battery storage opportunities to power the Airport's growth with electricity that is low-carbon, cost-effective, reliable, and resilient;
- Planning for the transition to electric vehicles and installing additional charging stations for passengers, employees, transportation providers, and the Airport fleet;
- Improving recycling and composting infrastructure to make reducing trash easier for customers and business partners, which may include things such as new recycling bins, better signage and additional partnerships with our concessionaires; and
- Building a new closed-loop aircraft de-icing fluid recycling plant to localize and strengthen the supply chain and reduce costs and environmental impacts.

***Environmental Policy and Guidelines.*** The Airport employs a staff of 18 persons dedicated to environmental sustainability activities, including an environmental director and two environmental sustainability managers – one who leads water staff, and one who leads air quality, climate, and waste staff. The environmental staff carry out the key tenets of the Airport's environmental policy which include protecting the environment, conserving energy and natural resources, preventing pollution, meeting or exceeding all compliance obligations and continually improving the EMS. The Airport's environmental policy is provided to all employees and business partners operating on the Airport premises.

In addition to its environmental policy, the Airport has developed a series of environmental guidelines that provide context and guidance on how to manage activities in a manner that conforms with applicable environmental regulations. These guidelines are provided along with the environmental policy to the Airport's employees and partners and cover all properties and operations within the boundary lines of the Airport. Areas of focus include fueling, maintenance, deicing, chemical storage, power generation, construction, cleaning, waste disposal and remediation efforts, among others.

***Environmental Awards and Achievements.*** The Department produces an annual environmental report highlighting key environmental achievements of the Airport. According to the 2020 environmental report (the most recent report available), the Airport received several awards and achievements, including:

- Recognized by passengers in the 2019 JD Powers Airport Satisfaction Survey as the most environmentally responsible airport in its category;
- Ranked 2<sup>nd</sup> by the National Association of Fleet Administrators ("NAFA"), a 2,000+ member association of individuals who manage vehicular fleet and mobility



responsibilities in the public and private sectors, in NAFA's annual "Green Fleet Awards" for 2020;

- Awarded \$2.6 million in voluntary airport low emissions ("VALE") grant funding from the FAA under the Airport Improvement Program for purchase of 27 ground-power units and 12 pre-conditioned air systems, which VALE funds are estimated to result in emissions savings of 609 tons of ozone precursors and 430 tons of CO;
- Utilized 5 megawatts of locally sourced wind and solar energy from off site facilities in 2018, which generated approximately 13 million kilowatt hours;
- Partnered with McKinstry company to conduct an energy performance audit of almost 10 million square feet of Airport property for the purpose of identifying energy reduction measures;
- Replaced 90 lamps alongside Peña Boulevard with LED lighting upgrades;
- Collected 30 tons of compost, recycled 88 tons of glass and diverted 1,571 tons of landfill waste through recycling and re-purposing;
- Through a partnership with Teracycle, collected and recycled 34,000 cigarette butts; and
- Collected over 74% of all deicing fluids for distillation and repurposing.

For more information on the Airport's environmental policies, guidelines and environmental reports, visit ([https://www.flydenver.com/about/administration/environmental\\_management](https://www.flydenver.com/about/administration/environmental_management)), provided such reference to the Airport's website and the information found thereon is for informational purposes only and is not incorporated herein by reference. Neither the Department nor the City are obligated to continue to provide information on the Airport website, and the information found therein is not part of any continuing disclosure undertaking related to the Series 2022A-[ ] Bonds.

## **Social Responsibility**

The Department has three full-time dedicated positions focused on equity, diversity and inclusion efforts ("EDI"), including an Equity and Engagement Administrator, ADA/Title VI Administrator, and a Senior Director of Equity, Engagement, and Inclusion. In addition, the Airport has a 15-member employee volunteer team that works with other divisions to advance the Airport's EDI goals, as well as a 21-member Employee Engagement Committee that works to advance social needs of the organizational culture. The Airport also has a formal "Equity Plan" that includes a wide range of projects and initiatives that focus on people and community, and it follows the Government Alliance on Race Equity model that normalizes, organizes, and operationalizes policy changes, training initiatives, and business development.

**Donation Programs.** In 2015, the Airport established a food donation program to address the challenge of food waste, strategically locating coolers at the main Airport loading dock and on each passenger concourse to capture healthy, safe products from food and beverage concessions and flight kitchens that otherwise may have been landfilled. The Airport has since partnered with We Don't Waste, a leading Denver-based non-profit organization to facilitate the donations. According to the Airport's 2020 environmental report (the latest report available), the Airport collected and donated 120 tons of food, 1,226 pounds of unused toilet paper, 361 pieces of luggage and 38 abandoned car seats, strollers and baby gear for the benefit of the Denver Rescue Mission and the non-profit organization Weecycle.

***Center of Excellence and Equity in Aviation.*** The Airport’s planned development of its Center of Excellence and Equity in Aviation (as previously defined, the “**CEEA**”) will provide a physical space as well as a set of programming initiatives that focuses on three key areas: business development, career pathways, and research and innovation. Each of these focus areas will have a wide range of programs geared toward reaching marginalized communities and promoting access, opportunity, and income equality. The CEEA will expand on the Airport’s youth outreach programs, including its elementary school workshops, and provide paid internships for high school and college students. In addition, the center will involve partnering with industry leaders and community programs to build career pathways and employment pipelines to bring workforce into the aviation industry and create an innovative environment where local community and employees can build and implement best practices to advance the aviation industry. Development of the CEEA is included in the Department’s 2023-2027 Capital Program (as defined below).

## **CAPITAL PROGRAM**

It is Airport management’s practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis to reflect changes in, among other things (i) the type of projects that it plans to undertake based on current and projected aviation demand and major maintenance needs of facilities and/or equipment, (ii) the scope and timing of individual projects, (iii) project costs, and (iv) the timing and amount of available funding sources. The Department is currently completing the projects in the 2018-2022 Capital Program and Airport management has developed the next 2023-2027 Capital Program (as defined below and together with the 2018-2022 Capital Program, the “**Total Capital Program**”).

The projects included in the Total Capital Program and described herein are expected to be periodically evaluated by the Department with respect to their scope, timing, costs, availability of funding, Department cash position, any environmental issues that may arise and other factors that might affect the implementation of the Total Capital Program. Accordingly, timing and costs of projects included in the Total Capital Program are subject to change. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT” for a description of changes to the 2018-2022 Capital Program projects. See also, “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—Airport Capital Program and Funding Sources.”

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## 2018-2022 Capital Program

The current capital program for the Airport for the years 2018 through 2022 (the “**2018-2022 Capital Program**”) includes projects with a total cost of approximately \$4.3 billion (adjusted for inflation using the Consumer Price Index (“**CPI**”) through 2022) in the following areas of the Airport:

**Table 2-A**  
**2018-2022 Capital Program Total Cost**

	in billions	approx. percent completed <sup>2</sup>
Concourses A, B, and C	\$2.8	77%
Jeppesen Terminal <sup>1</sup>	1.0	70
Airside	0.3	60
Landside	0.2	50
<b>TOTAL</b>	<b>\$4.3</b>	<b>73%</b>

Source: Department of Aviation.

<sup>1</sup> Includes phases one and two of the Great Hall Project.

<sup>2</sup> Due to trailing construction costs, completion percentage is not indicative of actual costs spent.

The 2018-2022 Capital Program is currently expected to be completed by the end of 2024. Approximately \$2.9 billion of the 2018-2022 Capital Program was completed through the end of 2021, and approximately \$1.4 billion is ongoing or is expected to be started and completed by the end of 2024.

**Major Projects in the 2018-2022 Capital Program.** Major projects in the 2018-2022 Capital Program are described in the paragraphs below.

*Concourses A, B, and C.* Projects include the expansion of concourse gates as described below, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program. The projects will also include the expansion of the Concourse A East ground load facility, which will be expanded to include six additional mainline gates for a total of 14 mainline ground load gates along with new hold-rooms and modifications to existing hold-rooms, and will be subject to lease by Frontier under its Use and Lease Agreement. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreement—*Frontier Use and Lease Agreement*” herein.

Gate expansion projects include the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourses A, B and C, as well as an increase in the amount of airline and concessions space, including outdoor space, on each concourse. Airport management expects that a majority of the additional gates and space will be revenue producing in the near and longer term due to current and future airline demand.

On Concourse A, the project will add 12 new mainline gates and 16 holdrooms on the west side of the concourse, with a portion of these gates configured to accommodate both domestic and international operations. All of the new gates are expected to be leased to United Airlines. In addition, the project will add approximately 10,000 square feet of new concessions space to Concourse A and an outdoor deck overlooking the Rocky Mountains. Completion of the Concourse A expansion project is expected to occur in Fall 2022.

In November 2020, the Concourse B (West) expansion opened to passengers. The project added approximately 89,000 square feet of new space including four new mainline gates and six holdrooms, among other improvements. The project also includes improvements to Concourse B (East). In December 2021, Concourse B (East) incurred water damage while under construction. The restoration cost is covered by insurance and is expected to be approximately \$50 million. The damage caused a delay in completion, which was initially expected to be completed in February 2022, and is now expected to be completed in fall 2022. The Concourse B (East) expansion includes five new narrow body gates, five regional gates and twelve new holdrooms, among other improvements.

In May, 2022, the Concourse C expansion opened to passengers. The project added approximately 530,000 square feet of new space, including 16 new mainline gates and 20 holdrooms, among other improvements.

*Jeppesen Terminal.* Projects include the development of phases one and two of the Great Hall Project, as more particularly described in “DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments” herein, baggage system improvements, additional AGTS train sets and the AGTS car replacement program.

Baggage system improvements include the development of two new Checked Bag Resolution Areas (“**CBRAs**”) that will replace nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new CBRAs; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements. The CBRAs are estimated to be complete in late 2022 or early 2023.

*Airside.* Projects include the rehabilitation of certain runways, taxiways, and apron areas as part of the Airport’s pavement management system; improvements to airfield drainage, safety areas, and airfield service roads; deicing modernization and expansion; rehabilitation and installation of lighting; certain safety area upgrades and airfield planning studies.

*Landside.* Projects include the reconstruction, realignment, and widening of various sections of Peña Boulevard and associated roadways as well as the replacement of deteriorating concrete, as well as the replacement of the parking revenue control system and installation of the parking lot entrance and exit canopies, which are designed to improve parking services. The East Bound sections of the Peña Boulevard reconstruction were completed in December 2021.

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## 2023-2027 Capital Program

**General.** Airport management has developed its next capital program for the Airport for the years 2023 through 2027 (the “**2023-2027 Capital Program**”) which includes projects with a total cost of approximately \$2.9 billion (adjusted for inflation using the CPI through 2027) in the following areas of the Airport:

**Table 2-B**  
**2023-2027 Capital Program Total Cost**

	in billions
Jeppesen Terminal <sup>1</sup>	\$1.6
Airside	0.6
Concourses	0.5
Landside	<u>0.2</u>
TOTAL	\$2.9

Source: Department of Aviation.

<sup>1</sup> Includes the completion phase of the Great Hall Project.

The 2023-2027 Capital Program is currently expected to be completed by the end of [2029].

**Major Projects in the 2023-2027 Capital Program.** Major projects in the 2023-2027 Capital Program are described in the paragraphs below.

**Jeppesen Terminal.** Projects include construction and development of the Great Hall Project completion phase, as more particularly described in “DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments” herein, baggage handling system modernizations and improvements, along with upgrades to the screening system. The modernization project will replace transport conveyors, power turns, merges, high-speed diverters, motors and gearboxes, and automatic tag readers. Other improvements include replacing both domestic and international inbound/claim system, which include eighteen domestic claims, six ski equipment claims, three international claims and one inbound oversize system, and the replacement of certain inbound and outbound lifts. Other improvements include the replacement of existing conveyors from curbside loading positions with stainless-steel conveyors, as well as inspections and repairs to the Jeppesen Terminal tent roof.

**Airside.** Projects include rehabilitation of certain runways, taxiways, and apron areas as part of the Airport’s pavement management system; improvements to airfield drainage, safety areas and airfield service roads; rehabilitation and installation of lighting; upgrades to certain safety areas and airfield planning studies; and environmental studies and design of a seventh runway and construction of a new taxiway.

**Concourses.** Projects include renovations to aged facilities across all concourses which began in 2020, such as remodeling of the public restrooms, conveyance replacement and passenger loading bridge programs, and replacement of fifteen (15) AGTS cars.

**Landside.** Projects include reconstruction, realignment, and widening of various sections of Peña Boulevard both east and west bound and associated roadways as well as the replacement of deteriorating concrete and the rehabilitation of six (6) surface parking lot locations. The 2023-2027 Capital Program

also includes the plug and abandonment of all the existing oil and gas drilling wells and tank batteries and removal of all flowlines.

In addition, projects under this category include the development of an approximately 30-acre mixed-used district which may include hospitality, retail and office space under the Department's real estate program, as well as complete replacement of the physical access control system used to restrict access throughout the Airport. The Department's real estate development plan contemplates certain infrastructure and utility construction within Airport boundary lines as well as surrounding real estate developments.

### **Funding for the Total Capital Program**

A portion of the 2018-2022 Capital Program in the amount of approximately \$[2.3] billion was funded with proceeds of the Airport System Subordinate Revenue Bonds, Series 2018A and Series 2018B issued in the aggregate principal amount of \$2,526,075,000 (the "**Series 2018 Subordinate Bonds**"). Airport management currently expects that the remaining funding of the 2018-2022 Capital Program will come from: (i) a portion of the proceeds of the Series 2022A-[ ] Bonds, in the approximate amount of \$[ ], (ii) approximately \$[ ] billion of additional Airport system revenue bonds, which additional Airport system revenue bonds are expected to consist of Senior Bonds, although all or a portion of such projects may be funded with Subordinate Bonds depending on certain factors existing at the time of issuance; (iii) grants-in-aid from the FAA and/or the Transportation Security Administration (as previously defined, "**TSA**") in the amount of approximately \$124 million; and (iii) \$[300] thousand in Airport System cash.

The 2023-2027 Capital Program is expected to be funded from: (i) proceeds from future issuances of Airport System Revenue Bonds in the amount of approximately \$[2.1] billion; (ii) the Capital Fund in the amount of approximately \$[200] million; and (iii) grants-in-aid from FAA (including under the Infrastructure Investment and Jobs Act) and TSA, in the amount of approximately \$[616] million.

The Infrastructure Investment and Jobs Act, signed into law in 2021, includes provisions related to airports with \$25 billion funding over the next five years, including \$15 billion for airport infrastructure grants, \$5 billion for a new airport terminal program, and \$5 billion for FAA facilities and equipment. The Department anticipates receipt of funding for infrastructure related projects through this legislation, which may include projects in the Total Capital Program.

### **CONTINUING EFFECT OF COVID-19 ON THE AIRPORT**

**The information and data contained in this section are being provided solely for the purpose of describing the impacts of the COVID-19 pandemic on the Airport, its operations and its financial condition. The City is under no obligation to update the information and data contained herein and such information and data shall not be deemed to be "Annual Financial Information" under the Continuing Disclosure Undertaking.**

### **General Description**

The outbreak of COVID-19 ("**COVID-19**") has had a significant adverse impact on global air traffic and air travel demand. In March 2020, the World Health Organization declared COVID-19 as a pandemic and the United States government imposed travel restrictions on domestic and international air travel. Various government agencies in the United States and other countries also warned against travel and large group events, and many issued periodic stay-at-home orders and voluntary and involuntary self-quarantining measures curtailing non-essential travel. As a result, airports around the world experienced

significant reductions in passenger volumes and flights, and major airlines incurred large operating losses in 2020 and 2021. COVID-19 has had a material adverse effect on the Airport's operations and revenues.

In August 2021, the U.S. Food and Drug Administration approved the Pfizer-BioNTech COVID-19 vaccine with the Moderna, NIAID COVID-19 vaccine and the Janssen (Johnson & Johnson) COVID-19 vaccine gaining approval in the following months. As of June 2022, vaccines and boosters against COVID-19 have been widely administered in the United States and infection rates have declined substantially from their peak in 2020. On April 18, 2022, the United States District Court for the Middle District of Florida struck down as unconstitutional the existing federal mask mandate requiring individuals to wear masks on airplanes. The ruling left mask regulations up to individual airlines and, consequently, many major commercial airlines, including United and Southwest, eliminated their mask mandates during air travel. While there are some indications of recovery, the rise of several variants and limited long-term data regarding the efficacy of vaccination creates ongoing concerns. The continued spread or effects of COVID-19 may result in governments re-imposing travel restrictions or other measures which could negatively impact the Airport System. Due to the evolving nature of the virus and the responses by governments, businesses and individuals, the full impact of COVID-19 on the Airport System cannot be fully quantified at this time. See "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 Risks" herein.

### **Summary of Department Actions Taken in Response to COVID-19**

***COVID-19 Relief Policies for Airlines and Concessionaires.*** During the height of the pandemic, the Department implemented temporary relief policies ("**COVID-19 Relief Policy**") for revenue contracts providing payment deferrals and some fee waivers. For the Signatory Airlines, the Department provided an option for abatement of fixed rent for the leased premises under each Signatory Airline's Use and Lease Agreement for April, May and June 2020, with payments of fixed rent resuming July 1, 2020, and payment of abated fixed rent due in full by December 31, 2020. The Department also provided abatement of payments of variable rent (which includes rates and charges fees such as landings fees, gate use fees, and baggage fees) under each Signatory Airline's Use and Lease Agreement for March, April and May 2020, with such payments resuming June 1, 2020. In November 2020, the Department issued modifications to the COVID-19 Relief Policy effective January 2021. Under the new policy, participating Signatory Airlines were required to pay 75% of their fixed and variable rate billings as outlined in their respective Use and Lease Agreements during 2021. The remaining 25% of these billings are required to be paid in annual installments through September 30, 2026, and will be charged interest at the U.S. Treasury 5-year note fixed rate as of February 2022, a rate equal to 1.63% per annum. As of December 31, 2021, fifteen Signatory Airlines remain under the COVID-19 Relief Policy with approximately \$92.8 million of payments subject to this deferred payment structure.

From April 1, 2020 through December 31, 2021, concessionaires and car rental companies were charged only a contractual percentage of their gross monthly receipts, rather than certain minimum monthly amounts based on minimum annual guarantees. Ground and facilities rent were periodically deferred for the car rental companies during this time, which deferred rent has been repaid in full. No additional COVID-19-related relief was provided to car rental companies or concessionaires.

***Mitigation Measures at the Airport.*** From March 2020 to April 2021 the Department implemented several measures intended to mitigate operational and financial impacts of COVID-19, including instituting a hiring freeze and furlough hours (64 hours) for all employees. The hiring freeze was in place from March 2020 to April 2021 as a cost saving measure while the 64 furlough hours were utilized by December 31, 2020. In addition, the Department reduced the hours and scope of operations of certain of its contracts, such as janitorial services, and maintenance of the AGTS and baggage systems. Services such as valet parking and remote baggage check-in were temporarily discontinued to drive

further savings. As passenger volume began to increase in late 2020, continuing through 2021, the initial cost saving measures were re-evaluated and adjusted to accommodate the growing need for contractual services.

### **Federal Relief Programs**

**CARES Act.** On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (“**CARES**”) Act stimulus package was signed into law. Under the CARES Act, the Federal Aviation Administration (FAA) awarded funds to airports based on enplanements and other metrics related to cash reserves and debt service. Funding received through the CARES Act was intended to prevent, prepare for and respond to the impacts of COVID-19. On April 28, 2020, the City, for and on behalf of the Department, executed the CARES Act Grant with the FAA and was eligible for a total of \$269.1 million in CARES Act funding (the “**CARES Act Funds**”). As of December 31, 2021, the City has received and expended the total \$269.1 million in CARES Act Funds and has not received any notice of a violation under its agreement with FAA. Approximately \$130.0 million and \$139.1 million of the CARES Act Funds were used to pay Debt Service Requirements and/or Subordinate Debt Service Requirements in Fiscal Years 2020 and 2021, respectively. The CARES Act Funds do not constitute Gross Revenues as defined in the Bond Ordinances. See “—*Summary of Stimulus Funds*” below. See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenant” and “APPENDIX A—REPORT OF AIRPORT CONSULTANT—Federal COVID-19 Relief Grants.”

**Coronavirus Response and Relief Supplemental Appropriation Act.** On December 27, 2020, in response to the slow economic recovery due to COVID-19, the United States government signed into law the Coronavirus Response and Relief Supplemental Appropriation Act (the “**CRRSAA**”). The CRRSAA provided approximately \$2 billion in financial aid for airports nationwide. Under the CRRSAA, the FAA awarded funds to airports based on calendar year 2019 enplanements. Funding received through the CRRSAA is intended to prevent, prepare for, and respond to the impacts of COVID-19, including relief from rent and minimum annual guarantees for eligible airport concessions. Under the CRRSAA, the FAA provides funding through the Airport Coronavirus Relief Grant Program (“**ACRGP**”).

On March 25, 2021, the City for and on behalf of the Department, executed an ACRGP grant with the FAA and became eligible to receive a total of \$48.6 million (the “**ACRGP Grant**”). The Airport determined to use the ACRGP Grant funds as a reimbursement of debt service payments. In October 2021 the City, for and on behalf of the Department, established an irrevocable trust escrow account to restrict all of the ACRGP Grant funds for application to Debt Service Requirements and/or Subordinate Debt Service Requirements. On October 21, 2021, the full amount of the ACRGP Grant was deposited into the CRRSAA Irrevocable Escrow. As of December 31, 2021, approximately \$48.6 million has been reimbursed from the FAA and recognized as non-operating revenue for the year end of 2021.

On March 31, 2021, the City, for and on behalf of the Department, executed an ACRGP Concessions Relief Addendum with the FAA and is eligible to receive a total of \$7.2 million (the “**ACRGP Concessions Grant**”, and together with the ACRGP Grant, the “**CRRSAA Funds**”). The ACRGP Concessions Grant may be used to provide a credit relief to eligible concessions based on criteria established by the FAA. A portion of such funds, up to two percent (2%), may be used to reimburse the City for administrative costs. As of December 31, 2021, the City has granted \$7.1 million in credit relief to eligible concessions under the ACRGP Concessions Grant.

CRRSAA Funds do not constitute Gross Revenues as defined in the Bond Ordinances. See



+“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenant” and “APPENDIX A—REPORT OF AIRPORT CONSULTANT—Federal COVID-19 Relief Grants.”

***The American Rescue Plan Act of 2021.*** On March 11, 2021, the United States government signed into law an additional financial aid package known as the American Rescue Plan Act of 2021 (the “**ARPA**”, and together with the CARES Act and the CRRSAA, the “**Stimulus Acts**”). The ARPA provided approximately \$6.5 billion in financial aid for commercial airports nationwide. The Airport received an award totaling \$204.3 million, as well as an additional \$28.8 million reserved for concessionaire relief (the “**ARPA Funds**”, and together with CARES Act Funds and CRRSAA Funds, the “**Stimulus Funds**”). In April 2021, the City, for and on behalf of the Department, established an irrevocable trust escrow account to restrict \$204.3 million in ARPA Funds solely for application to Debt Service Requirements and/or Subordinate Debt Service Requirements. As of March 31, 2022, the Department has not used any ARPA Funds to pay Debt Service Requirements and/or Subordinate Debt Service Requirements. ARPA Funds do not constitute Gross Revenues as defined in the Bond Ordinances. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenant” and “APPENDIX A—REPORT OF AIRPORT CONSULTANT—COVID-19 Relief Grants.”

***Airport Improvement Program.*** The CARES Act and ARPA also provide funds to increase the federal share percentage for Airport Improvement Program (the “**AIP**”) awards (See “FINANCIAL INFORMATION—Federal Grants and Other Funding; Financial and Performance Audits” for a description of the AIP program) from eligible costs being 75% FAA funded and 25% Airport funded to eligible costs being 100% FAA funded. With respect to AIP, the City, for and on behalf of the Department, executed five grant awards with the FAA under the CARES Act and four grant awards with the FAA under the ARPA.

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**Summary of Stimulus Funds** . The following table provides a breakdown of the Stimulus Funds received by the City, for and on behalf of the Department, and application of the Stimulus Funds:

<b><u>Source of Funds</u></b>	<b><u>Award Amount (in millions)</u></b>
<i>CARES Act</i>	
Committed/Expended for Debt Service	\$269.1
AIP Project Grants	
Taxiway M and L	6.2
Taxiway AA, AS and CS	0.8
20 PCA and 27 GPU	0.7
Taxiways AN, CN and P	0.9
Taxiway EE – Phase II	<u>4.7</u>
<i>Total CARES Act</i>	\$282.4
<i>CRRSAA</i>	
Committed/Expended for Debt Service	\$48.6
ACRGP Concessions Grant	<u>7.1</u>
<i>Total CRRSAA</i>	\$55.7
<i>ARPA</i>	
Committed/Expended for Debt Service	\$204.3
ARPA Concessionaire Relief	28.8
AIP Project Grants	
Runway 16L/34R and Lighting	5.8
Taxiways F and G – Phase II	0.9
Taxiway EE – Phase I	2.7
81 PCA and 38 GPU	<u>2.2</u>
<i>Total ARPA</i>	\$215.9
<b>Total Committed/Expended for Debt Service</b>	<b><u>\$522.0</u></b>
<b><u>Total (including AIP Grants):</u></b>	<b><u>\$582.9</u></b>

For additional information on the revenues and expenses of the Airport System, as well as year-over-year comparisons and analysis reflecting the financial impact of the COVID-19 pandemic, see “FINANCIAL INFORMATION—Historical Financial Operations” and “—Management’s Discussion and Analysis of Financial Performance” herein.

## **Forward-Looking Statements**

This section contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used herein, the words “estimate,” “forecast,” “anticipate,” “intend,” “expect,” “plan,” “projected” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. The forecasts presented here incorporate certain assumptions more fully described above and in the Report of the Airport Consultant. Any forward-looking statement and/or forecast should be read

**in connection with the related assumptions. It can be expected that there will be differences between forward-looking statements and projections or forecasts presented herein, and actual results, and those differences may be material. For a discussion of certain such risks and possible variations in results, see “CERTAIN INVESTMENT CONSIDERATIONS.”**

The City and the Department cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak, pandemic, or force majeure event; (ii) the scope or duration of stay-at-home orders, social distancing guidelines, and other restrictions on travel, gatherings or any other activities, and the extent to which airlines will reduce services at the Airport or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 or other outbreak or pandemic-related restrictions or warning may have on air travel, including to and from the Airport, the retail, concessions and services provided by the Airport concessionaires, Airport costs or Airport revenues; (iv) whether and to what extent the COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Department-related construction, the cost, source of funds, schedule or implementation of the Total Capital Program, including the Great Hall Project, or other Airport operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in demand for air travel, including long-term changes in consumer behavior and the operations of other businesses, or may have an impact on the airlines or concessionaires service the Airport or the airline and travel industry, generally; (vi) whether or to what extent the Department may provide additional deferrals, forbearances, adjustments, payment plans or other changes to the Department’s arrangements with airlines, tenants and concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Airport. Prospective purchasers should assume that the restrictions and limitations related to the COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, that recovery may be prolonged, and therefore, have an adverse impact on the ability to generate Gross Revenues. Future outbreaks, pandemics or events outside the Department’s control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Gross Revenues.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). For certain economic and demographic information with respect to the Denver metropolitan area, see “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT.”

### **Airlines Serving the Airport**

As of April 30, 2022, the following 26 airlines provide scheduled passenger service at the Airport:

#### **Major/National**

#### **Regional/Commuter**

#### **Foreign Flag**

Alaska Airlines	American Eagle	AeroMéxico
Allegiant Air	Boutique Air	Air Canada
American	Delta Connection	Air France
Delta	Denver Air Connection	British Airways
Frontier <sup>(1)</sup>	Envoy	Cayman Airways
jetBlue Airways	Southern Airways Express	Copa Airlines
Southwest	United Express	Icelandair
Spirit Airlines		Lufthansa German Airlines
Sun Country Airlines		Volaris
United		

<sup>(1)</sup> Proposed merger contemplated with either jetBlue Airways or Spirit Airlines. See “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Concentration of Airline Market Share—Prospective Merger*” herein.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the table above, as of April 30, 2022, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, ABX Air Inc., Air Transport International, Alpine Air Express, Inc., Atlas Air/Amazon Prime, Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Kalitta Air, LLC, Key Lime Air Corporation, and United Parcel Service. The regional/commuter airline brands listed in the table above include flights operated by Commutair, and SkyWest Airlines. Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.

## Airline Information

***The United Group.*** United is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under its Use and Lease Agreement, which expires in February 2035, United currently leases 57 full-service contact gates and 15 ground loading positions. See “CAPITAL PROGRAM—2018-2022 Capital Program” and “—2023-2027 Capital Program” herein. In addition to the gate expansions, in October 2018 United expanded its Denver-based flight-training center, now the largest single-site flight training center in the world.

The United Group (United and United Express) accounted for approximately 43.9% and 42.9% of passenger enplanements at the Airport in 2021 and in 2020, respectively. In addition, through the four months ended April 30, 2022, the Airport ranked as the 2<sup>nd</sup> busiest airport in the United route network based on scheduled flights.

The City makes no representations regarding the financial conditions of United Airlines Holdings or the United Group or their future plans generally or with regard to the Airport in particular. See also “— Aviation Activity, and “—Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements—*United Use and Lease Agreement*,” “FINANCIAL INFORMATION—Special Facilities Bonds” and “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Financial Condition of the Airlines*” and “—*Risk of Airline Bankruptcies*.”

***Southwest.*** Southwest had the second largest market share at the Airport in 2021 and 2020 and accounted for approximately 31.7% and 30.3% of passenger enplanements at the Airport in 2021 and

2020, respectively. Through the four months ended April 30, 2022, the Airport ranked as the busiest airport in the Southwest system based on scheduled flights.

Under its Use and Lease Agreement, which expires in February 2035, Southwest currently leases 31 gates at the Airport on a preferential use basis (including the new Southwest preferential gates being constructed in the Concourse C gate expansion) and certain other Airport facilities. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.” In addition to leasing gates at the Airport, Southwest has constructed a \$100 million aircraft maintenance hangar, which opened on March 24, 2022. The hangar will be the seventh in Southwest’s network.

The City makes no representations regarding the financial conditions of Southwest or its future plans generally or with regard to the Airport in particular. See also “—Aviation Activity,” and “—Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements” and “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Financial Condition of the Airlines*” and “—*Risk of Airline Bankruptcies*.”

**Frontier.** Frontier had the third largest market share at the Airport in 2021 and 2020, and accounted for approximately 11.0% and 14.0% of passenger enplanements at the Airport in 2021 and 2020, respectively. Frontier has a main hub at the Airport and is headquartered in Denver. As a result of the change of Frontier’s business model from a low-cost carrier to an ultra-low-cost carrier in 2015, the carrier has cut back its connecting traffic at the Airport, however, overall increases in passenger traffic have allowed Frontier to continue to grow.

Frontier leases eight gates at the Airport pursuant to a Use and Lease Agreement with the City, with an effective date of May 2022 (the “**Frontier Use and Lease Agreement**”). The Frontier Use and Lease Agreement provides for Frontier’s relocation to and lease of the new Concourse A East ground load facility, among other things, and expires 10 years after Frontier’s occupancy of the new Concourse A East ground load facility, currently estimated to be September 2023. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

The City makes no representations regarding the financial conditions of Frontier, the outcome of any prospective merger negotiations or their future plans generally or with regard to the Airport in particular. See also “—Aviation Activity” and “—Originating and Connecting Passengers” in this section, “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements” and “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Financial Condition of the Airlines*”, “—*Risk of Airline Bankruptcies*” and “—*Risks Related to Airline Operations and Activity—Concentration of Airline Market Share—Prospective Merger*.”

**American.** American had the fourth largest market share at the Airport in 2021. With no connecting enplaned passenger traffic, American does not use the Airport as a major hub and accounted for 4.9% of passenger enplanements at the Airport in 2021.

**Delta.** Delta had the fifth largest market share at the Airport in 2021. Delta does not use the Airport as a hub and accounted for 4.6% of passenger enplanements at the Airport in 2021.

**Other Airlines.** Other than the United Group, Southwest, Frontier, Delta, and American, no single airline accounted for more than 4.0% of passenger enplanements at the Airport in 2021. See “Aviation Activity—*Passenger Traffic*” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

***Availability of Information Concerning Individual Airlines.*** Certain of the airlines or their parent corporations, including United, Southwest, Delta and American, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and as such are required to file periodic reports, including financial and operational data, with the U.S. Securities and Exchange Commission (the “SEC”). All such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. Reports, proxy statements, and other information of registrants that file electronically with the SEC may be accessed and downloaded for free from the SEC’s EDGAR website at <https://www.sec.gov/edgar.shtml>. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the “DOT”). Information collected from these reports is available for inspection at the DOT’s Bureau of Transportation Statistics, 1200 New Jersey Avenue, SE, Washington, D.C. 20590, and copies of such reports can be obtained from its website at <https://www.bts.gov>.

*None of the City, the Department, the Municipal Advisor, or the Underwriters undertakes any responsibility for, and none of them makes any representations as to, the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC or the DOT websites. The contents of such websites are not incorporated into this Official Statement by this reference.*

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

## **Aviation Activity**

***Passenger Traffic.*** Denver’s central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to preliminary statistics compiled by Airports Council International for 2021, the Airport was ranked as the 3<sup>rd</sup> busiest airport in the nation and the 3<sup>rd</sup> busiest airport in the world based on total passengers, servicing 58.8 million passengers in 2021. The Airport maintained its national ranking compared to 2020 and increased its national ranking compared to 2019, while increasing its global ranking compared to 2020 and 2019.

With a few exceptions (including during the COVID-19 pandemic), the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 29.4 million enplaned passengers (passengers embarking on airplanes) in 2021, constituting an approximately 74.3% increase compared to the approximately 16.9 million enplaned passengers served in 2020 and an approximate 14.8% decrease from the 34.5 million enplaned passengers served in 2019, which was the Airport’s highest number of annual enplaned passengers since it opened in 1995. Approximately 58.8% of passengers originated or terminated their air travel at the Airport in 2021, compared to approximately 59.4% in 2020 and 64.4% in 2019. Approximately 41.2% of passengers made connecting flights at the Airport in 2021, compared to approximately 40.6% in 2020 and 35.6% in 2019.

For the first four months of 2022 the Airport served approximately [\_\_\_] million enplaned passengers, constituting an approximately [\_\_.]% increase compared to approximately 7.0 million enplaned passengers for the first four months of 2021, an approximate 4.5% increase compared to

approximately 6.7 million enplaned passengers for the first four months of 2020, and an approximately [\_\_.]% increase compared to approximately [\_\_.] million enplaned passengers for the first four months of 2019. The changes in passenger volume reflect, among other things, the implementation and curtailing of certain travel restrictions that were in effect due to COVID-19.

The following table sets forth the number of enplaned passengers at the Airport by passenger type for Fiscal Years 2012 through 2021 and for the first four months of 2019 through 2022.

**Table 3**  
**History of Enplaned Passengers at the Airport by Traffic Type**

<b><u>Year</u></b>	<b><u>Enplaned Passengers (millions)</u></b>	<b><u>Percent Change</u></b>	<b><u>Percent Domestic</u></b>	<b><u>Percent International</u></b>
2012	26.597 <sup>1</sup>	0.5	96.7	3.3
2013	26.285	(1.2)	96.3	3.7
2014	26.737	1.7	95.8	4.2
2015	27.019	1.1	95.9	4.1
2016	29.140	7.9	96.1	3.9
2017	30.714	5.4	95.8	4.2
2018	32.259	5.0	95.4	4.6
2019	34.513	7.0	95.4	4.6
2020 <sup>2</sup>	16.874	(51.1)	97.3	2.7
2021 <sup>2</sup>	29.418	74.3	96.8	3.2
<b>Jan-April</b>				
2019 <sup>3</sup>	10.162	4.4	95.1	4.9
2020 <sup>2</sup>	6.667	(34.4)	95.2	4.8
2021 <sup>2</sup>	6.986	4.8	97.3	2.7
2022	7.238	3.6	95.6	4.4

<sup>1</sup> Compared to 26.456 million enplaned passengers in 2011.

<sup>2</sup> Data reflects reduced passenger volume due to COVID-19.

<sup>3</sup> Percentage changes are from the same period in 2018.

Source: Department of Aviation management records.

Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the extent and continuation of the COVID-19 pandemic and occurrence of other pandemics and natural and man-made disasters. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT”, “CERTAIN

INVESTMENT CONSIDERATIONS” and “APPENDIX A—REPORT OF AIRPORT CONSULTANT” herein.

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first four months of 2019 through 2022.

**Table 4**  
**Enplaned Passengers by Airline Type**

<b>Year</b>	<b>Major/National</b>		<b>Foreign Flag</b>		<b>Regional/Commuter</b>		<b>Charter/ Miscellaneous</b>		<b>Total</b>	
	<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>	
	<b><u>Enplaned Passengers</u></b>	<b><u>Percent Change</u></b>	<b><u>Enplaned Passengers</u></b>	<b><u>Percent Change</u></b>	<b><u>Enplaned Passengers</u></b>	<b><u>Percent Change</u></b>	<b><u>Enplaned Passengers</u></b>	<b><u>Percent Change</u></b>	<b><u>Enplaned Passengers</u></b>	<b><u>Percent Change</u></b>
2017 <sup>1</sup>	26,288,610	6.9	502,685	24.2	3,921,476	(5.2)	1,240	(69.8)	30,714,011	5.4
2018	27,372,672	4.1	632,681	25.9	4,252,809	8.4	1,055	(14.9)	32,259,217	5.0
2019	29,288,442	7.0	675,558	6.8	4,547,258	6.9	1,696	60.8	34,512,954	7.0
2020	14,462,035	(50.6)	146,242	(78.4)	2,265,159	(50.2)	407	(76.0)	16,873,843	(51.1)
2021	25,601,302	77.0	259,602	77.5	3,556,567	57.0	411	1.0	29,417,882	74.3
<b>Jan-April</b>										
2019 <sup>2</sup>	8,599,598	3.8	203,827	11.3%	1,357,945	7.9	589	2.4	10,161,959	4.4
2020	5,595,275	(34.9)	110,312	(45.9)	961,605	(29.2)	219	(62.8)	6,667,411	(34.4)
2021	6,019,389	7.6	33,651	(69.5)	933,123	(3.0)	130	(40.6)	6,986,293	4.8
2022	6,438,035	7.0	93,631	178.2	706,461	(24.3)	0	(100.0)	7,238,127	3.6

<sup>1</sup> Percentage changes are from 2016.

<sup>2</sup> Percentage changes are from the same period in 2018.

Source: Department of Aviation management records.

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The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and for the first four months of 2019 through 2022. Totals may not add due to rounding.

**Table 5**  
**Percentage of Enplaned Passengers by Airline**

<u><b>Airline</b></u>						<u><b>January-April</b></u>			
	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>
United	30.7%	30.9%	32.1%	29.0%	31.3%	32.4%	33.5	30.1%	
United Express	<u>11.6</u>	<u>12.6</u>	<u>12.6</u>	<u>13.1</u>	<u>12.6</u>	<u>12.8</u>	<u>14.1</u>	<u>13.2</u>	
Total United Group	42.3	43.5	44.7	42.1	43.9	45.2	47.6	43.5	
Southwest	29.7	29.1	27.4	30.3	31.7	28.5	26.9	32.3	
Frontier	11.4	11.5	12.1	14.0	11.0	10.6	10.1	12.0	
Delta	5.3	5.4	5.3	4.1	4.6	5.5	5.3	4.1	
American	5.5	5.0	4.7	5.2	4.9	5.0	5.0	5.2	
Other <sup>1</sup>	<u>5.8</u>	<u>5.6</u>	<u>5.8</u>	<u>4.3</u>	<u>3.9</u>	<u>5.2</u>	<u>5.1</u>	<u>3.0</u>	
Total Non-United Group	57.7	56.5	55.3	57.9	56.1	54.8	52.4	56.6	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%	100.0%	100.0%	100.0%

**Summary of Aviation Activity.** The table on the following page sets forth a summary of selected aviation activity at the Airport for the past five years and for the first four months of 2022 and 2021. Totals may not add due to rounding.

	January-April					
	2017	2018	2019	2020	2021	2021 2022
<b>Enplaned Passengers (millions):</b>						
United	9.429	9.963	11.084	4.891	9.208	2.106
United Express	3.548	4.064	4.353	2.216	3.706	0.924
Total United Group	12.977	14.028	15.436	7.107	12.915	3.030
Southwest	9.137	9.386	9.467	5.114	9.317	2.257
Frontier	3.501	3.696	4.177	2.355	3.226	0.841
Delta	1.636	1.728	1.837	0.697	1.354	0.289
American	1.683	1.620	1.633	0.875	1.446	0.363
Other	1.780	1.801	1.963	0.725	1.161	0.206
Total	30.714	32.259	34.513	16.874	29.418	6.986
Percent Change from Prior Year	5.4%	5.0%	7.0%	(51.1%)	74.3%	4.8%
<b>Originating Passengers (millions):</b>	19.656	20.746	22.259	10.032	17.322	4.015
Percent of Total Enplaned	64.0%	64.3%	64.5%	59.5%	58.9%	57.5%
<b>Connecting Passengers (millions):</b>	11.058	11.513	12.254	6.842	12.096	2.971
Percent Connecting of Total Enplaned	36.0%	35.7%	35.5%	40.5%	41.1%	42.5%
<b>United Group Passengers:</b>						
Percent Originating	43.2%	44.8%	45.1%	41.0%	40.7%	39.3%
Percent Connecting	56.8%	55.2%	54.9%	59.0%	59.3%	60.7%
<b>Southwest Passengers:</b>						
Percent Originating	72.2%	72.6%	72.5%	65.3%	62.1%	61.9%
Percent Connecting	27.8%	27.4%	27.5%	34.7%	37.9%	38.1%
<b>Frontier Passengers:</b>						
Percent Originating	74.7%	73.5%	77.5%	65.8%	74.1%	68.2%
Percent Connecting	25.3%	26.5%	22.5%	34.2%	25.9%	31.8%
<b>Delta Passengers:</b>						
Percent Originating	95.7%	95.3%	95.2%	96.2%	100.0%	100.0%
Percent Connecting	4.3%	4.7%	4.8%	3.8%	0.0%	0.0%
<b>American Passengers:</b>						
Percent Originating	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent Connecting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Average Daily Departures<sup>1</sup>:</b>						
Passenger Airlines:						
United Express	194	226	245	162	219	61
United	177	182	198	117	184	48
Southwest	190	191	194	163	204	56
Frontier	60	63	71	50	58	16
Delta	38	36	36	22	32	9
American	31	30	30	20	28	7
Other	65	53	54	30	31	8
Total Passenger Airlines	755	781	828	562	756	206
All-Cargo Airlines	27	29	31	33	35	11
Total	782	810	859	596	792	217
Percent Change from Prior Year	1.8%	3.6%	6.1%	(30.6%)	32.9%	(2.8%)
<b>Landed Weight (billion pounds):</b>						
Passenger Airlines:						
United	10.225	10.642	11.902	6.948	10.877	2.785
United Express	4.064	4.571	4.885	3.367	4.637	1.308
Southwest	9.153	9.333	9.456	8.009	10.128	2.767
Frontier	3.208	3.413	3.866	2.724	3.241	0.890
Delta	1.728	1.809	1.651	1.174	1.849	0.552
American Airlines	1.759	1.672	1.865	1.049	1.568	0.413
Other	2.356	2.286	2.396	1.059	1.441	0.282
Total Passenger Airlines	32.492	33.725	36.021	24.330	33.741	8.998
All-Cargo Airlines	1.392	1.491	1.647	1.816	1.873	0.593
Total	33.884	35.216	37.668	26.146	35.614	9.591
Percent Change from Prior Year	4.5%	3.9%	7.0%	(30.6%)	36.2%	0.8%
<b>Enplaned Cargo (million pounds)<sup>2</sup></b>	238.848	258.263	285.638	293.287	282.964	90.623
Percent Change from Prior Year	4.1%	8.1%	10.6%	2.7%	(3.5%)	0.5%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>						
Air Carriers	461,992	462,276	487,725	343,922	471,690	127,547
Commuter/Military/Taxi/General Aviation	120,494	141,127	152,373	98,649	122,226	33,795
Total	582,486	603,403	640,098	442,571	593,916	161,342
Percent Change from Prior Year	1.7%	3.6%	6.1%	(30.9%)	34.2%	(2.4%)

<sup>1</sup> Year 2020 was a leap year and reflects daily usage based on 366 calendar days.

<sup>2</sup> The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% of Gross Revenues.

Source: Department of Aviation management records.

***Monthly Passenger Traffic.*** The table below depicts total passenger traffic by month for each of the years 2021, 2020 and 2019, as well as the first four months of 2022.

### **PASSENGER TRAFFIC**

<b><u>Month</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>January</b>	4,914,602	5,198,334	2,829,285	4,264,817
<b>February</b>	4,588,397	4,908,375	2,795,296	4,593,960
<b>March</b>	5,451,215	2,923,357	3,919,453	5,617,325
<b>April</b>	5,321,437	299,098	4,375,546	<u>5,435,243<sup>1</sup></u>
<b>May</b>	6,041,706	834,871	5,066,100	
<b>June</b>	6,385,666	1,750,368	5,715,347	
<b>July</b>	6,732,686	2,592,277	6,368,149	
<b>August</b>	6,455,071	2,985,681	5,942,674	
<b>September</b>	5,958,431	2,901,918	5,464,881	
<b>October</b>	6,073,368	3,314,971	5,699,357	
<b>November</b>	5,304,165	2,868,692	5,284,857	
<b>December</b>	<u>5,788,959</u>	<u>3,163,187</u>	<u>5,367,607</u>	
<b><u>Total:</u></b>	<u>69,015,703</u>	<u>33,741,129</u>	<u>58,828,552</u>	<u>19,911,345</u>

<sup>1</sup> Latest data available for 2022.

### **Originating and Connecting Passengers**

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. See "Aviation Activity—*Summary of Aviation Activity*" above.

In 2021, approximately 17.3 million passengers, or 58.9% of the approximately 29.4 million enplaned passengers at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 30.4%, 33.4%, and 13.8% of originating enplaned passengers at the Airport in 2021, respectively. For the first four months of 2022, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately [\_\_.]%, [\_\_.]%, and [\_\_.]% of originating enplaned passengers at the Airport, respectively.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier's only hub. Approximately 12.1 million passengers (41.1% of total enplaned passengers) connected from one flight to another in 2021. Nearly all of the passengers using the Airport as a connecting hub connected between the flights of United (including its regional airline affiliates operating as United Express), Southwest, or Frontier, which accounted for approximately 63.3%, 29.2%, and 6.9% of the connecting enplaned passengers at the Airport in 2021, respectively. For the first four months of 2022, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately [\_\_.]%, [\_\_.]%, and [\_\_.]% of connecting enplaned passengers at the Airport, respectively. See "Aviation Activity—*Summary of Aviation Activity*" above.

## **AGREEMENTS FOR USE OF AIRPORT FACILITIES**

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

### **Passenger Airlines Use and Lease Agreements**

**Generally.** Certain of the airlines, inclusive of cargo and passenger airlines, have executed Use and Lease Agreements with the City, for and on behalf of the Department, (as previously defined, the "**Signatory Airlines**") that include preferential use of leased gates. As of April 30, 2022, the passenger Signatory Airlines with leased gates included Frontier, Delta, and American in Concourse A, United in Concourse B, and Southwest, Spirit Airlines, and Alaska Airlines in Concourse C. As of April 30, 2022, in addition to the 101 gates leased by Signatory Airlines, 10 full contact gates are controlled by the Airport and used on a non-preferential use basis by various airlines.

The following Signatory Airlines do not lease gates under their respective Use and Lease Agreements but, rather, either operate from gates pursuant to their affiliation with other Signatory Airlines that lease gates at the Airport, use gates or parking positions controlled by the City, use cargo facilities, or use common use international or commuter gates in Concourse A: AeroMéxico, Air Canada, Boutique Air, British Airways, Cayman Airways, Copa Airlines, Denver Air Connection, Edelweiss, Envoy Air, Icelandair, Jazz Aviation, JetBlue Airways Corporation, Lufthansa, Republic Airlines, SkyWest Airlines, Southern Airways Express, Sun Country Airlines, Volaris, and WestJet. See "AVIATION ACTIVITY AND AIRLINES—Airlines Serving the Airport."

All Use and Lease Agreements with passenger Signatory Airlines expired on December 31, 2021 (with the exception of United and Southwest, each of which expires in 2035, and Frontier, which expires 10 years after their date of occupancy of the new Concourse A East ground load facility). The City has exercised the first of two one-year extensions to the Use and Lease Agreements expiring on December 31, 2022. The City has the option to extend for one additional year, through December 31, 2023.

In the passenger airline Use and Lease Agreements (1) each passenger Signatory Airline and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Senior Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid

in the preceding Fiscal Year, and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of the prior Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges for the next ensuing Fiscal Year. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August (for United) or no later than September 1 of such Fiscal Year with a projection of rentals, rates, fees and charges (the "**Mid-Year Projection**"), which is required to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide (i) a pro forma projection of revenues and expenses for the current Fiscal Year to each Signatory Airline and (ii) a projection of cost per enplaned revenue passenger to United. With respect to United, within 15 days of providing such projections, the City is required to convene a meeting with United to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year. With respect to the other Signatory Airlines, the City is required to convene a meeting with the Signatory Airlines to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2017 through 2021 is set forth in the following table.

**Table 7**  
**Cost per Enplaned Passenger**

<u>Year</u>	<u>Airline Costs for CPE Calculation</u>	<u>Total Enplaned Passengers</u>	<u>Cost Per Enplaned Passenger</u>	<u>Percent Change</u>
2017	\$328,453,651	30,714,011	\$10.69	(2.1) <sup>1</sup>
2018	340,741,036	32,259,217	10.56	(2.1)
2019	356,248,819	34,513,011	10.33	(2.2)
2020	337,580,934	16,873,843	19.96 <sup>2</sup>	93.2 <sup>2</sup>
2021	_____	_____	_____	_____

<sup>1</sup> Compared to the cost per enplaned passenger of \$10.92 in 2016.

<sup>2</sup> Reflects significant reduction in enplaned passenger volume due to the COVID-19 pandemic.

Source: Department of Aviation management records.

Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, is required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose.

The City may terminate a Use and Lease Agreement after a 15-day (in the case of payment defaults) or 30-day notice and cure period, as applicable, in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Use and Lease Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Use and Lease Agreement or permits the use thereof in violation of any law, rule, or regulation to which the Signatory Airline has agreed to conform, (3) sublets its leased property at the Airport other than as permitted by the Use and Lease Agreement, (4) becomes subject to certain insolvency events, or (5) fails to comply with certain federal regulations in connection with the use of its leased property at the Airport. In addition, for Signatory Airlines other than United, the City may terminate the Use and Lease Agreement if any of the Signatory Airline's directors or officers assigned to or responsible for operations at the Airport shall be or have been convicted of any crime which is a disqualifying offense under federal statutes governing issuance of airport security badges.

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds, Subordinate Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal, (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal, or (c) the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate its Use and Lease Agreement if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 in 1990 dollars (which is approximately \$46.62 in 2021 dollars), which cost threshold has not been reached in the past and is not expected to be reached during the term of the United Use and Lease Agreement.

Upon the expiration or termination of a Use and Lease Agreement, an airline agrees to surrender the leased premises and the City has the right to possession of such premises with or without process of law. Holding over by an Airline following the expiration of the term of a Use and Lease Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, an Airline is subject to all the terms and conditions of the Use and Lease Agreement. Rent, fees, and charges for each month of such holding over is required to be paid by the airline to the City as provided in the Use and Lease Agreement and in a sum equal to the monthly rental required for the month prior to the end of the term of such agreement or as reestablished as provided for therein.

***United Use and Lease Agreement.*** United leases gates under a Use and Lease Agreement originally entered into in January 1992 (as previously defined, the “**United Use and Lease Agreement**”) with substantially the same terms as the other passenger airlines Use and Lease Agreements described in “*Generally*” above. The United Use and Lease Agreement has been amended several times since 1992, including in 2014 when the term was extended to the current term ending February 2035 (the “**2014 Amendment**”). Pursuant to the United Use and Lease Agreement, United has agreed to lease, on a preferential basis, certain concourse and terminal space, contact gates, ground loading positions, baggage system space, hangars, and various other areas at the Airport, including approximately 57 full-service contact gates and six ground loading positions on Concourse B, as well as nine ground loading positions on Concourse A. See also “*AVIATION ACTIVITY AND AIRLINES—Airline Information—The United Group.*”

Under the 2014 Amendment, United agreed to maintain a minimum level of 9.1% of global United Available Seat Miles (“ASMs”) subject to the calculations described in the 2014 Amendment. If United fails to meet those ASMs requirements, United is not in default of the United Use and Lease Agreement. However, in the event of such failure, United is required to make certain financial assurance payments to the City, subject to a cap of \$12 million per year in 2022-2025. United has met the ASMs requirement every year since the 2014 Amendment.

***Southwest Use and Lease Agreement.*** Southwest leases gates under a new Use and Lease Agreement entered into on March 20, 2020 (as previously defined, the “**Southwest Use and Lease Agreement**”) with substantially the same terms as the other passenger airlines Use and Lease Agreements described in “*Generally*” above, but expanding the preferential gate capacity for Southwest in Concourse C. Under the Southwest Use and Lease Agreement, Southwest agreed to lease, on a preferential use basis, certain gates, holdrooms, and mezzanine, apron and other areas on Concourse C and areas in the terminal complex of the Airport, and, on an exclusive use basis, certain Southwest offices and other areas in the terminal complex of the Airport, all through February 2035. Southwest currently leases 31 full-service contact gates on Concourse C. The Southwest Use and Lease Agreement contains a provision in which the City and Southwest agree that the Southwest Use and Lease Agreement will terminate at such time as the City completes negotiations for a new Use and Lease Agreement to govern the use and leasing of facilities at the Airport by passenger air carriers (a “**New Use and Lease Agreement**”), and simultaneously with the termination of the current Southwest Use and Lease Agreement, the City and Southwest will enter into a new Southwest Use and Lease Agreement on the same business terms as the New Use and Lease Agreement, provided the new Southwest Use and Lease Agreement will have a term ending no earlier than February 28, 2035 and will continue to provide Southwest preferential rights to the existing 31 Southwest gates, plus additional gates to be phased in as a result of the completion of the Concourse C expansion project for a total of 40 gates, and certain other Airport facilities as provided in the current Southwest Use and Lease Agreement.

***Frontier Use and Lease Agreement.*** Effective as of May 2022, the City, for and on behalf of the Department, executed a new Use and Lease Agreement with Frontier. The new Use and Lease Agreement with Frontier is substantially similar to the other passenger airlines Use and Lease Agreements described herein, but also expands the preferential gate capacity for Frontier in the new Concourse A East ground load facility. Under the Frontier Use and Lease Agreement, Frontier agreed to lease, on a preferential use basis, the New GLF, which the City will expand to include six additional mainline gates, for a total of 14 mainline ground load gates. Frontier also will lease approximately 18,000 square feet of support space in the general vicinity. The term of this lease will end 10 years from the effective date of the New GLF, which date has not yet been determined but will be memorialized in writing by the City and Frontier. Frontier will continue to occupy its current gates on Concourse A. As part of a phasing plan, Frontier is expected to occupy the first four gates within the New GLF on or about September 2023, with the New GLF expected to be fully built and operational by June 2024.

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: Air Transport International, Inc., ABX Air Inc., Atlas Air/Amazon Prime, Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Key Lime Air Corporation, Southern Air and United Parcel Service. Alpine Air Express, Inc., Ameriflight and Kalitta Air, LLC also provide cargo airline services at the Airport, but are not Signatory Airlines. Air General and Swissport Cargo Services lease space in a cargo building and provide only cargo handling services. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. See also “AVIATION ACTIVITY AND AIRLINES—Airlines Serving the Airport” above.

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be materially adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% of Gross Revenues.

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

The City has entered into a Use and Lease Agreement with Continental (now a subsidiary of United) with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In 2014, the City negotiated with United for an early termination of a Continental Special Facilities and Ground Lease to take possession of the former Continental hangar. This hangar and the 58.6 acre site were immediately leased to Frontier through May 2029.

In August 2020, the City, acting for and on behalf of the Department, and Southwest entered into a hangar lease agreement, pursuant to which the City leased an approximately 24.7-acre site to Southwest for purposes of constructing and operating an aircraft maintenance hangar and related buildings, improvements, fixtures, and equipment. In addition, Southwest agreed to construct, at their expense, a taxiway connections to the hangar on the leased site. The hangar lease agreement has a term of 32 years, subject to early termination upon occurrence of certain events or upon expiration of the Use and Lease Agreement with Southwest.

On March 1, 2015, after the expiration of the Special Facilities Lease with LSG Sky Chefs, the north campus flight kitchen was leased to Southwest through February 29, 2020. This lease is currently in holdover and the Department expects to extend the agreement on substantially the same business terms as the existing lease. On June 30, 2018, the leases with Continental for an additional flight kitchen, cargo building, as well as a ground support equipment maintenance building expired, and the facilities were leased to LSG Sky Chefs through May 31, 2021, Swissport through December 31, 2022, and United Airlines, Southwest Airlines, and SkyWest Airlines through August 31, 2024. In addition, in 1995, the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site. See also "DENVER INTERNATIONAL AIRPORT—Other Facilities," "FINANCIAL INFORMATION—Outstanding Senior Bonds; and—Special Facilities Bonds."

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

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Risk of Airline Bankruptcies*."

### **Systems Leases**

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



## Other Agreements

The City has also entered into various agreements in addition to those described above that generate a significant portion of Gross Revenues. The following is a brief description of some of these additional agreements. The revenues received from the following agreements constitute only a portion of the concession, parking, rental car, and hotel revenue set forth in “FINANCIAL INFORMATION—Historical Financial Operations.” See also “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT.”

***Concessions, Advertising, and Other Services.*** Concessions, advertising, and other services are provided in the terminal complex and areas adjacent to Pena Boulevard by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy any Rate Maintenance Covenant.

During Fiscal Years 2021, 2020 and 2019, revenues from concessions, advertising, and other services constituted approximately [ ]%, 7.64% and 9.88% of Airport operating revenues, respectively, and approximately [ ]%, 6.04% and 7.77% of Airport Gross Revenues, respectively. Additionally, in 2021, approximately [ ]% of total concession revenues of the Airport were generated from the food, beverage and retail concessions located in Jeppesen Terminal. The Airport does not have one or two “master concessionaires” under contract who, in turn, sublease the concessions to others. Since its opening in 1995, the Airport’s program has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport.

***Public Parking.*** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. During Fiscal Years 2021, 2020 and 2019, public parking revenues constituted approximately [ ]%, 14.91% and 23.45% of Airport operating revenues, respectively, and approximately [ ]%, 11.80% and 18.45% of Gross Revenues, respectively. The City periodically increases parking rates in an effort to optimize revenue from public parking facilities at the Airport, and most recently adjusted the parking rates in September 2019 to reflect an increase of \$3.00 per day in the garages and \$1.00 per day in the long-term surface lots.

***Rental Cars.*** The City has car rental concession agreements with five rental car companies, which collectively contain eleven brands, to provide service at the Airport. Under the original concession agreements, which expired on December 31, 2020 and were on holdover with month-to-month terms until January 1, 2022, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. For Fiscal Years 2021, 2020 and 2019, rental car revenues constituted approximately [ ]%, 7.77% and 9.26% of Airport operating revenues, respectively, and approximately [ ]%, 6.15% and 7.29% of Gross Revenues, respectively. Effective January 1, 2022, the City, for and on behalf of the Department, executed a second amendment and restatement of the agreements, incorporating all concessions terms and conditions under the previous agreements. The restatements terminate on the earliest of (i) December 31, 2027, (ii) upon execution of a new agreement, and upon 180 days’ termination notice provided by the Department. There can be no assurances that revenues received pursuant to new rental car concession agreements will continue to be pledged as Net Revenues in the future.

**Ground Transportation Services.** The City charges operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Jeppesen Terminal roadways and curbside. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies (“TNCs”), such as Uber and Lyft. Prior to COVID-19, the number of trips of commercial vehicle operators at the Airport had grown, due in part to the addition of TNCs servicing the Airport beginning in 2014. Ground transportation services revenues constituted approximately [\_\_]%, 1.45%, and 2.30% of Airport operating revenues and approximately [\_\_]%, 1.15%, and 1.81% of Gross Revenues in each of 2021, 2020 and 2019, respectively.

**Airport Hotel.** The Airport Hotel is a full-service hotel consisting of 519 rooms. All of the annual revenues, operating expenses, and Debt Service Requirements associated with the Airport Hotel are the responsibility of the City. Under the HMA between the City and Westin, which expires in 2030, all Airport Hotel revenues remaining after payment of operations and maintenance expenses as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund each month in accordance with provisions of the Senior Bond Ordinance and the Hotel Ordinance. During Fiscal Years 2021, 2020 and 2019 Airport Hotel revenues represented approximately [\_\_]%, 4.14% and 7.15% of Airport operating revenues, respectively. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*”.

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

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following tables set forth comparative operating results of the Airport System for Fiscal Years 2017 through 2021 and for the first three months of 2019 through 2022. See also “APPENDIX E—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2021 AND 2020” and “— Management’s Discussion and Analysis of Financial Performance” below.

**Table 8-A**  
**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts in thousands. Totals may not add due to rounding.)

**Fiscal Year Ended December 31<sup>1</sup>**

	<u>2017<sup>3</sup></u>	<u>2018<sup>3</sup></u>	<u>2019<sup>3</sup></u>	<u>2020<sup>3</sup></u>	<u>2021<sup>3</sup></u>
Operating Revenues:					
Facility Rentals*	\$180,443	\$196,065	\$210,836	226,837	
Concession income	68,269	83,297	85,703	45,216	
Parking income	176,006	189,890	203,502	88,259	
Car rentals	71,806	72,621	80,348	45,993	
Landing fees	171,708	161,981	175,636	135,708	
Aviation fuel tax	25,993	25,039	25,464	9,789	
[Stimulus funds – operating]	--	--	--	--	
Hotel	47,412	53,304	62,088	24,481	
Ground Transportation <sup>2</sup>	12,449	17,313	19,997	8,575	
Other sales and charges	14,839	8,850	4,219	6,952	
Total operating revenues	768,925	808,360	867,793	591,810	
Operating Expenses:					
Personnel services	163,808	173,979	194,317	198,582	
Contractual services	223,844	227,918	241,264	193,606	
Repair and maintenance projects	14,071	19,423	32,296	29,229	
Maintenance, supplies and materials	24,452	24,378	28,649	19,092	
Hotel	27,357	28,616	31,446	17,378	
Legal/Claim reserve expense	--	--	56,000	18,013	
Total operating expenses before depreciation, amortization and asset impairment	453,532	474,314	584,472	475,900	
Operating income before depreciation, amortization and asset impairment	315,393	334,046	283,321	115,910	
Depreciation and amortization	183,351	193,009	203,321	210,513	
Operating income	132,042	141,037	80,000	(94,603)	
Nonoperating revenues (expenses)					
Passenger facility charges <sup>4</sup>	118,333	123,907	132,484	64,922	
Customer Facility Fees	19,492	20,019	21,525	10,621	
Investment income	46,779	73,802	171,096	150,043	
Interest expense	(188,152)	(214,799)	(270,394)	(247,293)	
CARES Act Funds	--	--	--	269,074	
Grants	873	--	--	--	
Other revenue (expense) <sup>5</sup>	4,286	(6,716)	(1,539)	(30,994)	
Net nonoperating revenues (expenses)	1,611	(3,787)	53,172	216,373	
Change in net assets before capital contributions	133,653	137,250	133,172	121,770	
Capital grants	55,879	26,730	15,301	33,773	
Special Item <sup>6</sup>	--	--	(65,793)	--	
Change in net assets	\$189,532	\$163,980	\$82,680	\$155,543	

[Footnotes appear after Table 8-B]

**Table 8-B**  
**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts in thousands. Totals may not add due to rounding.)

**Three Months Ended March 31 (unaudited)<sup>1</sup>**

	<u>[2019]<sup>3</sup></u>	<u>[2020]<sup>3</sup></u>	<u>2021<sup>3</sup></u>	<u>2022<sup>3</sup></u>
Operating Revenues:				
Facility Rentals*			\$52,843	
Concession income			11,564	
Parking income			21,015	
Car rentals			15,232	
Landing fees			31,968	
Aviation fuel tax			2,857	
[Stimulus funds – operating]			-	
Hotel			6,617	
Ground Transportation <sup>2</sup>			2,037	
Other sales and charges			1,655	
Total operating revenues			145,788	
Operating Expenses:			44,766	
Personnel services			48,967	
Contractual services			2,071	
Repair and maintenance projects			5,044	
Maintenance, supplies and materials			4,395	
Hotel			-	
Legal/Claim reserve expense				
Total operating expenses before depreciation, amortization and asset impairment			105,243	
Operating income before depreciation, amortization and asset impairment			40,545	
Depreciation and amortization			52,532	
Operating income			(11,987)	
Nonoperating revenues (expenses)				
Passenger facility charges <sup>4</sup>			19,341	
Customer Facility Fees			2,975	
Investment income			19,561	
Interest expense			(56,198)	
CARES Act Funds			-	
Grants				
Other revenue (expense) <sup>5</sup>			(400)	
Net nonoperating revenues (expenses)			(14,721)	
Change in net assets before capital contributions			(26,708)	
Capital grants			172	
Special Item <sup>6</sup>				
Change in net assets			(26,536)	

[Footnotes for Tables 8-A and 8-B follow]

- <sup>1</sup> See “— Management’s Discussion and Analysis of Financial Performance” below.
- <sup>2</sup> Year to year revenue increases (excepting COVID-19 impacted Fiscal Years 2020 and 2021) are driven primarily by increased use by travelers of TNCs. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—Ground Transportation Services.”
- <sup>3</sup> Includes a change in accounting principle due to the adoption of GASB 68.
- <sup>4</sup> These amounts constitute revenues derived from the entire \$4.50 PFC net of the PFC collection fees retained by the airlines. During this period, all PFC revenues have been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See “— Passenger Facility Charges” below.
- <sup>5</sup> Includes expenses incurred since February 1995 to maintain and preserve the former airport site.
- <sup>6</sup> GASB issued pronouncement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments (GASB 34). GASB 34 defines Special Item as transactions or other events within the control of management that are significant and either unusual in nature or infrequent in occurrence. On August 12, 2019, the City, for and on behalf of the Department, exercised its right to terminate the Great Hall Agreement for convenience, with an effective termination date of November 12, 2019. A portion of the cost associated with the termination payments were determined not to be capitalizable costs.
- <sup>7</sup> Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, is required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rates and charges in the following Fiscal Year. [The difference in facility rentals for Fiscal Years 2021 and 2020 compared to Fiscal Year 2019 is due to the Department not accruing such credit in 2021 and 2020 because the Net Revenues were not sufficient to generate the credit under the Use and Lease Agreements. As of [\_\_\_\_\_, \_\_\_\_], approximately \$[20] million out of the maximum \$[40] million of revenue credit was accrued and the facility rentals shown in the table are net of such amount.]

Sources: Audited financial statements of the Airport System for Fiscal Years 2017-2021; Department of Aviation for unaudited figures for three months ended March 31, 2019, March 31, 2020, March 31, 2021 and March 31, 2022 and Department of Aviation management records.

The following is a summary of the percentage changes in operating revenues for each of Fiscal Years 2021 and 2020 compared to Fiscal Year 2019:

	<b>2021 / 2019</b>	<b>2020 / 2019</b>
	<b>% change</b>	<b>% change</b>
<b><u>Operating revenue:</u></b>		
Airline revenue		
Facility rentals		7.59%
Landing fees		(22.73)
Total airline revenue		(6.19)
<b>Non-airline revenue</b>		
Parking		(56.63)
Concession		(47.24)
Car rental		(42.76)
Hotel		(60.57)
Aviation fuel tax		(61.56)
Ground transportation		(57.12)
Other sales and charges		64.77
Total non-airline revenue		(52.37)
<b>Total operating revenue</b>		<b>(31.80%)</b>

Sources: Audited financial statements of the Airport System for Fiscal Years 2019-2021 and Department of Aviation management records.

The following is a summary of the percentage change in operating expenses before depreciation and amortization for each of Fiscal Years 2021 and 2020 compared to Fiscal Year 2019:

	<u>2021 / 2019</u> <u>% change</u>	<u>2020 / 2019</u> <u>% change</u>
<u>Operating Expenses</u>		
Personnel		2.2%
Contractual services		(19.8)
Repair and maintenance projects		(9.5)
Maintenance, supplies, and materials		(33.4)
Hotel		(44.7)
Legal/claim reserve expense		(68.1)
Total <u>operating</u> expenses		(18.6%)

Sources: Audited financial statements of the Airport System for Fiscal Years 2019-2021 and Department of Aviation management records.

### Cash and Liquidity

The table below demonstrates the Airport's fund balances for Fiscal Years 2021, 2020 and 2019 (numbers in millions).

<b>Fund</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Revenue Fund	\$	\$295,106,622	\$314,986,984
Capital Fund		702,768,663	812,899,787
Restricted Funds <sup>1</sup>		1,948,944,576	2,558,005,578
Internally Designated <sup>2</sup>		65,760,442	65,760,442
<b>Total</b>	<b>\$</b>	<b>\$3,012,580,30</b>	<b>\$3,751,652,791</b>

<sup>1</sup> Restricted Funds include proceeds of prior bonds on deposit in the project funds, funds and accounts described in the chart called "Flow of Funds under the Bond Ordinances" under priority 1 through 8 (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[ ] BONDS—Flow of Funds—Revenue Fund"), , funds held for defeased bonds in 2020 and 2019, PFCs, CFCs and certain other funds.

<sup>2</sup> The City has internally designated \$65.8 million of the Capital Fund, as allowed General Bond Ordinance, to meet debt coverage requirements.

Sources: Department of Aviation management records.

### Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2018 through 2021 as well as three months ended on March 31, 2022 and March 31, 2021. All figures presented below are approximate unless otherwise stated.

**Three Months Ended March 31, 2022 vs. Three Months Ended March 31, 2021.** Operating revenues at the Airport totaled \$[ ] million, an increase of \$[ ] million, or [ ]%, for the three-month period ended March 31, 2022, as compared to the three-month period ended March 31, 2021. Airline revenue totaled \$[ ] million, an increase of \$[ ] million, or [ ]%. Non-airline revenue totaled \$[ ] million, an increase of \$[ ] million, or [ ]%. Non-airline revenue represented [ ]% of total operating revenue during the three month period ending March 31, 2022.

Operating expenses, exclusive of depreciation and amortization, totaled \$[\_.] million for the three-month period ended March 31, 2022, an [increase] of \$[\_.] million, or [\_.]%, as compared to the three-month period ended March 31, 2021. [The decrease/increase compared to the prior year was primarily driven by reductions in non-essential contractual services and reduced hotel expenses as a result of cost savings measures implemented due to reduced passenger traffic from COVID-19.]

Total non-operating revenues [increased] by \$[\_.] million, or [\_.]%, primarily due to an [increase] in Passenger Facility Charges, Customer Facility Charges, and investment income.

Total non-operating expenses [increased] \$[\_.] million, or [\_.]%, primarily due to an [increase] in interest expense associated with the Airport's overall debt portfolio.

In 2022 and 2021, capital grants totaled \$[\_.] million and \$[\_.] million, respectively. The 2021 capital grants included \$[\_.] million in Stimulus Funds.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first three months of 2022 compared to the same period in 2021 is included as part of the financial statements of the Airport System appearing as "APPENDIX F—UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THREE MONTHS ENDED MARCH 31, 2022 AND 2021."

**2021 vs. 2020.** Operating revenue at the Airport totaled \$763.7 million, an increase of \$[\_.] million, or [\_.]%, for the year ended December 31, 2021, as compared to year ended December 31, 2020. Facility rentals increased by \$[\_.] million in 2021 compared to 2020, and landing fees increased by \$[\_.] million, or [\_.]%. [Additional drivers of incremental revenue increases included \_\_\_\_\_]

Operating expenses, exclusive of depreciation and amortization, totaled \$[\_.] million for the year ended December 31, 2021, an increase of \$[\_.] million, or [\_.]%, as compared to the year ended December 31, 2020. The increase compared to the prior year was primarily driven by [\_\_\_\_\_]. See "LITIGATION—Current Litigation and Controversy Relating to the Adams County IGA."

Total non-operating revenues, net of non-operating expenses, increased by \$[\_.] million in 2021.

In 2021 and 2020, capital grants totaled \$[\_.] million and \$[\_.] million, respectively. The 2021 capital grants included TSA grant funding for a capital project to improve the throughput of the checked baggage handling system. The 2020 capital grants included pavement rehabilitation on the airfield as well as infrastructure grants.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2021 compared to 2020 is included as part of the financial statements of the Airport System appearing as "APPENDIX E—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2020 AND 2021."

**2020 vs. 2019.** Operating revenue at the Airport totaled \$591.8 million, a decrease of \$276.0 million, or 31.8%, for the year ended December 31, 2020, as compared to year ended December 31, 2019. Airline revenue totaled \$362.5 million, a decrease of \$23.9 million, or 6.2%, driven by a decrease in landing fees because of reduced airline operations which were directly impacted by COVID-19. The decrease was offset by an increase in facility rentals attributable to increases in debt service and operating expenses. Non-airline revenue totaled \$229.3 million, a decrease of \$252.1 million, or 52.4%, primarily

due to a 51.1% decrease in overall passengers due to COVID-19. Non-airline revenue represented 38.7% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled \$475.9 million for the year ended December 31, 2020, a decrease of \$108.6 million, or 18.6%, as compared to the year ended December 31, 2019. The decrease compared to the prior year was primarily driven by a \$47.7 million reduction in non-essential contractual services, a \$38.5 million reduction in legal/claim reserve, a \$14.1 million reduction in hotel expenses associated with decreased occupancy, and a \$9.6 million reduction in maintenance, supplies, and materials, associated with a decrease in traffic resulting from COVID-19.

Total non-operating revenues, net of non-operating expenses, increased by \$163.2 million in 2020. The increase over the prior year was primarily attributable to revenue of \$269.1 million under the CARES Act. The decrease in PFC revenue is the result of reductions in passenger traffic due to COVID-19, which reduction also resulted in the decrease in CFC revenue. The reduction in investment income is driven by decreases in cash and investment balances associated with the use of bond proceeds to fund the 2018-2022 Capital Program.

In 2020 and 2019, capital grants totaled \$33.8 million and \$15.3 million, respectively. The increase in 2020 from 2019 was driven by reimbursements for airfield expenditures under the 2018-2022 Capital Program.

## Pension Plan

The Airport provides its employees with pension benefits through the Denver Employees Retirement Plan (“DERP”). DERP administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered through the DERP Retirement Board in accordance with the City’s Revised Municipal Code and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan’s assets. The Airport’s share of the City’s total contributions to DERP was approximately \$13.8 for Fiscal Year 2021 and approximately \$13.1 million for Fiscal Year 2020. As of December 31, 2021 and 2020, the Airport reported a liability of approximately \$187.8 and \$199.9 million, respectively, for its proportionate share of the net pension liability related to DERP.

For additional information about DERP and the Airport’s pension liability, see Note [16] of the Airport’s audited financial statements in “APPENDIX E—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2020 AND 2021.”

## Outstanding Senior Bonds

The following table sets forth principal amounts of the Senior Bonds that (i) are outstanding prior to the issuance of the Series 2022A-[\_] Bonds; and (ii) will be outstanding after the issuance of the Senior Bonds. **[TO BE UPDATED]**

**Table 9**  
**Outstanding Senior Bonds**

	<u>Amount Prior to</u> <u>Series 2022A-[_]</u> <u>Bonds Issuance</u>	<u>Amount After</u> <u>Series 2022A-[_]</u> <u>Bonds Issuance</u>
Series 2002C Bonds <sup>1,2,3</sup>	17,200,000	
Subseries 2007G1 Bonds <sup>1,2,3</sup>	46,300,000	
Subseries 2007G2 Bonds <sup>1,2,3</sup>	46,500,000	



Series 2008B Bonds <sup>1,2,3</sup>	35,100,000
Series 2009B Bonds	65,290,000
Series 2009C Bonds <sup>1,2,3</sup>	56,455,000
Series 2012A Bonds	116,885,000
Series 2012B Bonds	276,355,000
Series 2012C Bonds	30,285,000
Series 2016A Bonds <sup>3</sup>	207,020,000
Series 2017A Bonds	172,785,000
Series 2017B Bonds	21,280,000
Series 2019C Bonds	120,005,000
Series 2019D Bonds	83,725,000
Series 2020A1 Bonds	90,790,000
Series 2020A2 Bonds	46,930,000
Series 2020B1 Bonds	28,420,000
Series 2020B2 Bonds	24,060,000
Series 2020C Bonds	411,535,000
Series 2021A Bonds	14,000,000
Series 2021B Bonds	11,600,000
Series 2022[A] Bonds	--
[Series 2022[_] Bonds]	--
Total	\$ 1,922,520,000

<sup>1</sup> These Senior Bonds bear interest at variable interest rates indexed to the SIFMA Index or one-month LIBOR.

<sup>2</sup> These Senior Bonds are owned by certain financial institutions as described in “—Credit Facility Obligations Related to Senior Bonds” below. The City’s repayment obligations to those financial institutions constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>3</sup> A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 13 to the audited financial statements of the Airport System for Fiscal Year 2021 appended to this Official Statement as “Appendix E,” effectively converting the variable rate bonds to fixed rates and converting the fixed rate bonds to variable rates.

Sources: The Department of Aviation and the Municipal Advisor.

All or certain maturities of certain series of the Senior Bonds have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured that are not granted to Owners of the Senior Bonds.

***Credit Facility Obligations Related to Senior Bonds.*** The following series of Senior Bonds were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City, for and on behalf of its Department of Aviation: Series 2002C, Series 2007G1-G2, Series 2008B, Series 2008C1, and Series 2009C. The reimbursement agreements constitute Credit Facilities as defined by the Senior Bond Ordinance and the City’s repayment obligation pursuant to such Credit Facilities constitute Credit Facility Obligations, as defined in the Senior Bond Ordinance, which have a lien on Net Revenues on a parity with the Senior Bonds and any other Senior Obligations issued under the Senior Bond Ordinance. Each of the reimbursement agreements include representations, covenants, and agreements in addition to those contained in the Senior Bond Ordinance. A breach of any of these covenants could result in a default under the related reimbursement agreement and the Senior Bond Ordinance. See “CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds and Subordinate Bonds.”

**Table 10**  
**Credit Facility Obligations Related to Senior Bonds [To be updated]**

<u>Senior Bonds</u>	<u>Outstanding Principal Amount</u>	<u>Current Interest Rate Mode</u>	<u>Final Maturity Date</u>	<u>Financial Institution</u>	<u>Last Day of the Initial Period<sup>1</sup></u>
Series 2002C	\$17,200,000	SIFMA Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	4/28/2023
Series 2007G1-G2	92,800,000	LIBOR Daily Floating Rate	11/15/2031	BMO Harris Investment Corp.	12/01/2023
Series 2008B	35,100,000	SIFMA Indexed Floating Rate	11/15/2031	Bank of America, N.A.	7/01/2023
Series 2009C	56,455,000	SIFMA Indexed Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2023
Total	\$227,155,000				

<sup>1</sup> Indicates the end date of the initial period (or extension of initial period) during which the applicable financial institution has agreed to own the related Series of Senior Bonds at the index rate set forth in the related reimbursement agreement. Prior to the end of the initial period, the City may request the applicable financial institution to repurchase the related Series of Senior Bonds or provide liquidity or credit enhancement necessary to facilitate the conversion of such Series to a new interest rate mode. If the financial institution does not respond or rejects the City's request in its sole discretion, the City will be required to repurchase or redeem such Series of Senior Bonds on the last day of the applicable initial period for a purchase price of 100% of the par amount plus accrued interest to such date.

Source: The Department of Aviation and the Municipal Advisor.

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## Outstanding Subordinate Bonds

The following table sets forth principal amounts of the Subordinate Bonds that (i) are currently outstanding and (ii) will be outstanding as of the date of issuance of the Series 2022[\_] Subordinate Bonds.

**Table 11**  
**Outstanding Subordinate Bonds**

<u>Issue</u>	<u>Amount Prior to Series 2022[_] Subordinate Bonds Issuance</u>	<u>Amount After Series 2022[_] Subordinate Bonds Issuance</u>
Series 2013A Bonds	\$295,220,000	
Series 2013B Bonds	357,025,000	
Series 2015A Bonds <sup>2</sup>	99,540,000	
Series 2018A Bonds	2,320,110,000	
Series 2018B Bonds	183,625,000	
Series 2019A Bonds <sup>3</sup>	104,390,000	
Series 2021C Bonds	700,000,000	
Series 2021 Interim Notes	26,220,000	
Series 2022[_] Bonds	--	
Total	\$ 4,086,130,000	

<sup>1</sup> [All or a portion of the Series [\_] Bonds are expected to be refunded with proceeds of the Series 2022[\_] Subordinate Bonds. See “PLAN OF FINANCING—Purpose of the Series 2022A-[\_] Bonds.”]

<sup>2</sup> The Series 2015A Bonds include a Credit Facility and Reimbursement Agreement with Bank of America, N.A.

<sup>3</sup> The Series 2019A Bonds include a Credit Facility and Reimbursement Agreement with State Street Public Lending Corporation.

<sup>4</sup> The Series 2021 Interim Notes include a Credit Facility and Reimbursement Agreement with Bank of America, N.A.

As described below under “—Subordinate Obligations,” there are certain outstanding Subordinate Hedge Facility Obligations.

## Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

The following table sets forth the City’s current estimated Debt Service Requirements for the Senior Bonds (which were calculated taking into account the related outstanding Subordinate Hedge Facility Obligations) and the Subordinate Debt Service Requirements. For purposes of this table, Debt Service Requirements for series of Senior Bonds with respect to which there are related Subordinate Hedge Facility Obligations, were calculated using the related swap rates and assuming the swap cash flows occur on the same lien level with such Senior Bonds. As described in the footnotes to the table, certain assumptions were made by the City with respect to the interest rates on the Subordinate Hedge Facility Obligations. See “Subordinate Obligations—*Outstanding Subordinate Hedge Facility Obligations*” below.

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**Table 12**  
**Estimated Senior Bonds Debt Service Requirements**  
**[and Subordinate Debt Service Requirements] [TO BE UPDATED]**

<b>Fiscal Year Ending December 31</b>	<b>Outstanding Senior Bonds Debt Service Requirements *1, 2, 3, 4</b>	<b>Series 2022A-[<input type="checkbox"/>] Bonds Principal</b>	<b>Series 2022A-[<input type="checkbox"/>] Bonds Interest</b>	<b>Total Outstanding Senior Bond Debt Service Requirements</b>	<b>Outstanding Subordinate Bonds Debt Service Requirements *4, 5, 6</b>	<b>[Series 2022[<input type="checkbox"/>] Subordinate Bonds Principal]</b>	<b>[Series 2022[<input type="checkbox"/>] Subordinate Bonds Interest]</b>	<b>[Total Outstanding Subordinate Bonds Debt Service Requirements]</b>	<b>Total Senior Bonds [and Subordinate Bonds] Debt Service Requirements *1, 2, 3, 4, 5, 6</b>
2022	214,019,217				241,036,967				
2023	251,636,609				235,472,547				
2024	226,987,228				258,466,053				
2025	244,143,038				255,474,287				
2026	168,733,280				258,747,178				
2027	163,443,355				258,804,380				
2028	171,921,986				258,836,270				
2029	172,379,929				254,594,120				
2030	168,744,665				242,448,005				
2031	155,692,527				241,664,875				
2032	119,644,478				241,668,425				
2033	79,043,197				239,008,013				
2034	40,885,145				227,407,513				
2035	41,020,950				223,981,313				
2036	41,170,159				216,668,638				
2037	45,278,784				216,003,275				
2038	45,946,420				216,006,525				
2039	46,501,408				202,419,250				
2040	24,244,500				191,442,863				
2041	24,376,700				186,995,738				
2042	23,303,650				182,526,938				
2043	22,444,700				182,497,375				
2044	-				148,389,750				
2045	-				148,386,000				
2046	-				148,384,500				
2047	-				148,386,250				
2048	-				148,386,500				
2049	-				-				
2050	-				-				
2051	-				-				
2052	-				-				
2053	-				-				
2054	-				-				
2055	-				-				
Total	2,491,561,925				5,774,103,543				

- \* Preliminary, subject to change.
- <sup>1</sup> Excludes Debt Service Requirements for the economically defeased Senior Bonds which are Outstanding under the Senior Bond Ordinance and includes related Subordinate Hedge Facility Obligations. See “— Outstanding Senior Bonds” above.
- <sup>2</sup> [Variable rate interest and interest rate swap payments are computed assuming one-month LIBOR equals 3.00%, and SIFMA equals 2.25%.
- <sup>3</sup> [Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.]
- <sup>4</sup> Includes debt service on the [\_\_\_\_\_] that are expected to be refunded by the Series 2022A-[\_] Bonds.
- <sup>5</sup> Excludes interest payments funded with prior bond proceeds.
- <sup>6</sup> Excludes debt service on the 2021 Interim Notes.

Source: Municipal Advisor

## **Subordinate Obligations**

Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations have been and may also in the future be issued under the Subordinate Bond Ordinance. Such obligations are secured by a pledge of Net Revenues that is subordinate to the pledge of Net Revenues that secures the Senior Bonds and Senior Obligations.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of Net Revenues on a basis subordinate to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles, and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses). Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations.]

The 2021 Interim Note in the principal amount of \$700,000,000 was issued in December 2021 as a Subordinate Contract Obligation pursuant to the General Subordinate Bond Ordinance, as supplemented and amended by Ordinance No. 1388, Series of 2021. Proceeds of the 2021 Interim Note were used to fund a portion of costs of the 2018-22 Capital Program. The 2021 Interim Note is expected to be refunded with the issuance of the Series 2022[\_] Bonds.

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**Outstanding Subordinate Hedge Facility Obligations.** Since 1998, the City has entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Senior Bond Ordinance and the Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note [12] (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2021 appended to this Official Statement. The following table is a summary of the interest rate swap agreements outstanding as of [March 31], 2022 that are Subordinate Hedge Facility Obligations. See also “— Master Derivatives Policy” below and “APPENDIX E—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2020 AND 2021.” [Note any swaps that will be terminated]

**Table 13**  
**Outstanding Subordinate Hedge Facility Obligations [To be updated]**

<u>Year of the Swap Agreement<sup>1</sup></u>	<u>Counterparty</u>	<u>Notional Amount (in million)</u>	<u>Termination Date</u>	<u>Payable Swap Rate</u>	<u>Receivable Swap Rate</u>	<u>Fair Value to the City as of [ ]/2022 (in millions)<sup>2</sup></u>
1999	Goldman Sachs Capital Markets, L.P.	\$16.420	11-01-2022	5.62%	SIFMA	\$
1999	Merrill Lynch Capital Services, Inc.	8.210	11-01-2022	5.55%	SIFMA	
2005	JPMorgan Chase Bank, N.A.	34.573	11-15-2025	3.69%	70% 1M LIBOR	
2006A	Societe Generale, New York Branch	23.950	11-15-2025	4.01%	70% 1M LIBOR	
2006B	JPMorgan Chase Bank, N.A.	34.573	11-15-2025	SIFMA	4.09%	
2008A	Royal Bank of Canada	47.900	11-15-2025	4.01%	70% 1M LIBOR	
2009A	Loop Financial Products	8.210	11-01-2022	5.62%	SIFMA	
		\$173.836				\$

\* Preliminary, subject to change.

<sup>1</sup> The year in which the swap agreement was entered does not relate to the associated series of Senior Bonds. See Note [13] (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2021 appended to this Official Statement for information relating to the associated series of Senior Bonds for each swap agreement.

<sup>2</sup> Reflects mid-market valuations, including accrued, but unpaid interest as provided to the City by BLX Group, the City’s swap monitoring service provider. Totals may not add due to rounding.

Source: The Department of Aviation and the Municipal Advisor.

**Subordinate Credit Facility Obligations.** Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds. In connection with a direct purchase of the 2015A Subordinate Bonds by Bank of America, N.A., the City, for and on behalf of the Department, has entered into a Subordinate Credit Facility with Bank of America, N.A. with respect to such bonds. The City’s obligations to the financial institutions providing such Subordinate Credit Facilities constitute Subordinate Credit Facility Obligations under the Subordinate Bond Ordinance. Each of such Subordinate Credit Facilities include representations, covenants, and agreements in addition to those contained in the Subordinate Bond Ordinance. A breach of any of these representations, covenants and agreements could result in a default under the related Subordinate Bonds and the Subordinate Bond Ordinance. See “CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds and Subordinate Bonds.”

## Junior Lien Bonds and Junior Lien Obligations

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, subordinate commercial paper or other securities, contracts

or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and Subordinate Obligations.

For purposes of this Official Statement, the following definitions apply:

**“Junior Lien Bonds”** means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of the Junior Lien Bond Ordinance, which are payable from the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds and the lien thereon of the Subordinate Bonds. The term does not include any Junior Lien Obligations (except as represented by any bonds registered in the name of any provider of any Junior Lien Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Junior Lien Credit Facility).

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

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

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

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

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

**“Junior Lien Obligations”** means Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations.

As permitted under the Subordinate Bond Ordinance and in connection with the Airport Hotel, the City, for and on behalf of the Department, adopted Ordinance No. 15-0774, Series of 2015 (the “**Hotel Ordinance**”) to provide for the administration of the revenues of the Airport Hotel and the payment of costs and expenses related to the Airport Hotel. The Hotel Ordinance established a Hotel Operating Account (the “**Hotel Operating Account**”) within the Revenue Fund held under the Senior Bond Ordinance, which account is administered as provided in the CMA (as defined above under “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*”). Pursuant to the Hotel Ordinance, the City created the “City and County of Denver, Colorado, Airport System Junior Lien Obligations Fund” (the “**Junior Lien Obligations Fund**”) and the “City and County of Denver, Airport Hotel Junior Lien Obligations Account” (the “**Airport Hotel Junior Lien Obligations Account**”) within the Junior Lien Obligations Fund and within such account, various subaccounts. The City’s obligations under the HMA to make payments, transfers, and deposits to the accounts described above constitute Junior Lien Obligations (the “**Hotel Junior Lien Obligation**”). Such Junior Lien Obligations have a lien on Net Revenues subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds, and Subordinate Obligations. The flow of funds described in the HMA and the CMA is used for internal Airport accounting purposes and does not modify in any manner the flow of funds required under the Senior Bond Ordinance. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*.”

The City adopted the Junior Lien Bond Ordinance permitting the issuance of Junior Lien Bonds having a lien on Net Revenues subordinate only to the lien thereon of the Senior Bonds and Subordinate Bonds and incurrence of Junior Lien Obligations (consisting of Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations), having a lien on Net Revenues subordinate only to the lien thereon of the Senior Obligations and Subordinate Obligations. The Junior Lien Bond Ordinance affirms the Hotel Junior Lien Obligation and states that it shall constitute a Junior Lien Obligation for purposes of the Junior Lien Bond Ordinance.

While certain Junior Lien Obligations are outstanding, there are no Junior Lien Bonds currently outstanding.

### **Special Facilities Bonds**

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

United financed and subsequently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. United currently leases all of the support facilities and certain tenant finishes and systems on Concourse B under a lease which terminates on October 1, 2023, unless extended as set forth in the lease or unless terminated earlier upon the occurrence of certain events as set forth in the lease. The lease payments under this lease constituted the sole source of payment for the Special Facilities Bonds originally issued in 1992 and refunded in 2007 and most recently refunded in September 2017 with proceeds of the City and County of Denver, Colorado Special Facilities Airport Revenue Refunding Bonds (United Air Lines Project) Series 2017.

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



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

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

The City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable. However, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenants” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

### **Passenger Facility Charges**

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

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Currently, the collection fee equals \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Federal Regulations and Funding—*Risk of Airline Bankruptcies*” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenues for the years 2017 through 2021 and the first three months of 2022 and 2021 are set forth in the following table.

**Table 14**  
**PFC Revenues**

<b><u>Year</u></b>	<b><u>PFC Revenues</u> <b><u>(thousands)</u></b><sup>1</sup></b>	<b><u>Percent</u> <u>Change</u></b>
2017	\$118,333	3.6% <sup>2</sup>
2018	123,907	4.7
2019	132,484	6.9
2020	64,922	(51.0)
2021		0.7
2021 <sup>3</sup>		(0.2)
2022 <sup>3</sup>		

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

<sup>2</sup> Compared to PFC revenues of \$114,230,000 in 2016.

<sup>3</sup> PFC revenues collected through March 31, 2022 and March 31, 2021, respectively.

Sources: Audited financial statements of the Airport System for Fiscal Years 2017-2021 and Unaudited Financial Statements of the Airport System for three months ended March 31, 2022 and March 31, 2021 (attached hereto as Appendix E).

The City's authorization to impose the PFC (obtained pursuant to the existing PFC applications approved by the FAA) expires upon the earlier of October 1, 2031, or the collection of approximately \$3.6 billion of PFC revenues, net of collection fees. Through December 31, 2021, the City collected approximately \$2.4 billion in PFC revenues, constituting approximately 66% of the total authorized amount. In addition, the City's authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Bond Ordinances, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduce or terminate the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds, the Subordinate Bonds and Junior Lien Bonds and to comply with the Senior Rate Maintenance Covenant, the Subordinate Rate Maintenance Covenant, and the similar covenant contained in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenants," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[\_"

SUBORDINATE BONDS—Rate Maintenance Covenants,” and “CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Federal Regulations and Funding—*Availability of PFCs.*”

***Prior Treatment of PFCs Under the Prior PFC Supplemental Ordinances.*** The definitions of Gross Revenues in each of the Bond Ordinances do not include PFC revenues unless, and then only to the extent, PFC revenues are included as Gross Revenues by the terms of a Supplemental Ordinance.

In 2009 and in 2012, the City Council adopted Supplemental Ordinances (the “**Prior PFC Supplemental Ordinances**”) that included the \$1.50 portion of the total \$4.50 PFC received by the City pursuant to the existing PFC applications (net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues) in Gross Revenues under the Senior Bond Ordinance in each Fiscal Year until the Manager gives written notice to the Treasurer that such PFCs shall no longer be included in Gross Revenues for purposes of the Senior Bond Ordinance.

The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Senior Rate Maintenance Covenant and for the issuance of Additional Senior Bonds, there is to be excluded from Debt Service Requirements for the Senior Bonds amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues.

The City irrevocably committed the remaining \$3.00 portion of the total \$4.50 PFC received by the City pursuant to the existing PFC applications (net of air carrier collection fees), up to certain maximum annual committed amounts, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2018 (the “**Committed Passenger Facility Charges**”). The City determined not to extend the irrevocable commitment of the Committed Passenger Facility Charges after Fiscal Year 2018, as discussed in more detail under “*Current Treatment of PFC Under PFC Supplemental Ordinance; Designated Passenger Facility Charges*” below.

***Current Treatment of PFC Under PFC Supplemental Ordinance; Designated Passenger Facility Charges.*** The PFC Supplemental Ordinance, Ordinance No. 18-0776, Series of 2018, adopted by the City Council in August of 2018 and effective January 1, 2019, (i) terminated the Committed Passenger Facility Charges and related irrevocable commitments to the payment of the Debt Service Requirements of Senior Bonds, and (ii) included all PFCs received by the City pursuant to all existing and future PFC applications, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues (the “**Designated Passenger Facility Charges**”), in Gross Revenues under the Bond Ordinances. The amounts resulting from the collection of the Designated Passenger Facility Charges are to continue to be included in Gross Revenues in each Fiscal Year until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges, or a portion thereof, are no longer to be included in Gross Revenues for purposes of the Bond Ordinances. PFC revenues that are included in Gross Revenues may be applied by the City to any lawful purpose authorized by PFC applications approved by the FAA, including paying debt service on debt issued to finance PFC eligible projects. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[ ] BONDS—Pledge of Net Revenues; “—Flow of Funds; Revenue Fund;” and “—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements.” See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[ ] SUBORDINATE BONDS—Subordinate Pledge of Net Revenues.”

## **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State

aviation fund is distributed to the City, for and on behalf of the Department, on a monthly basis and may be used by the City, for and on behalf of the Department, exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City, for and on behalf of the Department, as Gross Revenues. State aviation fuel tax receipts remitted to the City, for and on behalf of the Department, were approximately \$15.8 million in 2019, \$7.8 million in 2020 and \$13.9 million in 2021, such changes resulting primarily from fluctuations in jet fuel prices.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but which is subject to certain federal requirements on the use of such revenue for certain Airport related costs. A portion of such aviation fuel tax (\$0.02 for each gallon of fuel purchased) is remitted to the City, acting for and on behalf of the Department, and treated as Gross Revenues as defined in the Senior Bond Ordinance. Such tax receipts deposited into the Airport Revenue Fund were approximately \$9.7 million in 2019, \$2.0 million in 2020 and \$7.7 million in 2021.

### **Federal Grants and Other Funding; Financial and Performance Audits**

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

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

The AIP has been amended several times, most recently with the passage of the FAA Reauthorization Act of 2018 (the “**2018 Reauthorization Act**”) enacted into law in October, 2018. The 2018 Reauthorization Act provides for general FAA funding authorization through September 30, 2023, and funds the AIP at \$3.35 billion during this authorization period.

***Financial and Performance Audits.*** Like all City departments, from time to time the Department is subject to performance and financial audits by federal and state agencies and local officials. When appropriate, the Department responds by adjusting or improving its relevant practices.

### **Intergovernmental Agreement with Adams County**

The City and the County of Adams, Colorado (“**Adams County**”), the county from which land for the Airport was annexed into the City, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the “**Adams County IGA**”), that, among other things, governs land use in and around the Airport and establishes maximum levels of noise referred to in the Adams County IGA as Noise Exposure Points standards (the “**Noise Standards**”) at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Adams County IGA also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels. A noise contour is a line surrounding an airport that encloses a geographic region, which is exposed to a particular noise level. As further described below, the City and Adams County have entered into an Amendatory Intergovernmental Agreement with an effective date of January 1, 2016 (the “**IGA Amendment**”).

**Noise Mitigation.** Calculated noise levels that exceed the Noise Standards by two decibels or less in a year and certain noise contour violations are potential “Class I violations” under the Adams County IGA and calculated noise levels that exceed the Noise Standards by more than two decibels in a year and certain noise contour violations are potential “Class II violations” of the Adams County IGA. The Adams County IGA permits Adams County to send a notice of Class II violations to the City and provides that whenever a Class II violation has occurred, the City and Adams County will jointly petition the FAA to implement changes in flight procedures or Airport operations that are necessary to achieve compliance with the Noise Standards and noise contour requirements. In the event the FAA fails to act, the City is required to impose such rules and regulations as will achieve and maintain the Noise Standards and if the City does not impose such rules and regulations within a certain time frame, then Adams County, or any city within which a violation has occurred, may seek an order from a court compelling the City to impose such rules and regulations. The Adams County IGA provides that if the court, after hearing the matter, does not order the City to exercise its authority to impose such rules and regulations so as to achieve and maintain the Noise Standards and noise contour requirements, or determines that the City does not have such authority, then the City is required to pay a noise mitigation payment of \$500,000 for each Class II violation to Adams County or the city in which the property affected by the noise violation is located.

The City has prepared annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2019 using a noise modeling system known as “ARTSMAP.” Prior to 2014, Class I and Class II violations were identified using ARTSMAP and the City made mitigation payments to Adams County and the cities in which the property affected by the noise violation was located. The City, however, has received Notices of Violation from Adams County (based on non-ARTSMAP system) and in 2018, Adams County, the City of Aurora and the City of Brighton filed a lawsuit against the City in the Jefferson County District Court of Colorado (the “**Court**”) alleging, among other things, breach by the City of the Adams County IGA based on the City’s continued use of ARTSMAP. See “LITIGATION—Current Litigation and Controversy Relating to the Adams County IGA” for information on the status of litigation.

**Land Use; IGA Amendment.** The Adams County IGA contains provisions governing and restricting land use on and around the Airport. In response to the City’s plans for regional development and potential new land uses at the Airport, the City (acting as the City and County of Denver) and Adams County entered into the IGA Amendment. Pursuant to the IGA Amendment, the parties agreed to amend the land use regulations contained in the Adams County IGA in order to provide greater opportunities for businesses to locate on land surrounding the Airport. The City also paid \$10 million to Adams County as partial consideration for (i) the modification of land use regulations, (ii) the authority granted to the City to designate certain land parcels for development (each, a “**Development Parcel**”) under the provisions of the IGA Amendment, and (iii) increased opportunities for the City to lease, develop and use certain land surrounding the Airport. In addition, the City agreed to annually pay to Adams County an amount equal to 50% of the revenue derived from City taxes (with certain exceptions described in the IGA Amendment) imposed upon the development or use of any Development Parcel. Such revenues are required to be shared among Adams County and the cities of Aurora, Commerce City, Brighton, Thornton and Federal Heights. The total amount of acreage the City may designate as Development Parcels may not exceed 1,500 acres in the aggregate. Adams County, with the consent of the applicable municipality, may agree to increase the number of acres available for designation as Development Parcels at any time by an amendment to the Adams County IGA as provided therein without voter approval.

## **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in “Investment Securities” as defined therein. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the City's Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The City's Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; insured certificates of deposit issued by banks and savings and loan institutions which are eligible public depositories as defined under Colorado Law. Uninsured certificates of deposit are required to be collateralized in accordance with the State's Public Deposit Protection Act; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; any investment type in which the Colorado state treasurer is allowed to invest state moneys if otherwise compliant with the City's investment policy, and other similar securities as may be authorized by ordinance. The City Municipal Code permits the City to invest in debt service reserve fund put agreements and forward purchase agreements.

Consistent with the City Charter, the City adopted a written investment policy on September 30, 2021 that implements the following strategies: (1) no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises, supranationals, local agency government investment pools, money market funds and repurchase agreements; (2) the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the credit quality, liquidity or yield of the portfolio in response to market conditions or risk preferences; and (3) if securities owned by the City are downgraded by a nationally recognized rating agency to a level below the credit rating required by the City's investment policy, it will be the policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. The decision will be based on current maturity for such securities, the economic outlook for the issuer, and other relevant factors, including certain restrictions related to the duration of such investments, maximum limits within asset portfolios, rating restrictions, and diversification requirements. The City's Chief Financial Officer will be notified of any such downgrades and the decision made by the City's investment team.

### **Master Derivatives Policy**

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

In accordance with the Master Derivatives Policy, the Manager of Finance is required to develop the terms and provisions of each Swap with the input and advice of the City's financial advisors or swap advisors. Proposed Swaps must be approved by the City Council through the adoption of a swap ordinance (a "**Swap Ordinance**"). The Swap Ordinance establishes the authorized parameters for notional amount, Swap maturity, source of payment and other requirements relating to a Swap.

The Master Derivatives Policy does not restrict the City in the use of Swaps but requires the City to consider certain strategies in applying Swaps, including: (i) managing the City's exposure to floating and fixed interest rates through interest rate swaps, caps, floors, collars and other swaptions products; (ii) hedging floating rate risk with caps, collars, basis swaps and other instruments; (iii) locking in fixed rates in current markets for use at a later date through the use of forward swaps, swaptions, rate locks, options and forward delivery products; (iv) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; (v) more rapidly accessing the capital

markets than may be possible with conventional debt instruments; (vi) managing the City's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt debt; and (vii) other applications to enable the City to lower costs or strengthen the City's balance sheet.

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

## **Insurance**

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. The Airport and the City share a property insurance policy with a total loss limit of \$2 billion, with an excess policy of \$500 million dedicated to the Airport, subject to a minimum \$250,000 per occurrence deductible. This is based on a reported value of approximately \$7 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$162 million (which is included in the \$7 billion total). Certified and non-certified acts of terrorism are included under the Airport's property insurance. As an additional cost savings initiative, Airport management has determined that it is not cost effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately \$1.7 billion. An Airport Owners and Operators Liability policy is maintained with a \$500 million per occurrence liability limit. War risk is included in this coverage with a \$150 million sublimit and certified terrorism risk is included at full policy limits. The Airport also maintains business interruption insurance with a total loss limit of \$25 million in the event of a disaster-related closing or interruption in operation of the Airport, and maintains various other insurance policies including environmental pollution liability with a total loss limit of \$10 million in the aggregate, network security with a total loss limit of \$20 million in the aggregate, network security and cyber liability with a total loss limit of \$20 million in the aggregate, crime insurance with a total loss limit of \$2 million in the aggregate shared with the City, and fine arts coverage shared with the City with a total loss limit of \$450 million in the aggregate. The Airport retains \$2.5 million to self-insure for primary workers' compensation liability and maintains a \$25 million policy for excess workers' compensation liability.

## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of Article X, Section 20 of the State constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. "Enterprises" are defined as government-owned businesses authorized to issue their own revenue bonds and receiving fewer than 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an "enterprise" is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an "enterprise," such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City's

overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **CERTAIN INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2022A-[ ] Bonds involve investment risks and considerations. Prospective investors should read this Official Statement, including appendices thereto, in its entirety. The factors set forth below, among others, may affect the security for the Series 2022A-[ ] Bonds. The information below does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2022A-[ ] Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase and ownership of the Series 2022A-[ ] Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Furthermore, additional risk factors not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Net Revenues. There can be no assurance that other risks or considerations not discussed herein are or will not become material in the future.

### **Risks Related to Airline Operations and Activity**

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

The Series 2022A-[ ] Bonds are payable solely from and secured by a senior pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the General Bond Ordinance. The Series 2022-[ ] Subordinate Bonds are payable solely from and secured by a subordinate pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the General Bond Ordinance. Gross Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, including the continuing impact of COVID-19, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, business travel substitutes, including teleconferencing, videoconferencing and web-casting; accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the occurrence of pandemics, climate change events and other natural and man-made disasters, some of which are discussed in further detail hereafter in this section. See also “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT” and “AVIATION ACTIVITY AND AIRLINES” above.

In addition to revenues received from the airlines, the Airport derives a significant portion of its revenues from parking and from concessionaires including merchandisers, car rental companies, restaurants, and others. Severe financial difficulties affecting a concessionaire could lead to a reduction in, or failure to pay, rent due under its lease agreement with the Airport or could lead to the cessation of operations of such concessionaire. Declines in Airport passenger traffic in the past and also as a result of the COVID-19 pandemic have adversely affected, and future declines may adversely affect, parking



revenues and the commercial operations of many of such concessionaires. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT.”

The Airport has experienced growth in recent years in ground transportation revenue driven by fees paid by TNCs for use of Airport facilities, and continues to monitor and manage ground transportation and parking revenue opportunities. However, new technologies (such as autonomous vehicles) and new business strategies in established markets such as commercial ground transportation and car rentals may occur, which could have an impact on passengers’ choice of ground transportation mode and revenues from parking and various ground transportation services. Additionally, an increase in, and potential sustained use of, videoconferencing and telecommuting initially arising as a result of the COVID-19 pandemic also may occur, which could have an adverse impact on passenger traffic generally.

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

The major air carriers operating at the Airport, by local market share, are United, Southwest, Frontier, American, and Delta. Except for these airlines, no single airline accounted for more than 4.0% of passenger enplanements at the Airport in 2021 or more than 5.0% of either the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2021. Major domestic airlines have joined or may be forming alliances with other major domestic airlines. Depending on which airlines serving the Airport merge or join alliances, the result may be fewer flights by one or more airlines, which decreases could be significant. For example, United Group and Southwest were responsible for 43.9% and 31.7%, respectively, of the Airport’s passenger enplanements in 2021. If either of these airlines were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. While historically when airlines have reduced or ceased operations at the Airport other airlines have absorbed the traffic with no significant adverse impact on Airport revenues, it is possible that were United or Southwest to cease or significantly cut back operations at the Airport, Gross Revenues, PFC collections and costs for other airlines serving the Airport could be adversely affected.

No assurances can be given with regard to the future level of activity of United, Southwest, Frontier, American or Delta at the Airport, or that, in the event that the operations of these airlines at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See “— Risk of Airline Bankruptcies” below, as well as “AVIATION ACTIVITY AND AIRLINES” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

***Prospective Merger.*** In February 2022, Denver-based Frontier Airlines announced a definitive merger agreement with Spirit Airlines (“**Spirit**”). Under the proposed terms, existing Frontier equity holders would own approximately 51.5% of the merged airlines and existing Spirit equity holders would own approximately 48.5%. The merger agreement provides that Frontier’s current chairman would serve as the new chairman of the board and Frontier would also have rights to name a majority of the other board of directors. The boards of directors of both companies have approved the merger and it was announced to close in the second half of 2022, subject to satisfaction of customary closing conditions and regulatory approval. While the merger, if it is effected, is not expected to substantively alter the markets served by Spirit or Frontier from the Airport, there can be no assurances that any changes to the markets served as a result of the merger may not have a material adverse effect on revenues generated from either airline. See “— *Financial Condition of the Airlines*” for a general discussion of the risk factors associated with airline mergers.

### ***Financial Condition of the Airlines***

The ability of the Airport to derive revenues from its operations depends largely upon the financial health of the airlines serving the Airport and the airline industry as a whole. The financial results of the airline industry has historically been volatile and many carriers have had extended periods of unprofitability in the past. The airline industry is sensitive to a variety of factors, including the cost and availability of labor, fuel, aircraft, supplies and insurance; general economic conditions; international trade; currency values; competitive considerations, including effects of airline ticket pricing; governmental regulations, including security and climate change-related regulations; taxes imposed on airlines and passengers; maintenance and environmental requirements; passenger demand for air travel; strikes and other union activities; availability of financing; and disruptions caused by airline accidents, criminal accidents, public health concerns and acts of war or terrorism.

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in the Middle East or other petroleum producing regions could dramatically impact the price and availability of aviation fuel. Spikes in fuel prices due to the hostilities in Ukraine may result in increased flight costs and reduce the demand for air travel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Fuel prices peaked between 2011 and 2014 before significantly decreasing in mid-2014. While fuel prices have declined in the past few years due to strong global supply, increased U.S. oil production and other factors, fuel prices have risen steadily since August 2017, [and have hit an all-time high as of [April], 2022, and further increases in the cost of aviation fuel may occur in the future. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse impact on the air transportation industry by increasing airline operating costs and reducing airline profitability.

In addition, the airline industry has undergone significant changes, including mergers, acquisitions and bankruptcies, and most recently the Frontier-Spirit proposed merger announcement that would create the largest ultra-low cost carrier in the country, and the subsequent unsolicited offer from JetBlue for Spirit. Additional bankruptcy filings, mergers, consolidations and other major restructuring by airlines are possible. In recent years, airlines have taken a variety of measures to increase their profitability, including closures or reductions of unprofitable routes, reductions of work forces, implementation of pay cuts, streamlining of operations and introduction of new fees. The City is not able to predict whether any future airline mergers, consolidations, reorganizations or liquidations will occur or the impact that any such events may have on the airline traffic at the Airport or the operations of the Airport. The City makes no representation concerning the financial health of the airlines, and no assurance can be given regarding the impact, if any, that future unfavorable events affecting airline users or the airline industry more broadly might have upon the Net Revenue or the operations of the Airport.

See “— Dependence on Levels of Airline Traffic and Related Activity,” “—Current Economic Conditions,” and “—Risk of Airline Bankruptcies” in this section. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT” and “AVIATION ACTIVITY AND AIRLINES” above.

### ***Risk of Airline Bankruptcies***

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay outstanding Senior Bonds and Subordinate Bonds. See also “AVIATION ACTIVITY AND AIRLINES—Airline Information” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—

Passenger Airlines Use and Lease Agreements.” The following is a discussion of various impacts to the Airport of an airline bankruptcy.

***Assumption or Rejection of Agreements.*** In the event an airline that has executed a Use and Lease Agreement or other executory contract with the City seeks protection under the Bankruptcy Code, such airline must determine whether to assume, reject, or assume and assign its agreements with the City within certain timeframes provided in the Bankruptcy Code. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreement.

With the authorization of the Bankruptcy Court, and without the consent and over the objection of the City, the airline may be able to reject its Use and Lease Agreement or other agreement and stop performing its obligations (including payment obligations) thereunder. In addition, the airline may be able to assign its rights and obligations under its Use and Lease Agreement or other agreement, despite any contractual provision prohibiting such an assignment.

Rejection of a Use and Lease Agreement or other agreement will give rise to an unsecured claim of the City for damages. The amount of such damages in the case of a Use and Lease Agreement or other agreement may be limited by the Bankruptcy Code to the extent any such agreement is determined to be a lease of real property. In the case of a rejection by the airline, the rights of the airline to continued possession of the facilities subject to its Use and Lease Agreement (including gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Department to other airlines, but the ability to do so may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline’s bankruptcy, and on the need for such facilities by the other airlines. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the underground automated guideway transit system, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to the terminal and concourse rents of nonairline tenants, although there can be no assurance that such tenants would be financially able to absorb the increases.

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

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

**Post-petition Obligations.** Payment of post-petition obligations may also be interrupted or delayed. However, to the extent that a Use and Lease Agreement or other agreement with a debtor airline is considered a lease of real property, unless and until such agreement is rejected, such interruption or delay in payment of post-petition obligations may be limited to 60 days after the commencement of the bankruptcy proceeding.

**PFCs.** Pursuant to 49 U.S.C. § 40117 (as previously defined, the “**PFC Enabling Act**”), the FAA has approved the City’s applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as discussed in “FINANCIAL INFORMATION—Passenger Facility Charges” above.

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

## **COVID-19 Risks**

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses and economies worldwide. The full impact of COVID-19 may still be unknown and continues to evolve. Stay-at-home orders, social distancing guidelines, and travel restrictions adversely affected the economies and financial markets of many countries in 2020 and 2021, resulting in an economic downturn that has negatively impacted, and may continue to negatively impact, the local economy, the airline industry and transportation in general. Although economies and travel are recovering, the City and Airport’s financial condition and results of operations, and the financial condition and results of operations of the airlines serving the Airport, have been adversely affected by the COVID-19 pandemic and may continue to see setbacks in recovery to pre-COVID operations. The City and the Department cannot predict the outcome of many factors related to COVID-19 that could continue to materially adversely affect the Airport’s financial condition or results of operations, including the continued duration or extent of the COVID-19 pandemic or another outbreak, pandemic, or force majeure event; the scope of any mitigation measures; the extent of long-term effects of COVID-19 on manufacturing, supply chain, construction, concessionaire, travel or employee matters; or the potential for any additional federal funding beyond the Stimulus Funds already received.

Under the COVID-19 Relief Policies, Signatory Airlines and car rental companies were permitted to defer certain payments under their Use and Lease Agreements and concession agreements, respectively. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT—Summary of Department Actions Taken in Response to COVID-19—*COVID-19 Relief Policies for Airlines and Concessionaires*.” Except as described therein, the Report of the Airport Consultant assumes the Department will not implement any further relief policies; however, there can be no assurances that

additional relief policies will not be implemented or necessary, that airlines may not request additional relief or rent deferrals or abatements, and that any deferred payments under the COVID-19 Relief Policies will be made on time or at all. Future relief policies or a failure to repay deferred payments may have an adverse effect on the operations or financial condition of the Airport or the airlines serving the Airport.

See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT.”

### **Airport Use and Lease Agreements**

A substantial portion of Gross Revenues available for payment of debt service is derived from rentals, fees and charges imposed upon the Signatory Airlines under the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. All Use and Lease Agreements with passenger Signatory Airlines expired on December 31, 2021 (with the exception of United and Southwest, each of which expires in 2035, and Frontier, which expires 10 years after their date of occupancy of the new Concourse A East ground load facility). The City has exercised the first of two one-year extensions to the Use and Lease Agreements, expiring on December 31, 2022. The City has the option to extend for one additional year, through December 31, 2023. Any of such Use and Lease Agreements may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof or that challenges will not be made by airlines to the rates and charges established by the City or its method of allocating particular costs. See “—*Risk of Airline Bankruptcies*” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

Upon the expiration or termination of a Use and Lease Agreement, an airline is required to surrender the leased premises to the City. Holding over by a Signatory Airline following the expiration of the term of a Use and Lease Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, a Signatory Airline is subject to all the terms and conditions of the Use and Lease Agreement. Rent, fees, and charges for each month of such holding over are required to be paid by the airline to the City in an amount that is generally equal to the monthly rental, fees, and charges required for the month prior to the end of the term of such agreement. The City may encounter significant expenses, delays and potentially nonpayment of amounts owed by the airline following the expiration or termination of the related Use and Lease Agreement should the City be required to pursue legal action to enforce the Use and Lease Agreements.

### **Ability to Meet Rate Maintenance Covenants**

As described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[ ] BONDS—Rate Maintenance Covenants” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022[ ] SUBORDINATE BONDS—Rate Maintenance Covenants,” each of the Senior Bond Ordinance and the Subordinate Bond Ordinance includes covenants with respect to the establishment of rentals, rates, fees, and charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with other Available Funds, will be sufficient to meet the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant, as applicable. However, each of the Senior Bond Ordinance and Subordinate Bond Ordinance provides that so long as the Department is taking specified steps to meet the Senior Rate Maintenance Covenant or Subordinate Rate Maintenance Covenant, as applicable, an Event of Default under the Senior Bond Ordinance or the Subordinate Bond Ordinance, as applicable, will not be triggered. The ability of the Department to increase rates and charges and to reduce expenses is limited by, among other things, federal law and certain agreements with airlines and other users of the Airport facilities.

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires, and others, and/or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Use and Lease Agreements acknowledge the existence of the Senior Rate Maintenance Covenant and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges.

Except for amounts designated toward concessionaire relief, as described herein, the City has irrevocably committed the Stimulus Funds to Debt Service Requirements and Subordinate Debt Service Requirements so that such committed amounts can be excluded therefrom for purposes of determining compliance with the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant. The City applied certain of the Stimulus Funds to Debt Service Requirements and Subordinate Debt Service Requirements in 2020 and 2021. There can be no assurances that the City will receive any additional Stimulus Funds or other funds, or that such additional funds will be irrevocably committed as described above. See “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT—Federal Relief Programs” herein.

## **Risks Related to Economic and Environmental Conditions**

### ***Current Economic Conditions***

Historically, airline passenger traffic nationwide has correlated closely with the condition of the U.S. economy and levels of real disposable income. Previous recessions and periods of stagnant economic conditions in the U.S., Colorado and Denver metropolitan area contributed to reduced passenger traffic at the Airport. For a discussion of economic and demographic information with respect to the Denver metropolitan area, see “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT.”

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economic conditions, trade balances, currency exchange rates, political relationships, and hostilities are important influences on passenger traffic at U.S. airports, including the Airport. Sustained future increases in passenger traffic at the Airport will depend in part on stable international conditions as well as national and global economic growth. See also “Dependence on Levels of Airline Traffic and Related Activity” above.

### ***Global Climate Change Risks***

The Airport’s ability to generate Gross Revenues is at risk from climate change impacts and other force majeure events, such as extreme weather events, wild fires, and other natural occurrences, although the Airport’s geographic location and high elevation reduce these risks compared to other large commercial airports. Furthermore, the long-term effects of climate change, combined with the increasing passenger awareness of the climate change impacts of aviation, could reduce demand for travel globally or locally. Increased frequency and intensity of storms, including excessive snow storms and tornadoes, droughts, and fires may have an adverse impact on the Airport’s operations and infrastructure. Although the Airport has taken steps to implement various environmental programs that may reduce climate change risks, such as the development of an ISO 14001-certified Environmental Management System, a robust stormwater collection system, and diversified solar energy programs, there can be no assurances that any mitigation measures will reduce the impacts of climate change locally or globally. The Airport has committed to developing a science-based greenhouse gas emissions target and including climate change adaptation planning into future infrastructure projects to further reduce the risk of climate change impacts.

See “DENVER INTERNATIONAL AIRPORT—Sustainability Initiatives” herein for a description of environmental programs at the Airport.

In addition to the direct effects of climate change described above, there are pending and potential regulations aimed at reducing the effects of climate change, and in particular state, federal and international regulations and accords pertaining to greenhouse gas (“GHG”) emissions. Such regulatory changes could directly and/or indirectly affect Airport operations, infrastructure and financial conditions, and could require significant upgrades to planes and facilities and increase the cost of jet fuel, of both, thereby increasing the cost of air travel and potentially reducing air travel demand.

The City and the Department are unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues will be adopted, or what effects such laws and regulations will have on the Airport, airlines operating at the Airport, other Airport concessionaires, or the local economy. The future effects of climate change on the City, the Airport, Airport concessionaires and Airport operations and infrastructure are complex, difficult to predict, depend on many factors outside of the City, Department and airline’s control, and could have material adverse effects. Furthermore, actual events may differ from any scientific climate change studies or forecasts. Accordingly, the City and the Department are unable to forecast when adverse climate change effects, or the confluence of these events or effects of climate change will occur, or whether and what magnitude of adverse economic effects may impact the Airport or air travel generally during the term of the Series 2022A-[ ] Bonds.

No assurance can be given that adverse climate change events or natural disasters will not occur while the Series 2022A-[ ] Bonds are outstanding, that the Department will not have to implement additional adaptive mitigation measures at the Airport, and/or that such measures will not require significant capital resources. Although the Airport has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance and business interruption insurance, no assurance can be given that such insurance will always be available in sufficient amounts, at a reasonable cost or available at all, or that insurers will pay claims in a timely manner or at all.

### ***Security Concerns***

In addition to concerns around traveling during the COVID-19 pandemic, general concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities and terrorist attacks may influence passenger travel behavior and air travel demand. Travel behavior also may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades, and riots, all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. Any decrease in passenger activity at the Airport would cause a corresponding decline in Gross Revenues. The City is unable to predict how serious the impact of security, international hostilities, or other future pandemics may become, what effect they may have on air travel to and from the Airport, and whether any such effects will be material.

### ***Cybersecurity Risks***

Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures,

information technology and infrastructure of the Airport and any airlines serving the Airport may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Cybersecurity incidents could result from unintentional events, such as breaches caused by employee error, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's computer networks for the purposes of misappropriating assets or information or causing operational disruption and damage. Additionally, cybersecurity breaches could cause material disruption to the Airport's operations and the safety and efficiency of the air travel industry generally.

Any such disruption, access, disclosure or other loss of information could expose the Airport to material litigation and other legal risks, which would cause the Airport to incur material costs related to such legal claims or proceedings, and could result in liability under laws that protect the privacy of personal information, regulatory penalties, disruption in the safety and/or efficiency of the operation of the airlines serving the Airport and the services provided by the Airport, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Gross Revenues.

The Airport maintains a security posture designed to deter cybersecurity attacks and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations, and the Airport's cybersecurity and operational safeguards are periodically tested. The Airport also maintains a cyber liability insurance policy that may offset any material costs associated with a cyber attack. However, no assurances can be given that the Airport's security measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Airport or the airlines serving the Airport.

## **Risks Related to Federal Regulations and Funding**

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

The Airport is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The Airport is highly regulated by federal agencies including the FAA, the TSA, Customs and Border Protection, and the U.S. Department of Health. The City is unable to predict the adoption or amendment of additional laws, rules or regulations, or their effect on the operations or financial condition of the Airport.

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

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. See "—Risks Related to Economic and Environmental Conditions—Global Climate Change Risks."



### ***Federal Funding; Impact of Federal Sequestration***

The Airport depends on federal funding not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, air traffic control, and other FAA staffing and facilities. The FAA currently operates under the the 2018 Reauthorization Act, which extended certain authorizations and funding from the FAA Modernization and Reform Act of 2012 and the FAA Extension, Safety, and Security Act of 2016. The 2018 Reauthorization Act retained the federal cap on PFCs at \$4.50 and does not provide any increase in such rate, and authorized \$3.35 billion per year for the AIP during the authorization period (which runs through September 30, 3023). The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA. See “FINANCIAL INFORMATION—Federal Grants and Other Funding; Financial and Performance Audits.”

FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The City is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, (ii) result in adjustments to the 2018-2022 Capital Program, 2023-2027 Capital Program and future capital programs, and/or (iii) extend the timing for completion of certain projects. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the FAA authority expires on September 30, 2023. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

In addition to the AIP grants, the City, for and on behalf of the Department, has received and committed to debt service payments approximately \$522.0 million of Stimulus Funds (as defined in “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT—Federal Relief Programs”) pursuant to Stimulus Acts (as defined in the same section) that were designed to prevent, prepare for and respond to the impacts of COVID-19. The Stimulus Funds also provided approximately \$36.0 in concessionaire relief as further described under “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT—Federal Relief Programs.” There is no assurance that additional federal funding to address any future negative effects of COVID-19 on airports will be made available to the Airport.

Federal funding received by the Airport also could be adversely affected by implementation of certain provisions of a federal budgetary feature called sequestration. Sequestration could adversely affect FAA operations, TSA budgets, and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions. The full impact of such sequestration measures on the Airport is unknown at this time.

### ***Availability of PFCs***

As described herein, prior to January 1, 2019, two-thirds of the PFCs received by the City (the \$3.00 portion of the \$4.50 PFC) were irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds. The City determined not to extend such irrevocable commitment after December 31, 2018. In addition, one-third of the PFCs received by the Airport pursuant to certain PFC applications (the \$1.50 portion of the \$4.50 PFC) were considered Gross Revenues under the

General Bond Ordinance through 2018. Commencing on January 1, 2019, all PFC revenues received by the City are now included in Gross Revenues until such time as the Manager gives written notice to the Treasurer that such PFCs, or a portion thereof, shall no longer be included in Gross Revenues for purposes of the Bond Ordinances. See “FINANCIAL INFORMATION—Passenger Facility Charges.” PFCs that are designated as Gross Revenues are taken into account in determining whether the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenants have been met as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Rate Maintenance Covenants.”

The Airport’s receipt of PFC revenues is subject to several risks. First, the Airport’s current PFC authorization expires on October 1, 2031. Second, the amount of PFCs received by the Airport in future years depends on the actual number of PFC-eligible passenger enplanements at the Airport. If enplanements decline so will the Airport’s PFC revenues. Third, the Airport’s authority to impose PFCs may be terminated (subject to procedural safeguards) for various reasons, including for a failure by the Airport to observe FAA requirements regarding use of these revenues. See “FINANCIAL INFORMATION—Passenger Facility Charges.”

Legislation was introduced in the House of Representatives in the past and may be introduced in the future to amend the PFC Enabling Act, to, among other things, remove the \$4.50 PFC cap on each enplaning revenue passenger and authorize an eligible agency to impose a PFC of any amount on each enplaning revenue passenger at an airport the agency controls. No assurance can be given that any such legislation will be enacted; that in the event such legislation is enacted, the Airport will submit an application to increase the rate of PFCs collected at the Airport above \$4.50 or that any such application will be granted by the FAA; that the Airport’s authority to impose a PFC will not be terminated by Congress or the FAA; that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport; or that the Airport will not seek to decrease the amount of PFCs to be collected, provided that such decrease does not violate the City’s covenants in the Bond Ordinances. A shortfall in PFC revenues may cause the Airport to increase rentals, fees and charges at the Airport to meet the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenants.

## **Risks Related to Airport Facilities, Construction Risk and Availability of Funding**

### ***Construction Risks Related to Projects Within the Total Capital Program***

The ability of the City to complete remaining projects in the 2018-2022 Capital Program and to complete projects included in the 2023-2027 Capital Program may be adversely affected by various factors including: (i) estimating variations, (ii) design and engineering variations, (iii) changes to the scope, scheduling or phasing of the capital projects, (iv) delays in contract awards, obtaining permits, approvals or reviews, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, natural disasters, climate change factors, or other casualty events, (viii) contractor defaults, (ix) labor disputes and work stoppages, (x) unanticipated levels of inflation, (xi) environmental issues, (xii) litigation, (xiii) tariffs or other taxes imposed by state or federal authorities, as well as trade disputes among U.S. trading partners, (xiv) delays due to airline operational needs, (xv) bidding conditions through the Department’s procurement process and (xvi) continuing effects of COVID-19 or other pandemics of a similar nature.

Such occurrences or similar occurrences may cause the completion of projects within the Total Capital Program to be delayed or cost more than planned. If certain projects within the Total Capital Program that will generate Gross Revenue, such as the concourse gate expansion project or the Great Hall Project, should be delayed for any reason for which monetary damages from a contractor, subcontractor,

supplier or materialman would be insufficient to compensate it for the loss of Gross Revenues resulting from such delay, Gross Revenues may be adversely affected, and the payment of debt service on the Senior Bonds and the Subordinate Bonds, including the Series 2022A-[ ] Bonds may likewise be adversely affected. In addition, failure to complete projects in the Total Capital Program could adversely affect the ability to generate and realize Gross Revenues.

Additionally, the City, for and on behalf of the Department, contracted with a new project team for the Great Hall Project in March 2020, which team completed construction of Phase 1 of the Great Hall Project and is expected to complete construction of remaining phases as well. The City, for and on behalf of the Department, currently projects that the total design and construction costs of all phases of the Great Hall Project will be \$2.1 billion. The scope and design of the second and completion phases of the Great Hall Project remains subject to evaluation by the Department with respect to certain Airport needs, including COVID-19 considerations such as use of space and social distancing requirements. The final completion date of the Great Hall Project is currently anticipated to be summer of 2028. See “DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments.”

Delays to construction of the projects included in the Total Capital Program due to any future procurement processes or general construction risks described above, or due to redesigned spaces as a result of COVID-19, may result in increased costs beyond the originally budgeted amount, delay of the completion date, potential loss of concessions revenue due to concessions opportunities not being available or being delayed, and prolonged inconvenience to travelers. As of May 1, 2022, global supply chain issues and shipping delays continue to adversely affect the implementation of the Total Capital Program at the Airport, including but not limited to delays in the procurement of major equipment and vehicles, replacement cars for the AGTS, concourse escalators and light fixtures, among others.

Furthermore, there may be additional costs or payments required to be made under a construction contract for the completion of the construction of the projects included in the Total Capital Program, including the Great Hall Project. There can be no assurances that the projected design and construction costs will fall within the original budgeted amount.

The Department may continue to adjust the scope, timing and priority of projects in the Total Capital Program at the Airport. There can be no assurance that the construction of any project within the Total Capital Program will be completed on time; that any or all of the required permits, approvals and reviews will be obtained at all or in a timely manner that will permit such projects to be constructed on schedule; that the Airport and/or airline operations will not be affected by any delay in completion or commencement of operation of the such projects; or that the remedies available to the City, for and on behalf of the Department, as a result of any failure to perform by any contractor, subcontractor or supplier and/or termination of agreements with such parties would be sufficient to compensate it for the loss of Gross Revenues resulting from such delay or termination, or that any such events will not adversely affect the ability of the City to generate and realize Gross Revenues.

### ***Airport Hotel Risks***

The principal sources of revenues from the Airport Hotel, which is owned by the Airport and managed by Westin, are room rentals, food sales to guests and other related charges and fees. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*” for a description of the Airport Hotel. The primary risk associated with the receipt of room rentals and food sales is the occupancy level of the Airport Hotel. A number of factors that may impact the occupancy level and that are beyond the control of the Airport or Westin include the continuation or exacerbation of the COVID-19 pandemic and related travel restrictions, adverse changes in the national economy and levels of tourism, competition from other hotels, sales taxes, energy costs, governmental rules and

policies, gasoline and other fuel prices, airline fares and the national economy. In addition, because hotel rooms are rented for a relatively short period of time compared to most commercial properties, hotels respond more quickly to adverse economic conditions and competition than do other commercial properties that are rented for longer periods of time, which could impact, among other things, the average daily room rate (“ADR”).

The occupancy rates and the ADR of the Airport Hotel are also dependent in part on the national brand name recognition of Westin. If Westin’s premium brand market power and position were to be reduced, or if Westin were to discontinue its services as the manager or fail to renew any of the management agreements in the future, these factors could adversely impact the occupancy rates and ADR of the Airport Hotel unless Westin were replaced by a comparable operator with national brand name recognition.

In the event gross operating revenues of the Airport Hotel are not sufficient in a particular month to pay Airport Hotel operating and maintenance expenses then due, amounts in the Revenue Fund not related to the Airport Hotel are to be applied to pay any such Airport Hotel expenses prior to the payment of debt service on any Senior Bonds and Subordinate Bonds. Airport Hotel revenues have been strong since its opening in 2015, other than recent reductions in revenues due to COVID-19, and have been sufficient to date to pay its operating and maintenance expenses; however, there is no assurance that operating revenues of the Airport Hotel will continue to be sufficient to pay its operating and maintenance expenses.

#### ***Access to Credit Markets; Availability of Funding for the Total Capital Program***

The City plans to access the credit markets in future years in order to issue additional Airport System revenue bonds to finance portions of the Total Capital Program or future capital programs, remarket existing Airport System revenue bonds, and extend the terms of reimbursement agreements related to certain variable rate Senior Bonds. In order to extend or replace such reimbursement agreements, the City may determine that it is necessary to remarket such series of Senior Bonds, potentially resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets, like those which occurred in 2008-2010, may cause the City to reduce or delay portions of the Total Capital Program or future capital programs.

The estimated costs of and the projected schedule for the Total Capital Program and certain other information regarding projects included in the Total Capital Program are described in “CAPITAL PROGRAM” above. The proposed capital projects are subject to a number of uncertainties, and capital project budgets are updated from time to time. The funding plan for the Total Capital Program, as described herein, assumes that a combination of the proceeds of Airport System revenue bonds, moneys on deposit in the Airport’s Capital Fund, and various federal grants will be received in amounts and at times necessary to pay the costs of portions of the Total Capital Program.

No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed, or that the existing or future capital projects will not cost more than the current budget or future budgets for such projects. Furthermore, the City is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. The City may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included herein or in the Report of the Airport Consultant.

## **Monetary Liability for Noise Standards Violations Under the Adams County IGA**

The City and Adams County are involved in litigation relating to, among other things, the noise monitoring system used by the City to determine the Airport's compliance with the Noise Standards (as previously defined and described in "FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County") established under the Adams County IGA (as defined and described in "FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County"), and the annual number of Noise Standards violations claimed by Adams County. The District Court for Jefferson County, Colorado, ruled that the City's use of noise modeling system known as ARTSMAP to measure compliance with the Noise Standards does not comply with the language of the IGA, and awarded Adams County and certain other jurisdictions involved in the litigation liquidated damages in the amount of \$500,000 per Class II violation (i.e., the liquidated damages amount set forth in the IGA for each Class II violation) for 67 Class II violations for years 2014 through 2016, plus pre- and post-judgment interest. In addition, Adams County sent notices to the City alleging 44 Class II violations for years 2017 through 2019 and the City anticipates receiving additional notices of Class II violations for years 2020 and 2021. Adams County calculated the Noise Standards violations for years 2014 through 2019 using an alternative, non-ARTSMAP noise analysis that the City believes is heavily contaminated with community and other non-aircraft noise. The City is not able to predict how many Class II violations will be asserted by Adams County each year using this system. The City has proposed an alternative system, and is negotiating with Adams County new methods and best technology for monitoring noise and calculating Noise Standards violations for the year 2017 and subsequent years, but no agreement has been reached by the parties and there are no assurances that such agreement will be reached. If the parties fail to reach such agreement, Adams County may seek a court enforcement action for these violations similar to the court enforcement action for the violations in 2014, 2015, and 2016 described above. Furthermore, even if the parties agree on new methods and technology, it is foreseeable that the new system could determine that aircraft noise is exceeding the Noise Standards, and liquidated damages will be payable for any Class II exceedances. See "LITIGATION—Current Litigation and Controversy Relating to the Adams County IGA."

## **Enforcement of Remedies**

The Senior Bond Ordinance provides that upon the happening and the continuance of an event of default, the Owners of not less than 10% of the outstanding Senior Bonds may accelerate all of the outstanding Senior Bonds. The Subordinate Bond Ordinance provides that upon the happening and continuance of an event of default thereunder, the Owners of not less than 25% in principal amount of the outstanding Subordinate Bonds may accelerate all of the outstanding Subordinate Bonds. An event of default with respect of any Senior Bonds also is an event of default under the Subordinate Bond Ordinance and Junior Lien Bond Ordinance. However, an event of default under the Subordinate Bond Ordinance or the Junior Lien Bond Ordinance is not an event of default under the Senior Bond Ordinance, and upon the occurrence of an acceleration event under the Subordinate Bond Ordinance or Junior Lien Bond Ordinance, the Senior Bonds Debt Service Requirements would continue to be paid in the same priority from Net Revenues as set forth in the Senior Bond Ordinance and as generally described above under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Flow of Funds; Revenue Fund."

The rights and remedies available to the Owners of the Series 2022A-[\_] Bonds may become subject to, among other things, the federal bankruptcy code; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; equity principles; limitations on the specific enforcement of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the

State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and regulatory and judicial actions that are subject to discretion and delay. Although the State of Colorado does not presently authorize the City or the Airport to commence a bankruptcy proceeding under Chapter 9 of the Bankruptcy Code, should such an authorization be provided in the future, the provisions of Chapter 9 of the Bankruptcy Code and court decisions thereunder may result in additional risks associated with bankruptcy proceedings. The foregoing could subject the Owners of the Series 2022A-[ ] Bonds to, among other things, judicial discretion and interpretation of rights; the automatic stay provisions of the federal bankruptcy code; rejection of significant agreements; avoidance of certain payments to the Owners of the Series 2022A-[ ] Bonds as preferential payments; assignments of certain obligations, including those in favor of the Owners of the Series 2022A-[ ] Bonds; significant delays, reductions in payments and other losses to the Owners of the Series 2022A-[ ] Bonds; an adverse effect on the liquidity and values of the Series 2022A-[ ] Bonds; additional borrowings, which borrowings may have a parity lien on Net Revenues; alterations to the interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the General Subordinate Bond Ordinance or the Series 2022A-[ ] Bonds.

Legal opinions to be delivered concurrently with the delivery of the Series 2022A-[ ] Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2022A-[ ] Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, as well as limitations on legal remedies against cities in the State. In the event the City fails to comply with its covenants under the Senior Bond Ordinance or the Subordinate Bond Ordinance, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2022A-[ ] Bonds.

### **Additional Rights of Certain Owners of Senior Bonds and Subordinate Bonds**

In 2014, the City completed the restructuring of multiple series of Senior Bonds bearing interest at variable rates. The restructuring consisted of extending the maturities and changing or establishing mandatory sinking fund redemption dates for such Series of Senior Bonds, which were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City. See "FINANCIAL INFORMATION—Outstanding Senior Bonds—*Credit Facility Obligations Related to Senior Bonds.*" Such reimbursement agreements include representations, covenants and agreements of the City solely for the benefit of such financial institutions as owners of the restructured Senior Bonds in addition to those contained in the General Bond Ordinance. The covenants in a reimbursement agreement may be waived or modified with only the consent of the related financial institution as owner of the Senior Bonds and without consent of or notice to any owners of other Senior Bonds. The ability of the City to comply with such covenants can be affected by events beyond its control, and there can be no assurance that it will continue to meet such covenants.

Additionally, the City has entered into certain Subordinate Credit Facilities in connection with the issuance of certain Subordinate Bonds. Each of such Subordinate Credit Facilities include representations, covenants, and agreements in addition to those contained in the Subordinate Bond Ordinance. A breach of any of these representations, covenants and agreements could result in a default under the related Subordinate Bonds and the Subordinate Bond Ordinance. See "FINANCIAL INFORMATION—Subordinate Obligations—*Subordinate Credit Facility Obligations.*"

An event of default under a reimbursement agreement could result in an event of default under the Senior Bond Ordinance, which is an event of default under the Subordinate Bond Ordinance. Under the Senior Bond Ordinance, the consent of the owners of not less than 10% in principal amount of the

Senior Bonds Outstanding is required to accelerate payment of the Senior Bonds upon an event of default. Under the Subordinate Bond Ordinance, the consent of the owners of not less than 25% in principal amount of the Subordinate Bonds Outstanding is required to accelerate payment of the Subordinate Bonds upon an event of default. See “APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE XII—Defaults, Rights and Remedies of Bondowners” and APPENDIX C-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE—ARTICLE XII—Defaults, Rights and Remedies of Bondowners.” See also “—Enforcement of Remedies” above.

## **LIBOR Risk Factors**

Some of the outstanding Senior Bonds as well as some of the outstanding Subordinate Hedge Facility Obligations have payments referenced off of the London interbank offered rate (“**LIBOR**”). In July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the “**FCA**”), which regulates LIBOR, announced that it expects that it would not be in a position to sustain LIBOR through its influence or legal compulsion powers after the end of 2021 and called for an orderly transition over a four to five-year period from LIBOR to the reference rates selected by the Alternative Rate Committees (as defined below). On November 30, 2020, the ICE Benchmark Administration Limited announced its plan to extend the date that most U.S. Dollar LIBOR values would cease being computed and published from December 31, 2021 to June 30, 2023. On March 5, 2021, the ICE Benchmark Administration Limited published a feedback statement that confirmed its intention to cease publication of the one week and two month U.S. Dollar LIBOR tenors after December 31, 2021 and all other U.S. Dollar LIBOR tenors after June 30, 2023. Central banks around the world, including the U.S. Federal Reserve, have commissioned working groups that include market participants (the “**Alternative Rate Committees**”) with the goal of finding suitable replacements for their currency’s LIBOR that are based on observable market transactions. The City and the Department also may in the future pursue amendments to its LIBOR-based financial instruments to provide for a transaction mechanism or other reference rate in anticipation of LIBOR’s discontinuation, but it may not be able to reach agreements with its counterparties regarding any such amendments. Any transition away from LIBOR, as well as the uncertainty surrounding the future of LIBOR and future regulatory and market developments, could have a materially adverse effect on the current and future trading market for, and the market price of, LIBOR-based financial instruments, such as certain swap agreements, including swap agreements related to certain of the Airport’s Senior Bonds and Subordinate Contract Obligations.

## **Credit Risk of Swap Counterparties**

The City has entered into interest rate swap agreements with various financial institutions. See “FINANCIAL INFORMATION—Subordinate Obligations.” During and following the U.S. recession in 2008-2009, each of the Rating Agencies downgraded the claims-paying ability and financial strength ratings of many commercial banks and other financial institutions serving as counterparties, though many of the institutions have subsequently been upgraded. The Rating Agencies could announce downgrades of these entities in the future, which could have a material adverse effect on the Airport, including significant increases in its debt service costs.

The occurrence of certain events, including non-payment or a ratings downgrade of the applicable swap providers if not cured, could give the other party to the swap agreement the ability to cause a termination thereof (or might result in automatic termination in the case of a bankruptcy). The amount due in connection with any such termination could be owed by, or to, the Airport depending on interest rate conditions at the time of termination regardless of fault. The amount owed may be substantial, and any such termination could leave the parties unhedged. A termination may be avoided by novating the swap to another party, or the burden of the Airport having to pay any such termination payment may be

alleviated by entering into a replacement swap on the same terms as the terminating swap but with the new swap provider's payment of an upfront fee which could be used to pay all or a portion of the termination payment. The availability of such options would depend on the applicable termination events, and the parties' creditworthiness and market conditions at the time. See "FINANCIAL INFORMATION—Subordinate Obligations."

### **Report of the Airport Consultant; Actual Results May Differ from Projections and Assumptions**

The Report of the Airport Consultant included as APPENDIX A was prepared in connection with, but prior to the actual offering and sale of the Series 2022A-[ ] Bonds, and consequently makes various assumptions as set forth therein and is subject to uncertainties. It will not be revised to reflect certain events or updates that occur after its dated date. The range of projected key financial metrics included in the Report of the Airport Consultant was prepared based on certain assumptions as further described therein.

The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an understanding of all of the assumptions used to prepare the projections made therein. No assurances can be given that the projections discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. As noted in such report, any projection is subject to uncertainties; therefore there are likely to be differences between the projections and actual results, and those differences may be material. See "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT."

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statements in this Official Statement will not be realized and unanticipated events and circumstances will occur. The forward-looking statements and projections presented herein and in the Report of the Airport Consultant incorporate certain assumptions more fully described above and in the Report of the Airport Consultant. Any forward-looking statement and/or projection should be read in connection with the related assumptions. It can be expected that there will be differences between forward-looking statements and projections presented herein and in the Report of the Airport Consultant, and actual results, and those differences may be material.

### **Potential Tax Law Changes**

From time to time, there are legislative proposals in Congress and in state legislatures that, if enacted, could alter or amend the treatment of the Series 2022A-[ ] Bonds for federal and state tax purposes or adversely affect the market value or marketability of the Series 2022A-[ ] Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, from time to time regulatory actions are announced or proposed, and litigation is threatened or commenced, which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2022A-[ ] Bonds. It cannot be predicted whether any such regulatory action will be implemented, whether any particular litigation or judicial action will be commenced or, if commenced, how it will be resolved, or whether the Series 2022A-[ ] Bonds or the market value or marketability thereof would be affected



thereby. Prospective purchasers of the Series 2022A-[ ] Bonds should consult their tax advisors regarding any future, pending or proposed legislation, regulatory initiatives, rulings or litigation as to which Bond Counsel expresses no opinion. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022A-[ ] Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. See “TAX MATTERS.”

## **REPORT OF THE AIRPORT CONSULTANT**

The Airport Consultant prepared the Report of the Airport Consultant dated [ ] [ ], 2022, which is included herein as “APPENDIX A—REPORT OF THE AIRPORT CONSULTANT” with the consent of the Airport Consultant.

The Report of the Airport Consultant presents certain airline traffic and financial forecasts for fiscal years ending December 31, 2022 through December 31, 2030 (the “**Forecast Period**”), as well as, among other things, an overview of the Airport; descriptions and/or analysis of airline traffic trends, factors affecting future airline traffic, airline traffic forecasts, Airport facilities and capital program, and financial framework and other economic factors, and the assumptions upon which such forecasts are based.

The Report of the Airport Consultant also incorporates certain elements of the funding plans for the 2018-2022 Capital Program and the 2023-2027 Capital Program, including the estimated debt service requirements with respect to the outstanding Senior Bonds (including the Series 2022A-[ ] Bonds), Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations and other additional Senior or Subordinate Bonds that may be issued during the Forecast Period to fund projects in the 2023-2027 Capital Program.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The debt service coverage forecasts in the Report of the Airport Consultant were not updated to reflect the sale, issuance or final terms of the Series 2022A-[ ] Bonds.

No assurances can be given that the forecasts and expectations discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an explanation of the assumptions and forecasts used therein. As of the date of this Official Statement, in the opinion of the Airport Consultant, the assumptions made in the Report of the Airport Consultant provide a reasonable basis for the projections therein.

See also “CAPITAL PROGRAM,” “AVIATION ACTIVITY AND AIRLINES—Airline Information,” “CONTINUING EFFECT OF COVID-19 ON THE AIRPORT,” and “CERTAIN INVESTMENT CONSIDERATIONS—Report of the Airport Consultant; Actual Results May Differ from Projections and Assumptions,” for a discussion of, among other things, the factors that may impact projections related to the Airport.

## **LITIGATION**

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. Except as described in following section, “—Current Litigation and Controversy Relating to

the Adams County IGA,” the City believes that any liability assessed against the City as a result of such claims or lawsuits, which are not covered by insurance or accounted for in the Total Capital Program, would not materially adversely affect the financial condition or operations of the Airport System.

### **Current Litigation and Controversy Relating to the Adams County IGA**

**Current Litigation.** The City and Adams County are parties to the Adams County IGA governing, among other things, Noise Standards in the vicinity of the Airport. See “FINANCIAL INFORMATION—Intergovernmental Agreement with Adams County.” On November 15, 2017, the City received a Notice of Default letter from Adams County, the City of Aurora, the City of Commerce City, the City of Brighton and the City of Thornton (the cities in which the property affected by the noise violations asserted by Adams County is located) (collectively, the “**Claimants**”) which (i) asserted that ARTSMAP is antiquated and does not meet the requirements of the Adams County IGA for installation and operation of a noise monitoring system capable of recording noise levels sufficient to determine whether the City is in compliance with the Noise Standards (as previously defined and described in “FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County”) established under the Adams County IGA (as previously defined and described in “FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County”) and (ii) demanded that the City install and operate a new system that complies with all requirements of the Adams County IGA and commit to the installation of such new system within the 30-day period. The City also received Notices of Violation from the Claimants dated November 15, 2017 that (i) asserted that calculations made by the Claimants using an alternative, non-ARTSMAP noise analysis system revealed a significant number of Class I violations and 141 Class II violations by the City in each of the years 2014 through 2016, and (ii) requested that the City determine and immediately implement procedures set forth in the Adams County IGA to remedy such violations. Adams County also asked the City to provide the City’s noise monitoring data for years 2012 and 2013.

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado (the “**Court**”), which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (as amended, the “**Complaint**”). The Complaint sought, among other things, a declaration from the Court that the City is in breach of the Adams County IGA as a result of the City’s continued use of noise modeling system known as ARTSMAP, which the plaintiffs alleged is not sufficient to measure compliance with the Noise Standards agreed to under the Adams County IGA. The Complaint also alleged between 93 and 108 Class II violations of Noise Standards in 2014 through 2016 that remained uncured in the succeeding calendar year and sought (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning Airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of \$500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year. On June 19, 2020, the Court issued a ruling (the “**Ruling**”) (i) finding, among other things, that the use of ARTSMAP system does not comply with the Adams County IGA and (ii) awarding plaintiffs liquidated damages in the amount of \$500,000 for each of the 67 uncured Class II violations for 2014, 2015, and 2016 for a total amount of \$33.5 million plus interest. On September 1, 2020, the Court ruled on the method of calculating interest for each violation.

On October 16, 2020, the City filed a notice of appeal with the Colorado Court of Appeals (the “**Appellate Court**”) appealing the Ruling and on March 3, 2022, the Appellate Court issued a decision affirming the Ruling and the method of calculating interest. On April 12, 2022, the City filed a Petition for Writ of Certiorari with the Colorado Supreme Court asking the court to clarify certain rulings of the Appellate Court, including the method of calculating interest. As of June [\_\_\_], 2022, the City has not

received any notice from the Colorado Supreme Court as to whether it accepted or denied the Petition. If the Petition is denied, the Appellate Court decision will become enforceable and the City will be required to pay the plaintiffs amounts ordered by the Court.

As of March 31, 2022, the outstanding amount due to plaintiffs for 67 uncured Class II violations for 2014, 2015, and 2016, including interest, was \$54.4 million. To the extent the City ultimately is obligated to pay amounts ordered by the Court, the City currently expects to fund these payments from the Airport unrestricted Capital Fund.

***Additional Notices of Violations.*** On August 27, 2020, the City received notices of violation from Adams County for the 2017, 2018 and 2019 calendar years alleging a total of fourteen Class I and forty-four Class II violations in 2017 through 2019. The notices state that such violations were determined using methods of calculation endorsed by the Court. **[Update to include Notices of Violations for 2020 and 2021, if received prior to posting the POS].** The City has proposed an alternative system, and is negotiating with Adams County new methods and best technology for monitoring noise and calculating Noise Standards violations for the year 2017 and subsequent years, but no agreement has been reached by the parties and there are no assurances that such agreement will be reached. See “CERTAIN INVESTMENT CONSIDERATIONS—Monetary Liability for Noise Standards Violations Under the Adams County IGA.”

As of March 31, 2022, the outstanding amount of damages that would be due to Adams County for 44 alleged Class II violations for 2017, 2018, and 2019, including interest, was \$27.6 million. To the extent the City determines or ultimately is obligated to pay such amount, the City currently expects to fund it from the Airport unrestricted Capital Fund. There can be no assurances that Adams County will not send additional notices of potential noise violations for 2020 and beyond, or amend the notices described above, which could result in the City being required to pay additional amounts in liquidated damages. Further, even if the City and Adams County agree on a new method of determining the noise violations, there can be no assurance that it would result in reduced noise violations.

## RATINGS

Moody’s Investors Service, Inc., S&P Global Ratings and Fitch, Inc. have published ratings of “[ ]” (negative outlook), “[ ]” (negative outlook) and “[ ]” (stable outlook) respectively, with respect to the Series 2022A-[ ] Bonds. Moody’s Investors Service, Inc., S&P Global Ratings and Fitch, Inc. have published ratings of “[ ]” (negative outlook), “[ ]” (negative outlook) and “[ ]” (stable outlook) respectively, with respect to the Series 2022[ ] Subordinate Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2022A-[ ] Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2022A-[ ] Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings is likely to have an adverse effect on the market price of the Series 2022A-[ ] Bonds.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS [INCLUSION TBD]

The accuracy of, among other things, the mathematical computations of amounts deposited into the Escrow Accounts to pay when due the principal and accrued interest on certain of the Refunded Bonds on their redemption dates will be verified by [Causey Demgen & Moore P.C., Denver, Colorado]. See “PLAN OF FINANCING.”

## UNDERWRITING

The Series 2022A-[ ] Bonds are being purchased from the City by [ ] (the “**Representative**”), as representative of the underwriters set forth on the cover page hereof (the “**Underwriters**”). The Series 2022A-[ ] Bonds are being purchased at a price equal to \$[ ], being the aggregate principal amount of the Series 2022A-[ ] Bonds, [plus/less original issue premium/discount of \$[ ] and less an underwriting discount of \$[ ]]. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Representative (the “**Bond Purchase Agreement**”), the Underwriters agree to accept delivery of and pay for all of the Series 2022A-[ ] Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, financing, brokerage and other financial and non-financial services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans, credit support, leases, or derivative transactions) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City (including the [2021 Interim Note, Series 2012A Bonds, Series 2012B Bonds, Series 2013A Bonds, Series 2013B Bonds, Series 2019D Bonds, Series 2007G-1-G-2 Bonds, and certain interest rates swaps] that are being refunded or terminated with the proceeds of the Series 2022A-[ ] Bonds).

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

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“**JPMS**”), an underwriter of the Series 2022A-[ ] Bonds, has entered into negotiated dealer agreements (each, a “**Dealer Agreement**”) with each of Charles Schwab &

Co., Inc. (“**CS&Co.**”) and LPL Financial LLC (“**LPL**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2022A-[\_] Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022A-[\_] Bonds that such firm sells.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

## **RELATIONSHIP OF CERTAIN PARTIES**

Banc of America Preferred Funding Corporation is the Owner of the Series 2002C, the Series 2021A and the Series 2021B Bonds. Bank of America, N.A. is the Owner of the 2021 Interim Note, which is expected to be refunded by the proceeds of the 2022A-[\_] Bonds, as well as the Owner of the Series 2015A Subordinate Bonds, the Series 2021C Subordinate Bonds, the Series 2008B Bonds, and the Series 2009C Bonds. Merrill Lynch Capital Services, Inc. is a counterparty to an interest rate swap agreement with the City. Banc of America Preferred Funding Corporation, Bank of America, N.A., Merrill Lynch Capital Services, Inc., and BofA Securities, Inc. are affiliated and are subsidiaries of Bank of America Corporation. JPMorgan Chase Bank, N.A., an affiliate of JPMS, is also a counterparty to an interest rate swap agreement with the City.

## **EXPERTS**

Frasca & Associates, LLC, is serving as Municipal Advisor to the City with respect to the Series 2022A-[\_] Bonds. It is also a “Financial Consultant” as defined in the Senior Bond Ordinance. WJ Advisors LLC is serving as the Airport Consultant to the City with respect to the Series 2022A-[\_] Bonds.

## **CONTINUING DISCLOSURE**

In order to provide certain continuing disclosure with respect to the Series 2022A-[\_] Bonds in accordance with Rule 15c2-12, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2022A-[\_] Bonds in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain specified events. See “APPENDIX G—FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

## **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2022A-[\_] Bonds are subject to the approval of Hogan Lovells US LLP, Denver, Colorado, Bond Counsel. The substantially final forms of the opinions of Bond Counsel with respect to the Series 2022A-[\_] Bonds and the Series 2022[\_] Subordinate Bonds are appended to this Official Statement. Certain legal matters will be passed upon for the City by Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard, LLC, Denver, Colorado.

## TAX MATTERS

### The Series 2022A-[ ] Bonds

*The information in this section applies solely to the Series 2022[A] Bonds and Series 2022[ ] Bonds*

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2022A-[ ] Bonds and of certain federal and state income tax considerations that may be relevant to prospective purchasers of such Series 2022A-[ ] Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2022A-[ ] Bonds, Hogan Lovells US LLP, Bond Counsel to the City, will provide an opinion, substantially in the form appended to this Official Statement, to the effect that, under existing law, interest on the Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, [except with respect to the Series 2022[ ] Bonds for any period during which such Series 2022A\_ Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trust and estates][and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates.

The foregoing opinion will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2022A-[ ] Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2022A-[ ] Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2022A-[ ] Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2022A-[ ] Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2022A-[ ] Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2022A-[ ] Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2022A-[ ] Bond based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2022A-[ ] Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2022A-[ ] Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2022A-[ ] Bond. Purchasers of Series 2022A-[ ] Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2022A-[ ] Bonds.

Other than the matters specifically referred to above, Bond Counsel to the City express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2022A-[ ] Bonds. Prospective purchasers of the Series 2022A-[ ] Bonds should be aware, however, that the Code contains numerous provisions under which receipt of

interest on the Series 2022A-[ ] Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2022A-[ ] Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2022A-[ ] Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2022A-[ ] Bonds; (3) interest on the Series 2022A-[ ] Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2022A-[ ] Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2022A-[ ] Bonds.

The Internal Revenue Service (the “**Service**”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2022A-[ ] Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2022A-[ ] Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2022A-[ ] Bonds could adversely affect their value and liquidity.

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

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2022A-[ ] Bonds, the exclusion of interest on the Series 2022A-[ ] Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2022A-[ ] Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**Prospective purchasers of Series 2022A-[ ] Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2022A-[ ] Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.]**

**The Series 2022A-[ ] Bonds [To be included if taxable bonds are included]**

*The information in this section applies solely to the Series 2022A-[ ] Bonds*

The following is a summary of material U.S. federal income tax considerations of the ownership and disposition of the Series 2022A-[ ] Bonds (collectively, the “**Taxable Bonds**”). This summary is based upon provisions of the Code, applicable regulations, administrative rulings and judicial decisions in

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

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

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

**Prospective purchasers of Taxable Bond should consult their own tax advisors concerning the U.S. federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds in light of their specific situation, as well as consequences arising under the laws of any other taxing jurisdiction.**

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

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;



- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

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

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

A Taxable Bond with an "issue price" that is less than its stated redemption price at maturity (the sum of all payments to be made on the Taxable Bond other than payments of stated interest) will generally be issued with OID in an amount equal to that difference if that difference is at least 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity. The "issue price" of a Taxable Bond will be the first price at which a substantial amount of such Taxable Bonds is sold to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

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

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

The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of:

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

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

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

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

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

#### **CERTAIN ERISA CONSIDERATIONS [To be included if taxable bonds are included]**

The information under this heading summarizes certain considerations associated with the purchase of the Series 2022A-[ ] Bonds by employee pension and welfare plans. The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee benefit plans subject to Title I of ERISA ("**ERISA Plans**"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on certain arrangements set forth in Section 4975(e)(1) which include, among other arrangements, tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, individual retirement accounts, individual retirement annuities, Archer MSAs, health savings accounts, and Coverdell education savings accounts, as described in Sections 4975(e)(1)(B) through (F) of the Code (collectively, "**Tax-Favored Plans**," and together with ERISA Plans, the "**Plans**"). Certain types of U.S. employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and church plans (as defined in Section 3(33) of ERISA and Section 4975(g)(3) of the Code) for which no election has been made under Section 410(d) of the Code, as well as non-U.S. employee benefit plans, are exempt from ERISA requirements and Code requirements but may nonetheless be subject to similar provisions of state and federal or foreign laws ("**Similar Laws**"). The information under this heading addresses the requirements of ERISA and the Code, but it should be understood that Similar Laws may impose comparable requirements.

**General Fiduciary Matters.** Among other requirements, ERISA requires fiduciaries to exercise prudence when investing ERISA Plan assets, taking into account diversification of the ERISA Plan's portfolio, liquidity needs and the requirement that ERISA Plan investments be made in accordance with the documents governing such ERISA Plan. Under ERISA, any person who has any discretionary authority or responsibility in the administration of an ERISA Plan or who exercises any discretionary authority or control with respect to the management, or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation, direct or indirect, with respect to the assets of an ERISA Plan, or has any authority or responsibility to do so, is generally considered to be a fiduciary of the ERISA Plan, unless a statutory or administrative exemption is available. The term "plan assets" is defined at 26 CFR 2510.3-101, as modified by Section 3(42) of ERISA.

**Prohibited Transaction Issues.** Section 406 of ERISA and Section 4975 of the Code (the "Prohibited Transaction Rules") prohibit a broad range of transactions between plans and "Parties in Interest" under ERISA or "Disqualified Persons" under the Code. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (i) a fiduciary with respect to a Plan (including the owner of a Tax-Favored Plan); (ii) a person or entity providing services to a Plan; and (iii) an employer or employee organization any of whose employees or members are covered by the Plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax or other liability) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available and certain prohibited transactions may be subject to rescission.

A Party in Interest or Disqualified Person who engages in a non-exempt prohibited transaction may be subject to other penalties and liabilities under ERISA and the Code. Further, a separate prohibited transaction could arise if a subsequent transfer of a Series 2022A-[\_] Bond is between a Plan and a Party in Interest or Disqualified Person with respect to such Plan.

**Prohibited Transaction Exemptions.** ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or Disqualified Person. The acquisition of any of the Series 2022A-[\_] Bonds by a Party in Interest or Disqualified Person would involve the lending of money or extension of credit. In such a case, however, certain status-based exemptions from the prohibited transaction rules might be available depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2022A-[\_] Bond. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "PTCEs." These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers.

Note that IRAs (and certain other plans described in Section 4975(e)(1) of the Code) are typically not represented by banks, insurance companies or registered investment advisors so that, practically speaking, these status-based PTCEs may be unavailable.

In addition, there is a statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (which may be available to IRAs as well as to other Plans) which is commonly referred to as the "Service Provider Exemption". The Service Provider Exemption provides limited relief from the Prohibited Transaction Rules for certain transactions with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as service providers to the Plan involved and provided that, among other things, that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any

investment advice with respect to the assets of any ERISA Plan or Tax-Favored Plan and provided further that the ERISA Plan or Tax-Favored Plan pays no more than adequate consideration in connection with the transaction.

The availability of each of these PTCEs or the Service Provider Exemption is subject to a number of important conditions which the Plan's fiduciary must consider in determining whether such conditions apply. There can be no assurance that all of the conditions of any such exemptions will be satisfied with respect to any purchase, holding or disposition of the Series 2022A-[ ] Bonds by any investor, and even if the conditions specified in one or more of these exemptions are satisfied, the scope of relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions.

**Plan Asset Issues.** Under the U.S. Department of Labor's regulation at 29 CFR Section 2510.3-101 governing what constitutes "plan assets", as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), assets of an entity in which a Plan invests may be treated as plan assets for the purposes of ERISA and the Code only if the plan acquires an "equity interest" by reason of the investment, the entity is not an "operating company," and no other exception is available. If a Plan invests in an entity whose assets thereby are considered plan assets, the manager of the entity would be a plan fiduciary to the extent it exercises any authority or control respecting management or disposition of the entity's assets or provides investment advice for a fee. Any such manager that is considered a plan fiduciary would be separately required to comply with ERISA's prohibited transaction provisions. An equity interest is defined under the Plan Asset Regulation for this purpose as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features.

Although there is little statutory or regulatory guidance on the subject, and there can be no assurances in this regard, it appears that the Series 2022A-[ ] Bonds should be treated as debt without substantial equity features and the City should be treated as an operating company for these purposes. Accordingly, the assets of the City should not be treated as assets of Plans investing in the Series 2022A-[ ] Bonds. However, a Plan fiduciary should consult with its counsel prior to making a purchase.

**Representation and Warranty.** It is the responsibility of each purchaser (and each subsequent transferee) of the Series 2022A-[ ] Bonds to ensure that its purchase, holding and transfer of such Bonds is not a prohibited transaction. By acquiring a Series 2022A-[ ] Bond, each purchaser of a Series 2022A-[ ] Bond will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser to acquire or hold the Series 2022A-[ ] Bonds constitutes assets of any ERISA Plan or Tax-Favored Plan or of a plan subject to Similar Laws or (ii) the acquisition and holding of the Series 2022A-[ ] Bonds will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under applicable Similar Laws.

THE FOREGOING DISCUSSION IS GENERAL IN NATURE AND IS NOT INTENDED TO BE ALL INCLUSIVE. DUE TO THE COMPLEXITY OF THE "PLAN ASSET" RULES AND THE PENALTIES THAT MAY BE IMPOSED UPON PERSONS INVOLVED IN NON-EXEMPT PROHIBITED TRANSACTIONS, IT IS PARTICULARLY IMPORTANT THAT PLAN FIDUCIARIES AND OTHER FIDUCIARIES, AND OTHER PERSONS CONSIDERING PURCHASING THE SERIES 2022A-[ ] BONDS, CONSULT WITH THEIR COUNSEL REGARDING THE POTENTIAL APPLICABILITY OF ERISA, SECTION 4975 OF THE CODE AND ANY SIMILAR LAWS TO THE ASSETS INTENDED TO BE USED IN THE ACQUISITION OF SUCH INVESTMENT AND TO THE PARTICULAR CIRCUMSTANCES OF THE TRANSACTION.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Airport System as of and for the years ended December 31, 2021 and 2020 are attached to this Official Statement as “APPENDIX E—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2020 AND 2021.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in “APPENDIX E” hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of “APPENDIX E” was not sought or obtained.

The unaudited financial statements of the Airport System for three months ended March 31, 2021 and March 31, 2022 (the most recent quarterly unaudited financials available) are attached to this Official Statement as “APPENDIX F—UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021”.

The financial statements present financial information only with respect to the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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## MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2022A-[\_] Bonds, a copy of the Senior Bond Ordinance and the Subordinate Bond Ordinance may be obtained from the City and the Department.

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

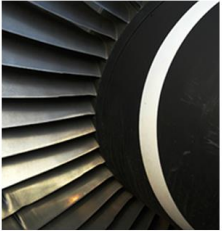
## CITY AND COUNTY OF DENVER, COLORADO

By: \_\_\_\_\_  
Manager of Aviation/Chief Executive Officer

By: \_\_\_\_\_  
Chief Financial Officer, as the Manager of  
Finance/*ex-officio* Treasurer

\* \* \*

**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**



Appendix A

# DRAFT Report of the Airport Consultant

on the proposed issuance of

City and County of Denver, Colorado  
Airport System Revenue Bonds  
Series 2022

May \_\_, 2022

**Prepared for**

The City and County of Denver, Colorado

**Prepared by**

WJ Advisors LLC  
Denver, Colorado





May \_\_, 2022

Mr. Phillip A. Washington  
Chief Executive Officer  
City and County of Denver Department of Aviation  
Denver International Airport  
Airport Office Building, Room 9860  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant on the Proposed Issuance of City and County of Denver, Colorado, for and on Behalf of Its Department of Aviation, Airport System Senior Revenue Bonds, Series 2022A, Alternative Minimum Tax and Series 2022B, Non-Alternative Minimum Tax

Dear Mr. Washington:

WJ Advisors LLC is pleased to submit this Report of the Airport Consultant (the 2022 Report) related to the proposed issuance of Airport System Senior Revenue Bonds, Series 2022A, Alternative Minimum Tax (AMT) and Series 2022B, Non-AMT, (together, the Series 2022 Bonds), by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department). The proposed Series 2022 Bonds are to be issued pursuant to the General Bond Ordinance (GBO), as amended. The City has also issued Subordinate Bonds pursuant to the General Subordinate Bond Ordinance (SBO) and Junior Lien Obligations pursuant to the General Junior Lien Bond Ordinance (JBO). In this 2022 Report, the GBO, SBO, and JBO are collectively referred to as the Bond Ordinances. The City owns and, through the Department, operates Denver International Airport (the Airport). The Airport is the main asset of the Airport System.

This 2022 Report was prepared to determine if forecast Net Revenues (Gross Revenues less Operation and Maintenance [O&M] Expenses) plus Other Available Funds from 2022<sup>1</sup> through 2030 (referred to in this 2022 Report as the Forecast Period) will be sufficient to meet the requirements of the GBO taking into account the proposed Series 2022 Bonds and additional bonds that may be issued by the City during the Forecast Period (Future Planned Bonds). The City expects to adopt a supplemental bond ordinance providing for the issuance of the proposed Series 2022 Bonds following the date of this 2022 Report and prior to the issuance of the proposed Series 2022 Bonds.

In preparing this 2022 Report, we assisted Department management in identifying key factors affecting the future financial results of the Airport System and in formulating assumptions about those factors. The results and key findings of our analyses are summarized in this letter

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<sup>1</sup> The City's Fiscal Year ends December 31.

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and described more fully in the following three sections of this 2022 Report: “Airline Traffic and Economic Analyses,” “Airport Facilities and Capital Program,” and “Financial Performance.” This 2022 Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

Capitalized terms in this 2022 Report are used as defined in the Bond Ordinances, the Passenger Facility Charge (PFC) Ordinances, and the Airport use and lease agreements, as amended (the Airline Agreements).

### **COVID-19 PANDEMIC**

The worldwide outbreak of novel coronavirus SARS-CoV-2 (COVID-19) began in late 2019 and caused significant disruptions to domestic and international passenger travel as well as the conduct of day-to-day business in the City of Denver, the rest of the United States (U.S. or nation) and the world. The Airport began seeing travel disruptions due to the COVID-19 pandemic in March 2020, and the number of flights and passengers on the airlines serving the Airport have been and continue to be lower than the number of enplaned passengers in 2019 because of the COVID-19 pandemic, as follows:

- **Enplaned passengers in the United States.** The number of enplaned passengers in the United States decreased by 60.6% in 2020 compared with 2019 according to statistics compiled by the Federal Aviation Administration (FAA). In 2021, the number of passengers screened by the Transportation Security Administration (the TSA) at all U.S. airports (an indicator of passenger travel) was 31.2% lower than in 2019. During the first quarter of 2022, the number of passengers screened by the TSA was 16.6% lower than 2019.
- **Enplaned passengers at the Airport.** The number of enplaned passengers at the Airport decreased by 51.1% in 2020 compared with 2019, which was less of a decline in enplaned passengers than in the nation (-60.6%). In 2021, the number of enplaned passengers at the Airport increased 74.3% over 2020, which represents a 14.8% decrease relative to 2019. During the first three months of 2022, the number of enplaned passengers at the Airport was only 3.3% lower than during the same period of 2019.

The recovery in the number of enplaned passengers at the Airport is due to the recovery in domestic passenger travel, which has been faster than national recovery trends as shown in Figure 1 due to the Airport’s strong local economy and large domestic traffic base. In 2019, approximately 95.4% of enplaned passengers at the Airport were domestic passengers. Restrictions imposed by governments around the world, including, but not limited to, mandatory 14-day quarantine periods, proof of a negative COVID-19 test, or bans on non-essential travel have more severely curtailed international travel than domestic travel.

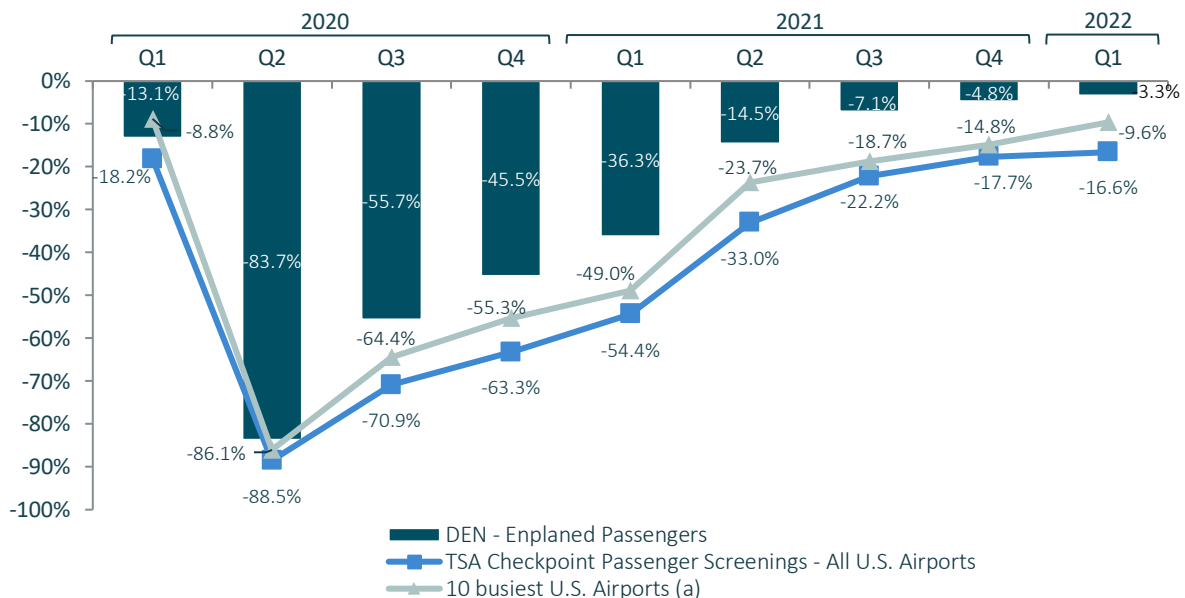
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Figure 1 shows the average quarterly decrease in the number of enplaned passengers at the 10 busiest U.S. airports<sup>2</sup> (excluding the Airport), which decreased 55.0% in 2020, 26.0% in 2021, and 9.6% through the first quarter of 2022 compared with the number of enplaned passengers in 2019.

Prior to the COVID-19 pandemic, the largest quarterly decrease in the number of enplaned passengers at the Airport was 21.8% in the fourth quarter of 2001, related to the terrorist attacks in the nation on September 11, 2001. Similarly, the largest quarterly decrease in the national number of enplaned passengers was 18.2% in the same quarter, also related to the September 11, 2001, attacks. These comparisons are presented solely to provide an understanding of the magnitude of the quarterly decreases in passenger traffic at the Airport resulting from the COVID-19 pandemic relative to prior major events.

Figure 1

**PERCENT DECREASES IN DENVER INTERNATIONAL AIRPORT ENPLANED PASSENGERS, TSA CHECKPOINT PASSENGER SCREENINGS, AND AVERAGE ENPLANED PASSENGERS AT THE 10 BUSIEST AIRPORTS IN THE UNITED STATES IN 2020, 2021, AND FIRST QUARTER OF 2022**  
(Compared with the same quarters in 2019)



Sources: Department records, airport websites, TSA: <https://www.tsa.gov/coronavirus/passenger-throughput>.  
(a) 10 busiest U.S. airports excludes the Airport.

<sup>2</sup> Ranking based on 2020 Airports Council International – North America Airport Traffic Summary, which includes Hartsfield-Jackson Atlanta, Dallas/Fort Worth, Chicago O’Hare, Los Angeles, Charlotte, Harry Reid (Las Vegas), Phoenix Sky Harbor, Orlando, Seattle-Tacoma, and Miami international airports.

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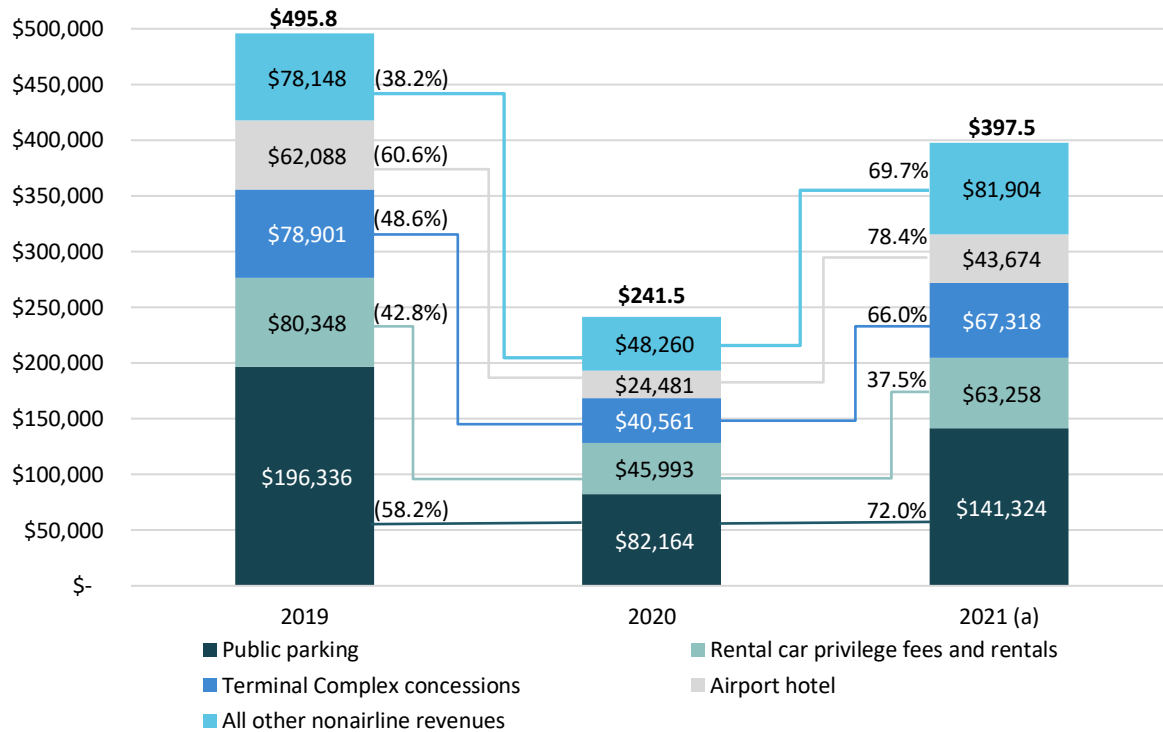
Certain sources of Gross Revenues at the Airport are based on passenger activity levels, including, but not limited to, public parking revenues (originating passengers), rental car privilege fees (arriving passengers), and Terminal Complex concession revenues (enplaned passengers). For purposes of this 2022 Report, 2021 numbers are unaudited and subject to change. Passenger activity-based non-airline revenues, including those mentioned in this paragraph, represented approximately 42.2% in 2019, 27.4% in 2020, and 38.7% in 2021 (unaudited) of Gross Revenues at the Airport.

The largest source of Gross Revenues is from airline rentals, rates, fees, and charges for use of the Terminal Complex, Airfield Area, and certain other aeronautical facilities at the Airport, which represented 37.8% in 2019, 51.9% in 2020, and 39.7% in 2021 (unaudited) of Gross Revenues. In general, the contractual arrangements between the Department and the airlines using the Airport mean that declines in passenger activity do not materially affect the level of revenues earned from the airlines on a year-to-year basis, mostly because of a provision in the contractual arrangements that allows the Department to adjust all airline revenues from budget to actual results.

Figure 2 presents the cumulative change and percent change in the largest sources of nonairline revenues at the Airport based on unaudited financial results for 2021 compared with 2020 and 2019.

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Figure 2  
**CHANGE IN THE LARGEST SOURCES OF NONAIRLINE REVENUES**  
**2019, 2020, and 2021**  
Denver International Airport



Source: Department management records.

(a) Reflects unaudited data.

## FEDERAL COVID-19 RELIEF GRANTS

In 2020 and 2021, the federal government passed the following legislation which, among other things, includes the award of certain grants to the operators of all U.S. airports to assist with managing the negative financial effects of the COVID-19 pandemic: the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Coronavirus Response and Relief Supplemental Appropriation Act (the CRRSA Act), and the American Rescue Plan Act (the ARP Act) (collectively, the Coronavirus Relief Grants).

In general, airport operators can use their awarded Coronavirus Relief Grants to pay for any purpose for which airport revenues can lawfully be used.<sup>3</sup> The Coronavirus Relief Grants must

<sup>3</sup> Certain portions of the CRRSA Act and the ARP Act grants were set-aside amounts to provide rent relief to airport concessionaires.

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be used within four years from the date that the grant agreements between an airport operator and the FAA were executed.

Under the Bond Ordinances, federal grants (including the Coronavirus Relief Grants) are not included in the definition of Gross Revenues. However, any grants irrevocably committed to the payment of Debt Service Requirements can be excluded from Debt Service Requirements in the calculation of debt service coverage pursuant to the Bond Ordinances.

The Department has irrevocably committed all of the Coronavirus Relief Grants received from the Federal Aviation Administration (the FAA) (excluding certain portions of the CRRSA Act and ARP Act grants that the Department received to assist Airport concessionaires) to the payment of Debt Service Requirements of Senior Bonds and Subordinate Bonds. Such amounts have been excluded from Debt Service Requirements from 2020 through 2024 in the forecast of financial results presented in this 2022 Report.

Table 1 summarizes the Coronavirus Relief Grants awarded to the Department, amounts used, and currently expected to be used by the Department to pay Debt Service Requirements. As of the date of this 2022 Report, the Department has received all but \$10.0 million of the \$522.0 million of Coronavirus Relief Grants awarded to the Department.

Table 1  
**CORONAVIRUS RELIEF GRANTS AWARDED TO DENVER INTERNATIONAL AIRPORT**  
Denver International Airport  
(in millions)

Source of Funds	Award	Amounts used to pay debt service through December 31, 2021	Remaining amounts (a)
CARES Act	\$269.1	\$269.1	\$0.0
CRRSA Act	48.6	0.0	48.6
ARP Act	204.3	0.0	204.3
Total	\$522.0	\$269.1	\$252.9

Note: Excludes \$36.0 million of Coronavirus Relief Grants that the Department received to assist Airport concessionaires.

Source: Department records.

(a) The Department currently expects to use remaining Coronavirus Relief Grants in 2022, 2023, and 2024 to pay Debt Service Requirements (see Exhibit I).

## DEPARTMENT ACTIONS RELATED TO THE COVID-19 PANDEMIC

As the negative effects of the COVID-19 pandemic on airline travel at the Airport, in the nation, and internationally became more apparent, the Department quickly implemented a series of

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operational, commercial, and financial actions in order to prioritize strong cash liquidity and debt service coverage, and also assist airline and nonairline partners serving the Airport.

In 2020 and 2021, these actions included, but were not limited to, (1) reducing O&M Expenses; (2) implementing a deferral and repayment program for Signatory Airline payments of rentals, rates, fees, and charges; (3) implementing a concessionaire minimum annual guarantee (MAG) waiver program; and (4) irrevocably committing CARES Act grants for debt service payments.

- *Targeted O&M Expense reductions* included implementing a hiring freeze and furlough days for existing employees, reducing overtime, eliminating travel, suspending nonessential procurements and contracts, reviewing all contracts to reset service levels and costs, and implementing new approval procedures to closely monitor or reduce spend rates.
- *Policies on rent deferrals* available for certain rentals, rates, fees, and charges incurred by passenger and cargo Signatory Airlines. In addition, the Department agreed to other short-term (2022-2026) measures including a potential 25% increase to the Airline Revenue Credit if certain conditions were met.
- *COVID-19 Relief for Concessionaires and Rental Car Companies*, which primarily allowed concessionaires and rental car companies to only pay a percentage fee of gross revenues to the Airport, and not pay the MAG that would have otherwise been due and payable to the Department.
- *CARES Act Funds* were irrevocably committed to pay debt service.

Please refer to the section of this 2022 Report titled “Financial Effects of the COVID-19 pandemic on the Airport” for additional information about the Department’s actions related to the COVID-19 pandemic.

In the forecast of financial results presented in this 2022 Report, no additional airline or concessionaire and rental car program abatements or MAG waivers were assumed. Despite the reductions in nonairline revenues, the Department has not used, nor does it currently expect to use, any of its restricted cash reserves (e.g., Operation and Maintenance Reserve Account) to pay Operation and Maintenance Expenses (O&M Expenses) or pay Debt Service Requirements in response to the COVID-19 pandemic.

## **AIRLINE TRAFFIC**

Denver International Airport has an important role in the national, State, and local air transportation systems.

From 2017 through 2019, the three years before the COVID-19 pandemic, the Airport was the fifth busiest airport in the United States in terms of total passengers (enplaned plus deplaned), according to statistics compiled by Airports Council International – North America (ACI-NA). In

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2019, a record high of 34.5 million enplaned passengers used the Airport. In 2020, the Airport was the third busiest airport in the United States in terms of the total number of passengers, as airports with higher international traffic were affected more severely by the travel restrictions imposed as a result of the COVID-19 pandemic. In 2021, the Airport was the third busiest airport in the United States and in the world according to data compiled by ACI-NA, as the number of enplaned passengers at the Airport reached 29.4 million, which reflects 85.2% of the previous enplaned passenger high in 2019. The increase in ranking is due, in part, to international border closures at other international airports and the high proportion of domestic travel at the Airport as compared to other airports.

Over the 20-year period from 1999 through 2019, the average annual rate of growth in the number of enplaned passengers was 3.0% for the Airport and 1.9% for the nation. During this 20-year period, significant events occurred that resulted in large decreases and then increases in airline travel at the Airport, in the nation, and internationally, including, but not limited to, the events of September 11, 2001; the recession of 2008-2009; and rising and falling jet fuel costs. As discussed earlier, the largest single quarterly decrease in the number of enplaned passengers at the Airport prior to the COVID-19 pandemic was due to the events of September 11, 2001 (21.8%), with the number of passengers almost recovering to the numbers of enplaned passengers pre-September 11, 2001, approximately three years later.

The events of September 11, 2001, and the COVID-19 pandemic are very different, but the recovery in passenger traffic following September 11, 2001, and the near-term recovery in domestic traffic at the Airport and the nation following (1) the widespread availability of COVID-19 vaccines, (2) reduction in economic closures, and (3) other factors, reflect the importance of air travel for leisure and business purposes.

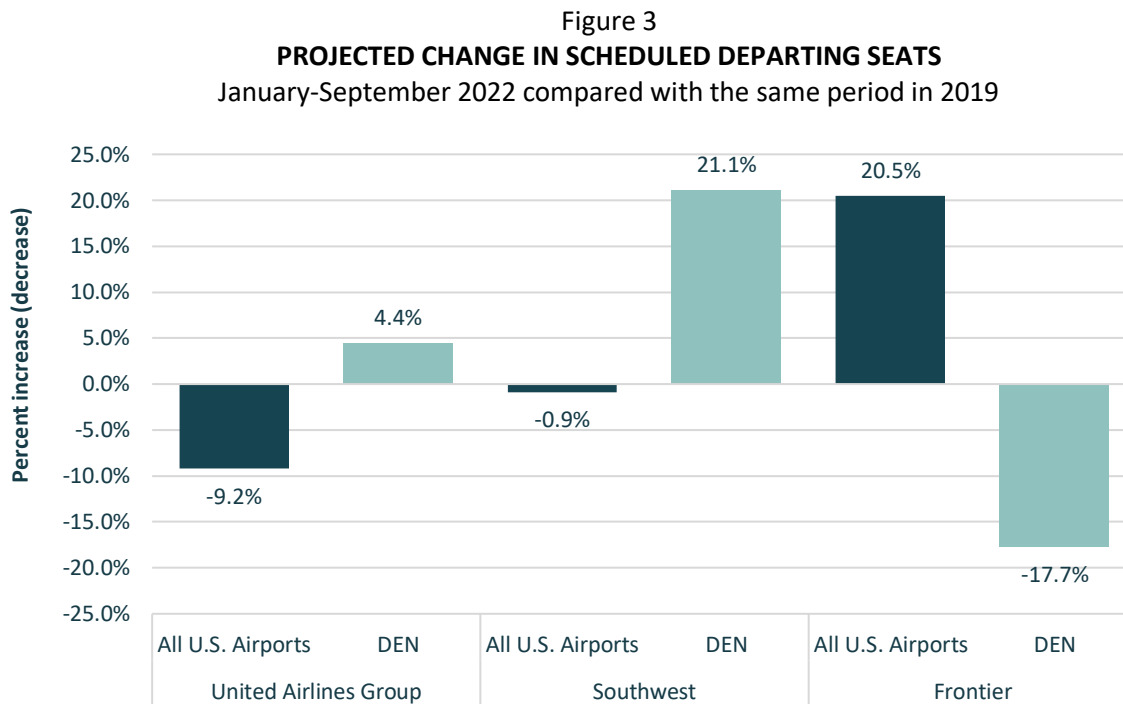
In 2021, the United Airlines Group (which includes United Airlines' mainline operation and the regional airlines operating as United Express), Southwest Airlines, and Frontier Airlines collectively enplaned 86.5% of the total number of enplaned passengers at the Airport, including 77.6% of originating passengers, and 99.4% of connecting passengers. Each airline has a different strategy for serving the Airport, which is influenced by broader national and international route strategies and focuses.

As measured by the number of enplaned passengers in 2021, the Airport was the busiest airport in the United Airlines Group route system, the second busiest airport in Southwest Airlines' route system, and the busiest airport in Frontier Airlines' route system. During the first nine months of 2022 (the most current scheduled flight information available), United Airlines Group and Southwest Airlines are both scheduled to increase the scheduled number of departing seats at the Airport compared to 2019, as shown in Figure 3 below, reflecting the additional gates that will be in service and the important role the Airport plays in the route systems of each airline. Frontier Airlines is scheduled to decrease the scheduled number of seats at the Airport compared to 2019 because the airline has yet to resume service to 26



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destinations that were previously served in 2019, representing 14.5% scheduled number of seats in 2019.



Source: OAG, online database, scheduled departing seats through September 2022, accessed May 2022.

As described more fully in the section of this 2022 Report titled “Airline Traffic Forecasts”, which should be read in its entirety, it was assumed that the total number of enplaned passengers at the Airport would reach 2019 levels by 2022 and from 2023 through 2030 (the last year of the Forecast Period), the total number of enplaned passengers would increase at the 20-year (1999-2019) average annual rate of growth in the number of enplaned passengers at the Airport of 3.0% per year.

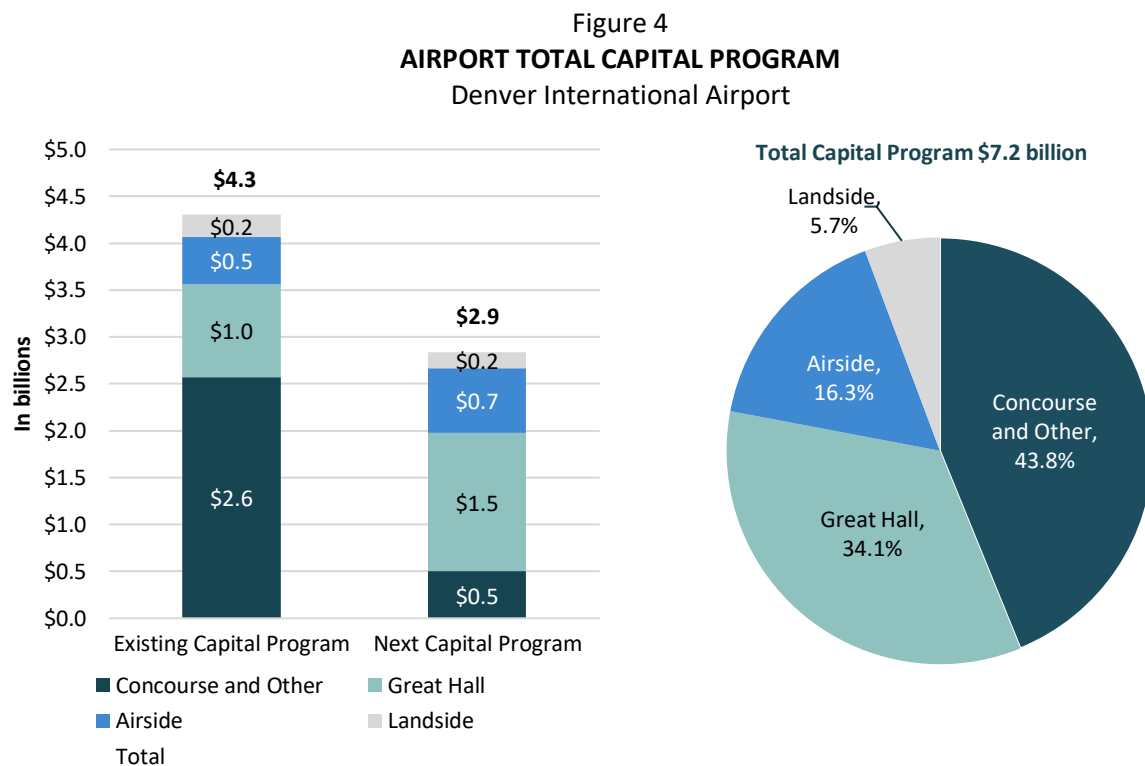
### AIRPORT CAPITAL PROGRAM AND FUNDING SOURCES

The Department is in the process of completing its 2018-2022 Airport Capital Program (the Existing Capital Program), which is estimated by the Department to cost approximately \$4.3 billion and is expected to be completed by the end of 2024. According to the Department, approximately \$2.9 billion of the Existing Capital Program was completed through the end of 2021.

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The Department has developed its next Airport Capital Program for 2023-2027 (the Next Capital Program), which is estimated to cost approximately \$2.9 billion and is planned to be completed by the end of 2029.

The Existing Capital Program and the Next Capital Program are collectively referred to as the Total Capital Program, and include projects in the following areas, as shown in Figure 4 and discussed below.



Source: Department management records.

Exhibit A, provided at the end of this 2022 Report along with other financial exhibits, presents the anticipated funding sources for the Total Capital Program. The financial forecasts included in this 2022 Report reflect assumed changes in Gross Revenues, O&M Expenses, and Debt Service Requirements, as discussed below, associated with the financing, construction, and completion of the Total Capital Program.

The three largest projects in the Existing Capital Program (as measured by project costs) are described below.

- Concourse A, B, and C gate expansion (Concourse Gate Expansion).** The construction of 39 new gates at the Airport began in May 2018. All of the new gates are expected to be ready and available for their intended use by the end of 2022.

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- **Great Hall Project.** This is the redevelopment of the Landside Terminal Building (also referred to as the Great Hall). Phases 1 and 2 of the Great Hall Project began in July 2018, and include new check-in areas, automated self-bag-drop units, and a new security checkpoint on the northwest side of the Great Hall. Phase 1 opened in October 2021, and Phase 2 is scheduled to open in 2023.
- **Concourse Renewal Program.** This project includes renovations to aged facilities across the concourses which began in 2020 and are estimated to be completed in 2024.

The Department currently estimates that the \$4.3 billion Existing Capital Program would be funded from the following sources: (1) [\$\_\_\_\_\_] million of Airport cash, (2) [\$\_\_\_\_\_] million of federal grants (other than Coronavirus Relief Grants), (3) [\$\_\_\_\_\_] million of net proceeds from the sale of prior bonds (including the approximate \$700 million of net proceeds from the 2021 interim notes (2021 Interim Note Subordinate Obligation)), (4) net proceeds of approximately [\$\_\_\_\_\_] million from the sale of the proposed Series 2022 Bonds, and (5) [\$\_\_\_\_\_] million of net proceeds from the sale of future planned bonds (the Future Planned Bonds), which are assumed to be issued as Senior Bonds in the forecasts presented in this 2022 Report.

Major projects in the Next Capital Program (as measured by project costs) include:

- **Completion phase of the Great Hall Project.** This phase of the Great Hall Project includes new check-in areas, a new security checkpoint on the northeast side of the Great Hall, and other renovations, and is planned to be completed in 2028.
- **Rehabilitation of certain runways, taxiways, and apron areas; and the 7<sup>th</sup> Runway study and design.** The rehabilitation projects are ongoing throughout the term of the Next Capital Program and the 7<sup>th</sup> Runway study and design is expected to be completed in 2025.
- **Baggage renewal and replacement program.** This project includes modifications and improvements to the baggage handling system and is planned to be completed in 2027.

The Department currently estimates that the cost of the Next Capital Program would be \$2.9 billion and be funded from the following sources: (1) [\$\_\_\_\_\_] million of Airport cash, (2) [\$\_\_\_\_\_] million of federal grants-in-aid (other than Coronavirus Relief Grants), (3) [\$\_\_\_\_\_] million of net proceeds from the sale of prior bonds, (4) net proceeds of approximately [\$\_\_\_\_\_] million from the sale of the proposed Series 2022 Bonds and (5) [\$\_\_\_\_\_] million of net proceeds from the sale of Future Planned Bonds, which are assumed to be issued as Senior Bonds and Subordinate Bonds in the forecasts presented in this 2022 Report.

## PROPOSED SERIES 2022 BONDS

The net proceeds from the sale of the proposed Series 2022 Bonds are currently expected to be used to:

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- Refund [\$\_\_] million in remaining bond principal of the 2021 Interim Note Subordinate Obligation.
- Fund approximately [\$\_\_] million of Existing Capital Program project costs.
- Fund a debt service reserve account for the proposed Series 2022 Bonds within the Senior Bond Reserve Fund, capitalized interest, and pay certain costs related to the issuance of the proposed Series 2022 Bonds.

The issuance of the proposed Series 2022 Bonds is assumed to be issued as fixed-rate Senior Bonds with a final maturity date of [month 20\_\_]. An all-in true interest cost of approximately [\_\_%] on the proposed Series 2022 Bonds was assumed by Frasca & Associates, the Department's Financial Advisor.

The Department may refund for economic savings certain outstanding Senior Bonds, Subordinate Bonds, or Junior Lien Obligations or a combination of all three during the Forecast Period with the net proceeds of the proposed Series 2022 Bonds or other series of bonds issued by the Department. Debt service savings, if any, from the refunding of outstanding bond principal are not included in the financial forecasts presented in this 2022 Report.

## **FINANCIAL PERFORMANCE**

The Department accounts for Airport System financial performance according to generally accepted accounting principles for governmental entities and the requirements of the Bond Ordinances, as well as the PFC Ordinances. Department management's business and financial decisions are made in the context of its obligations under the Rate Maintenance Covenants of the Bond Ordinances, among other factors.

The Rate Maintenance Covenant of the GBO states that the Department agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for use of the Airport System so that, in each Fiscal Year, Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the GBO, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, in an amount not to exceed the greater of 25% of the aggregate Debt Service Requirements on Senior Bonds.

The sections that follow provide an overview of recent Airport System financial results and the key assumptions used in determining if forecast Net Revenues and Other Available Funds will be sufficient to meet the Rate Maintenance Covenant of the GBO.

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## **Gross Revenues**

The annual financial performance of the Airport is influenced by several factors, including the number of Airport gates and the space needed to support airline operations as well as the type and number of Airport concessions patronized by originating versus connecting passengers. While all types of passengers typically spend money at food and beverage concessions and retail shops, origin and destination (O&D) passengers also use other Airport facilities, including public parking and rental car facilities.

Under the GBO, Gross Revenues include rentals, rates, fees, and charges associated with the Airport, PFC revenues, and certain other revenues. Pursuant to the PFC Ordinances, starting in January 2019, all annual PFC revenues (and associated interest income) are included in Gross Revenues. Revenues from a rental car customer facility charge (CFC) that is collected by on-Airport rental car companies and remitted to the Department are currently defined as Gross Revenues, but are not included in the forecast of Gross Revenues and debt service coverage presented in this 2022 Report because the use of CFC revenues is restricted. For purposes of this 2022 Report, it was assumed that as any contracts or agreements associated with revenue sources discussed below expire during the Forecast Period, new contracts or agreements would be executed with similar terms and conditions.

Major sources of Airport Gross Revenues in 2019, 2020, and 2021 are shown on Figure 5 and are reflected in the financial exhibits presented at the end of this 2022 Report. Revenues from airline rentals, rates, fees, and charges accounted for 37.8% of total Gross Revenues in 2019, 51.9% in 2020, and 39.7% in 2021; the second-largest source of Gross Revenues in each year was public parking, followed by Designated Passenger Facility Charges, rental car privilege fees and rentals, Terminal Complex concessions, and the Airport hotel.

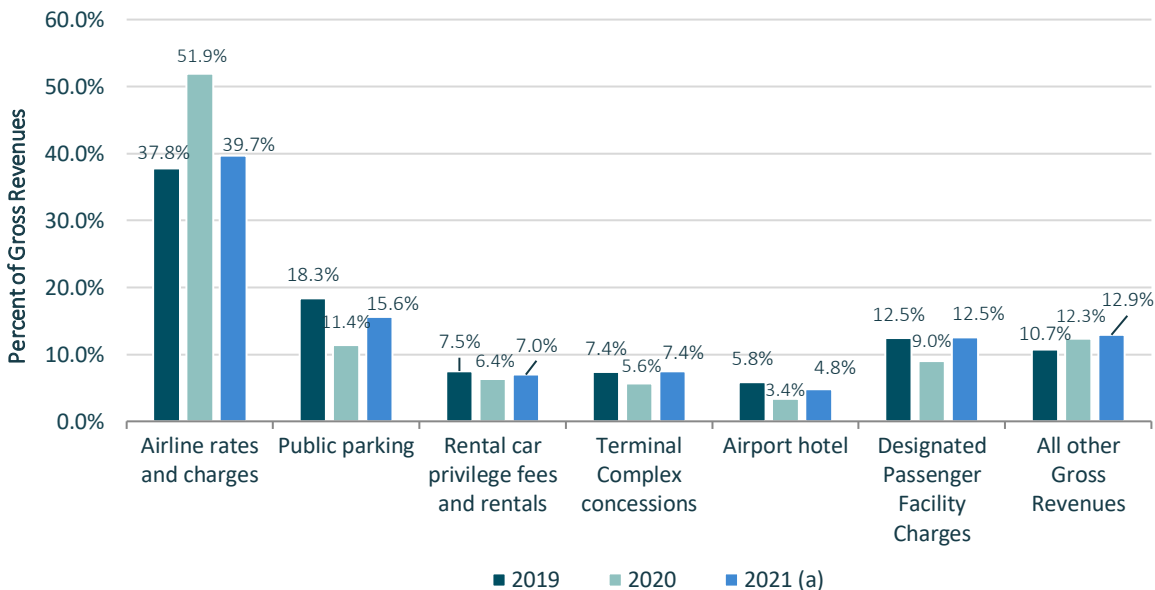
Airline rentals, rates, fees, and charges are based on (1) the number of gates and square footage used or leased by the airlines as well as the number of enplaned passengers and the landed weight of the airlines serving the Airport and (2) the rentals, rates, fees, and charges in effect each year and calculated by the Department pursuant to the Airline Agreement.

The Airline Agreements between the Department and United Airlines and Southwest Airlines expire on February 28, 2035. The expiration date of the Airline Agreements for airlines other than United Airlines and Southwest Airlines (the Other Airlines) was December 31, 2021. The first of two one-year extensions to the Airline Agreements with the Other Airlines have been approved and implemented by the Department with no material changes. Frontier Airlines has a separate 10-year agreement with the Department, which was executed in May 2022. The term of the new 10-year agreement will end 10 years after the effective date of the completion of the Concourse A ground loading facility (GLF), which is expected in early 2024. Frontier Airlines will continue to operate at the Airport under the existing Airline Agreement with the Other Airlines until the GLF is fully operational. It is Department management's expectation that the airline rate-making methodology in any new Airline Agreement with the Other Airlines

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will be substantially similar to that in the existing Airline Agreement during the remainder of the Forecast Period, either through an extension of the existing Airline Agreement or execution of a new Airline Agreement.

Figure 5  
**SOURCES OF GROSS REVENUES IN 2019, 2020, AND 2021**  
Denver International Airport



Source: Department management records.

(a) Reflects unaudited data.

Revenues from nonairline sources, such as public parking, rental car privilege fees and rentals, Terminal Complex concessions, and the Airport hotel, are a function of the business strategies and practices developed and implemented by Department management, the terms and conditions of agreements with the companies providing those services, and the number of passengers enplaned at the Airport each year.

In 2021, approximately 87.9% of enplaned passengers at the Airport paid a \$4.50 PFC, which is collected by the airlines and remitted to the Department after certain collection expenses are deducted, as allowed by the FAA. In forecasting the PFC revenues included in this 2022 Report, it was assumed that PFC revenues would be used to pay PFC-eligible Debt Service Requirements under existing PFC authorizations from the FAA, and to pay PFC-eligible Debt Service Requirements and PFC-eligible project costs under future PFC authorizations from the FAA.

All other Gross Revenues shown on Figure 5 include City and State aviation fuel tax revenues, building and ground rentals, and other revenues.

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Airport Gross Revenues totaled \$906.3 million in 2021 and are forecast to increase an average of approximately [\_.\_%] per year, from [\$\_\_\_\_.\_] million in 2023 to [\$\_.\_] billion in 2030.

### **O&M Expenses**

Major categories of O&M Expenses in 2019, 2020, and 2021 are shown on Figure 6. The City owns, operates, and maintains a majority of Airport facilities, equipment, and systems.

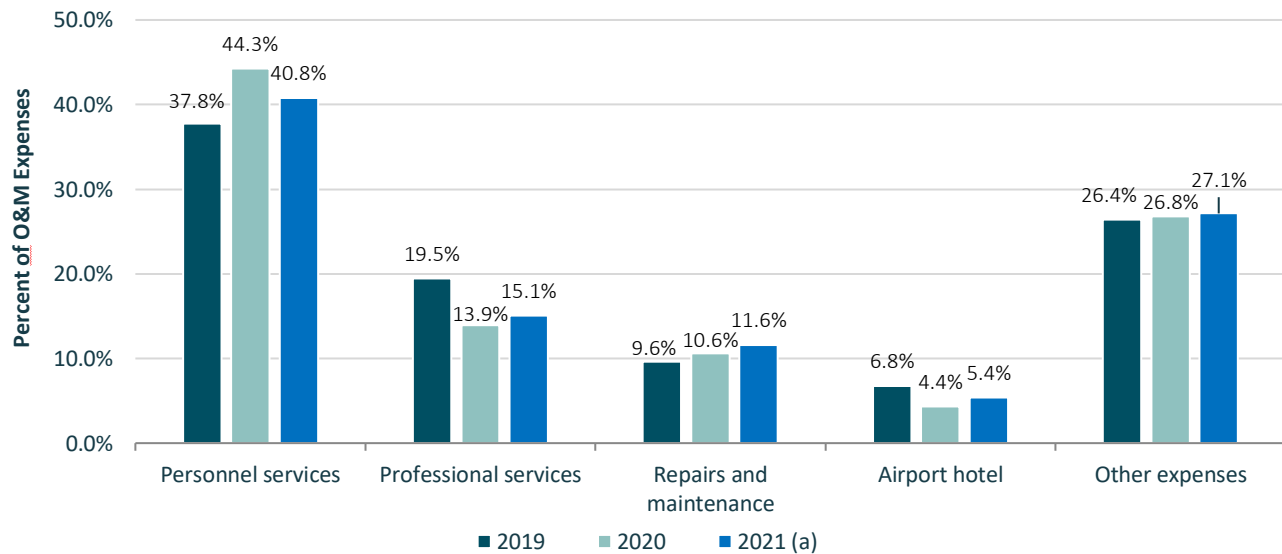
Personnel services, professional services, and repairs and maintenance accounted for 66.9% (2019), 68.8% (2020), and 67.4% (2021) of O&M Expenses. Personnel services is the Department's largest expenditure and includes salaries, wages, and benefits for the Department and City services including but not limited to police, fire, and other indirect costs. Professional services is the Department's next largest category and includes expenses associated with janitorial, conveyances, snow removal, and other third-party services. Repair and maintenance is the third largest expenditure and includes renewal and replacement costs that could not be capitalized. The Airport hotel accounted for 6.8% of O&M Expenses in 2019, 4.4% in 2020, and 5.4% in 2021. The remaining 26.4% (2019), 26.8% (2020), and 27.1% (2021) of O&M Expenses consisted of other expenses such as utilities.

O&M Expenses, including those for the Airport hotel, totaled \$468.4 million in 2019, \$400.3 million in 2020, \$416.3 million in 2021, and are estimated to total \$526.3million in 2022. O&M Expenses are forecast to increase an average of approximately 4.0% per year during the Forecast Period, from \$570.2 million in 2023 to \$750.1 million in 2030.

Department management has established a targeted average annual rate of growth for O&M Expenses of approximately 4.0%, which includes O&M Expenses for existing facilities (excluding the Airport hotel), and additional O&M Expenses associated with projects in the Total Capital Program.

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Figure 6  
**MAJOR CATEGORIES OF O&M EXPENSES IN 2019, 2020, AND 2021**  
Denver International Airport



Source: Department management records.

(a) Reflects unaudited data.

## Debt Service

Aggregate Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations are estimated to increase from \$396.1 million in 2021 to [\$\_\_.\_] million in 2030. Increases in aggregate Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations are attributable to the (1) overall structure of Outstanding Bonds, (2) issuance of the proposed Series 2022 Bonds, and (3) planned issuance of Future Planned Bonds.

The City may use a revolving line of credit and/or other interim credit facilities, which would be considered Subordinate Bonds or Contract Obligations under the SBO. If these sources are used to pay project costs, Department management would issue Future Planned Bonds at a later date to replace those funding sources. For purposes of this 2022 Report, it was assumed that these project costs would be financed with net proceeds from the sale of Future Planned Bonds.

Certain capital costs (such as furniture, fixtures, and equipment costs) associated with the Airport hotel are also Junior Lien Obligations of the Airport System.



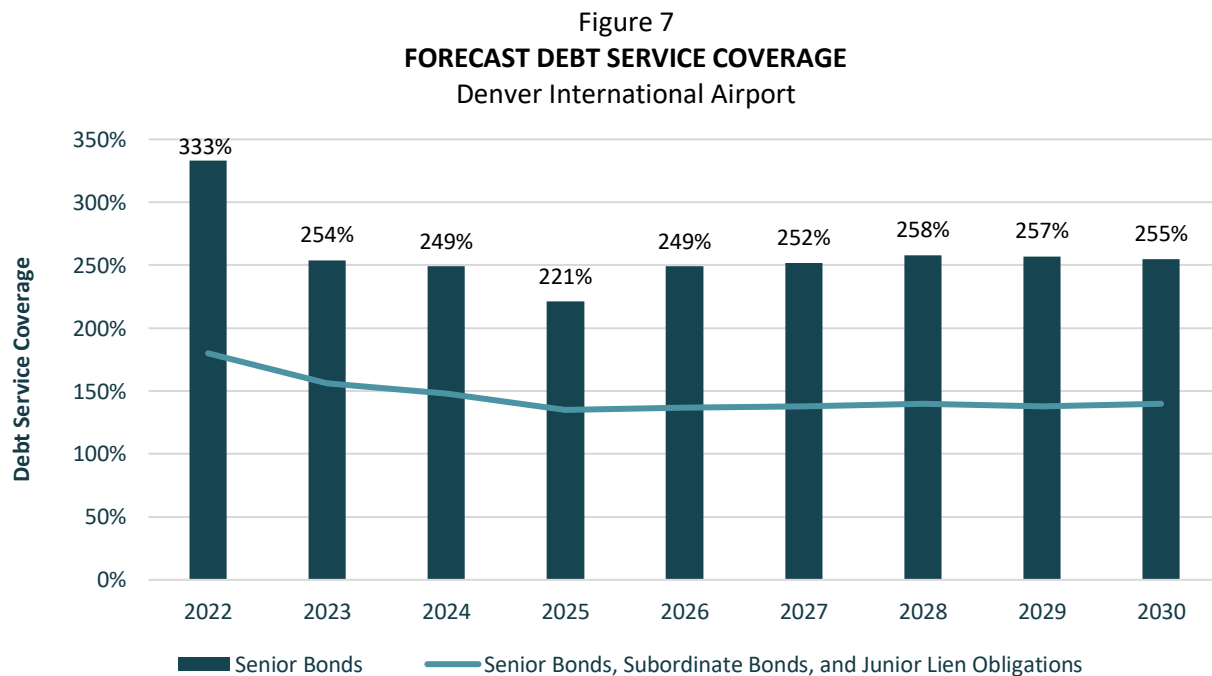
Mr. Phillip A. Washington  
May \_\_, 2022

## DEBT SERVICE COVERAGE

Under the Rate Maintenance Covenant of the GBO, debt service coverage is calculated by dividing Net Revenues and Other Available Funds by:

- Debt Service Requirements on Senior Bonds for Senior Bond debt service coverage.
- Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations for all bonds debt service coverage.

As shown on Figure 7, forecast debt service coverage in each year of the Forecast Period indicates compliance with the Rate Maintenance Covenant of 125% of the Debt Service Requirements on Senior Bonds, including the proposed Series 2022 Bonds and Future Planned Bonds that may be issued by the City during the Forecast Period, as well as Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations for all outstanding bonds, proposed Series 2022 Bonds, and Future Planned Bonds.



Note: Includes estimated Debt Service Requirements on the issuance of the proposed Series 2022 Bonds and Future Planned Bonds. Changes in debt service, including any savings from the City's potential refunding of any outstanding revenue bonds during the Forecast Period, are not included in the financial forecasts included in this Report. Excludes CFC revenues, which are restricted in use and are also excluded from the forecast of Gross Revenues and debt service coverage presented in this report.

Mr. Phillip A. Washington  
May \_\_, 2022

Estimated Debt Service Requirements on the proposed Series 2022 Bonds were provided by the Department's Financial Advisor.

### **ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS**

The financial forecasts presented in this 2022 Report are based on information and assumptions provided by, or reviewed with and agreed to by, Department management. The forecasts reflect management's expected course of action during the Forecast Period and, in management's judgment, present fairly the expected financial results of the Airport. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, titled "Background." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts.

However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in this 2022 Report. We have no responsibility to update this 2022 Report for events and circumstances occurring after the date of this 2022 Report.

We appreciate the opportunity to serve as the Department's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

## **BACKGROUND**

City and County of Denver, Colorado

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## **SECTION 1**

### **AIRLINE TRAFFIC AND ECONOMIC ANALYSES**

## **AIRLINE TRAFFIC AND ECONOMIC ANALYSES**

### **OVERVIEW OF AIRPORT ROLE**

Denver International Airport has an important role in the national, State, and local air transportation systems. From 2017 through 2019, the three years before the COVID-19 pandemic, the Airport was the fifth busiest airport in the United States in terms of total passengers (enplaned plus deplaned), according to statistics compiled by ACI-NA.

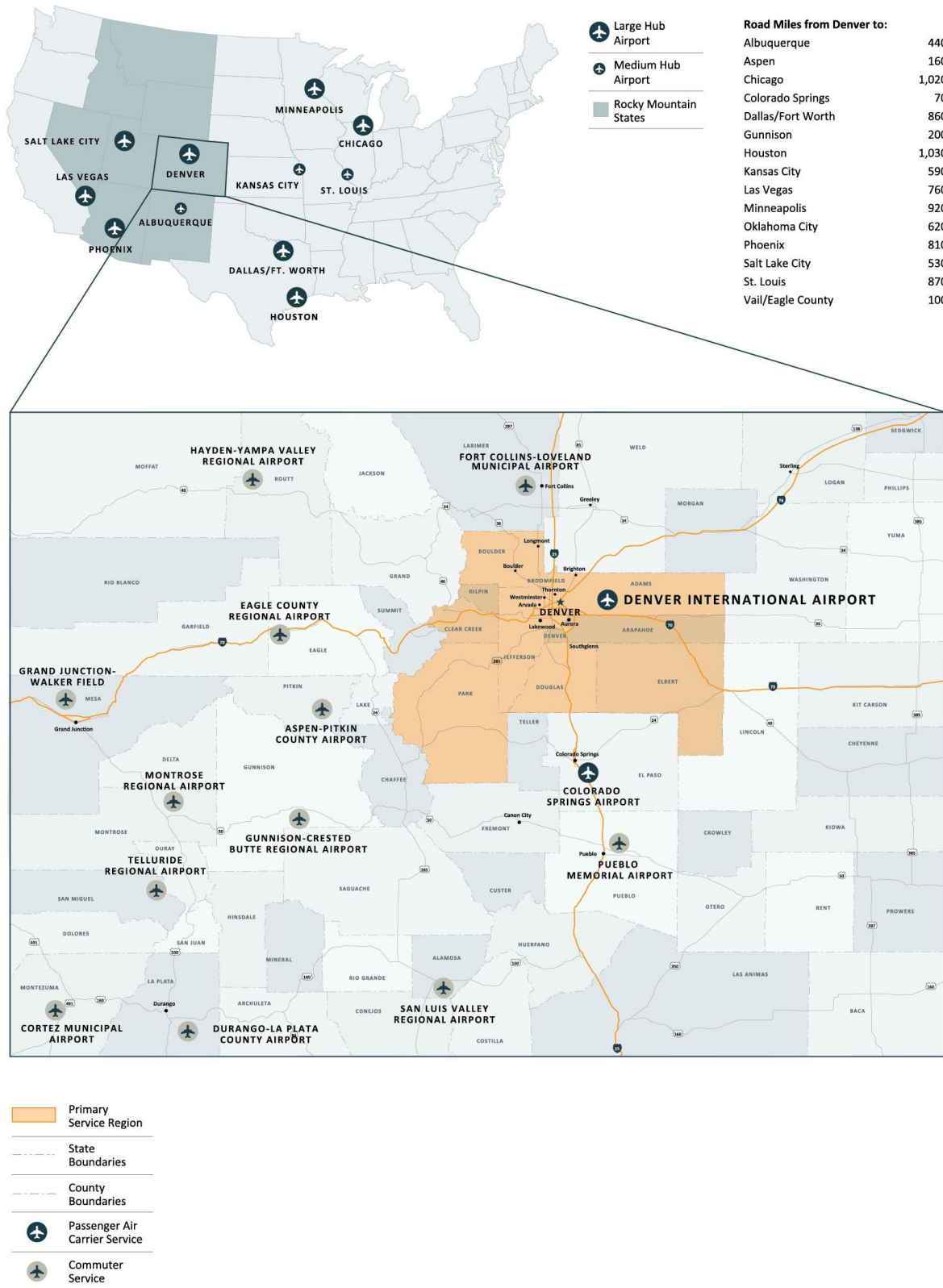
In 2019, the Airport enplaned a record high 34.5 million enplaned passengers. In 2020, the Airport was the third busiest airport in the United States, with 16.9 million enplaned passengers. The Airport experienced a smaller decrease in enplaned passengers relative to other large hub airports, primarily due to its strong domestic traffic base, as airports with higher international traffic were affected more severely by the travel restrictions imposed as a result of the COVID-19 pandemic.

In 2021, the Airport was the third busiest airport in both the United States and the world, with 58.8 million total passengers, and 29.4 million enplaned passengers, which reflects 85.2% of the previous enplaned passenger high in 2019. The increase in ranking in 2020 and 2021 is due, in part, to international border closures at other international airports and the high proportion of domestic travel at the Airport as compared to other airports. The top five ranking of the Airport since 2017 reflects its (1) large O&D passenger base, (2) central geographic location, (3) role as a connecting passenger hub for United Airlines, Southwest Airlines, and Frontier Airlines, and (4) role as the primary commercial service airport in Colorado.

### **Central Geographic Location**

Located near the geographic center of the U.S. mainland, Denver has been a major air transportation hub in the route system of United Airlines, Southwest Airlines, and Frontier Airlines. This fact underscores the importance of the Airport as a strategic asset within the U.S. air transportation system. For United Airlines and Southwest Airlines, Denver serves as an important domestic U.S. connecting hub for East-West and West-East traffic flows. The Airport's natural geographic advantage as a connecting hub is enhanced by its ability to accommodate aircraft landings and takeoffs in virtually all-weather conditions. Figure 8 shows the central geographic location of the Airport compared with the locations of certain other connecting hub airports.

Figure 8  
AIRPORT SERVICE REGION



### Third Busiest U.S. Airport

Table 2 shows the 2020 rankings of the top 10 airports in the United States, as measured by total passengers. In 2019, the number of total passengers at the Airport increased 7.0% compared to the previous year—the highest rate of growth among the 10 busiest airports in the United States during this period. In 2020, total passengers decreased by 51.5% due to the COVID-19 pandemic, the second lowest rate of decline among the 10 busiest airports in the United States. In 2021, total passengers increased 74.5%, maintaining the Airport’s ranking as third busiest in the United States, as well as third busiest airport in the world.

Table 2  
**TOTAL PASSENGERS AT THE 10 BUSIEST AIRPORTS IN THE UNITED STATES IN 2021**

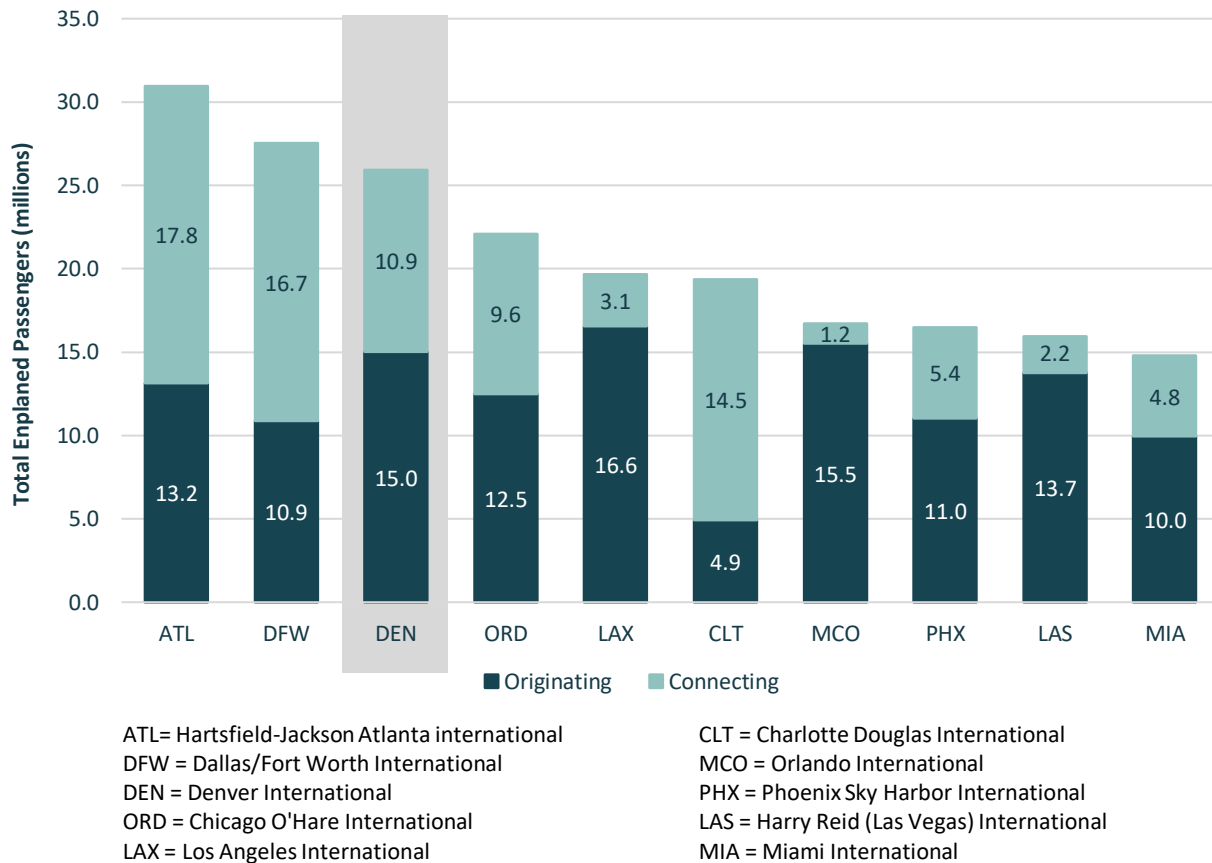
Rank 2021	City (airport)	Total passengers (millions) (a)					Average annual percent increase (decrease)		
		2017	2018	2019	2020	2021	2015-2019	2019-2020	2020-2021
1	Atlanta	103.9	107.3	110.5	42.9	75.7	2.2%	(61.2%)	76.5%
2	Dallas/Fort Worth	67.1	68.6	75.1	39.4	62.5	3.5%	(47.6%)	58.6%
<b>3</b>	<b>Denver</b>	<b>61.4</b>	<b>64.5</b>	<b>69.0</b>	<b>33.7</b>	<b>58.8</b>	<b>6.3%</b>	<b>(51.1%)</b>	<b>74.5%</b>
4	Chicago (O'Hare)	79.5	83.2	84.6	30.9	54.0	2.4%	(63.5%)	74.8%
5	Los Angeles	84.6	87.5	88.1	28.8	48.0	4.1%	(67.3%)	66.7%
6	Charlotte	48.6	49.8	51.7	22.3	43.3	3.3%	(56.9%)	94.2%
7	Orlando	43.6	47.5	50.6	21.6	40.4	7.4%	(57.3%)	87.0%
8	Las Vegas	43.2	44.9	46.3	21.9	39.8	1.3%	(52.6%)	81.7%
9	Phoenix	45.9	47.5	50.6	21.6	38.8	3.0%	(57.3%)	77.3%
10	Seattle	46.9	49.8	51.8	20.1	36.2	5.2%	(61.3%)	80.1%
	Average for airports listed	62.5	65.1	67.8	28.3	49.7	3.7%	(58.3%)	77.1%

(a) Enplaned plus deplaned passengers.

Sources: Denver – Department management records. Seattle and Phoenix – airport websites. All other airports - ACI-NA, *Worldwide Airport Traffic Report* and *North American Airport Rankings*, for 2015-2020; ACI-NA “*The Top 10 Busiest Airports in the World Revealed*,” accessed April 11, 2022, for 2021, the latest ACI report available at the time of this 2022 Report.

As shown on Figure 9, 57.9% of the 25.9 million passengers enplaned at the Airport for the 12 months ending September 2021 connected from one flight to another. All three busiest airlines serving the Airport, as measured by number of enplaned passengers in 2021—United Airlines, Southwest Airlines, and Frontier Airlines—use the Airport as a connecting hub. In 2021, 59.3% of passengers enplaned by the United Airlines Group connected at the Airport with flights to other destinations, followed by 37.9% on Southwest Airlines and 25.9% on Frontier Airlines.

Figure 9  
**ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST AIRPORTS IN THE UNITED STATES**  
 12 months ending September 2021



Note: 2020 ranking based on Airports Council International-North America, *North American Airport Rankings*, accessed March 2022.

### Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the region served by the Airport, the strength of the local and regional economy, and the attractiveness of the Denver Metropolitan Area (as defined later) as a tourist destination. The passenger base of both leisure and business travelers in the Airport service region supports the local and connecting hub operations of United Airlines, Southwest Airlines, and Frontier Airlines. In the 12 months ending September 2021, approximately 15.0 million O&D passengers used the Airport, making Denver the third busiest O&D passenger market in the United States.

### Connecting Hub for United Airlines, Southwest Airlines, and Frontier Airlines

As shown in Table 3, the Airport is expected to account for the fifth largest number of scheduled daily seats at U.S. connecting hub airports in June 2022. The Airport is an attractive

connecting hub because of its central geographic location and ability to accommodate all types of aircraft in virtually all-weather conditions.

Table 3  
**SCHEDULED AIRLINE SERVICE AT TOP CONNECTING HUB AIRPORTS IN THE UNITED STATES**  
June 2022

City (Airport)	Average daily scheduled outbound seats			Busiest airline(s)		
	Domestic	International	Total	Airline (a)	Average daily scheduled outbound seats	Airline share of airport total
Atlanta	147,635	18,433	166,068	Delta	127,374	76.7%
Dallas/Ft. Worth	108,163	20,356	128,519	American	106,154	82.6%
Los Angeles	92,830	34,513	127,343	Delta	21,894	17.2%
				United	20,737	16.3%
Chicago (O'Hare)	101,903	24,484	126,387	United	54,833	43.4%
				American	41,309	32.7%
<b>Denver</b>	<b>117,565</b>	<b>6,978</b>	<b>124,543</b>	<b>United</b>	<b>55,117</b>	<b>44.3%</b>
				<b>Southwest</b>	<b>40,813</b>	<b>32.8%</b>
				<b>Frontier</b>	<b>11,358</b>	<b>9.1%</b>
New York (JFK)	51,292	56,570	107,862	JetBlue	29,930	27.7%
				Delta	29,881	27.7%
New York (Newark)	60,892	26,674	87,566	United	58,135	66.4%
Charlotte	79,526	7,450	86,976	American	78,654	90.4%
Phoenix	68,359	3,536	71,895	American	28,080	39.1%
				Southwest	27,383	38.1%
Seattle-Tacoma	76,356	9,578	85,934	Alaska	45,713	53.2%
				Delta	20,610	24.0%

(a) Includes regional airline affiliates.

Note: Connecting hubs ranked by outbound seats.

Source: OAG advance schedules, accessed March 2022.

### Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 8), the Airport is the busiest airport in terms of the number of enplaned passengers. Colorado Springs Airport, a small-hub airport located 70-miles south of the Airport, principally serves local demand and ranks second in the State of Colorado after the Airport in terms of numbers of enplaned passengers. In 2021, approximately 936,000 passengers were enplaned at Colorado Springs Airport, compared with approximately 29.4 million passengers enplaned at the Airport.

### Airport Service Region

As shown on Figure 8, the primary Airport service region is defined as the Denver Metropolitan Area in terms of both population and geography. The Denver Metropolitan Area includes the Denver-Aurora-Lakewood Metropolitan Statistical Area (MSA) consisting of Adams, Arapahoe,



Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties, and the Boulder MSA, consisting of Boulder County.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest).

The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as the extensive airline service offered at the Airport, has helped attract the regional and national headquarters of businesses and government agencies to the Denver Metropolitan Area.

The following sections of the airline traffic analysis present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand; (2) airline traffic trends at the Airport, including airlines serving the Airport; enplaned passengers using the Airport; trends in enplaned, originating, and connecting passengers, including the role of the Airport in the route systems of United Airlines, Southwest Airlines, and Frontier Airlines; (3) the key factors that will affect future airline traffic, both at the Airport and nationwide; and (4) forecasts of airline traffic at the Airport through 2030, including enplaned passengers and aircraft landed weight.

## **ECONOMIC BASIS FOR AIRLINE TRAFFIC**

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. Generally, regions with large populations, high levels of employment, and high average per capita personal income will generate a high demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita personal income—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand at the airport(s) serving the region. As described below, Denver has one of the fastest growing major economies in the United States, as well as one of the fastest growing populations.

### **Historical Population, Nonagricultural Employment, and Per Capita Personal Income**

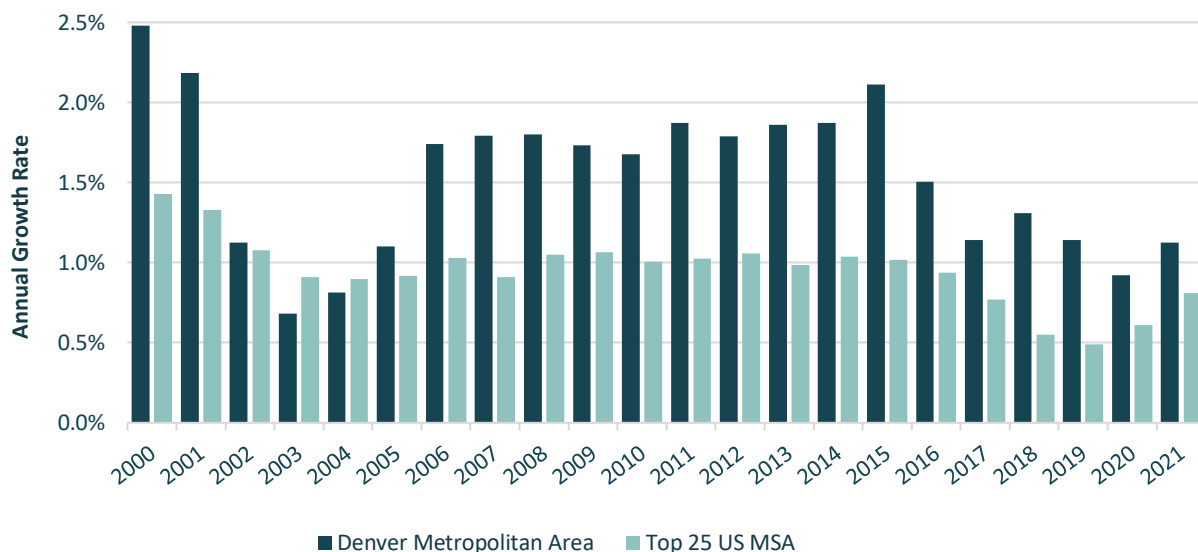
The Denver Metropolitan Area is a major business center in the state of Colorado and the multistate Rocky Mountain region, which consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. Table 4 presents historical and projected population, nonagricultural employment, and per capita personal income in the Denver Metropolitan Area, the State of Colorado, and the United States for 1990, 2000, 2010, 2015 through 2020, 2025, and 2030. In 2020, the Denver Metropolitan Area accounted for 57.1% of Colorado's population and more than 69.3% of its nonagricultural employment.

Denver ranked eighth among U.S. cities according to Best Cities by Resonance Co. in 2021, due to its affordability and location, which make it “an increasingly wealthy, healthy Millennial

magnet of a place.”<sup>4</sup> The reasonable cost of living and number of Fortune 500 companies headquartered in Denver attract a highly educated workforce, and the creative space and access to outdoor activities complement the growing trend towards office wellness. Denver also ranked fourth among U.S. metropolitan areas in Forbes' 2019 Best Places for Business and Careers list, noting that “the city's relatively central location makes it a natural location as a distribution hub for the American west, while also supporting a number of growing industries in technology and telecommunications.”<sup>5</sup>

**Population.** As shown on Figure 10, the Denver Metropolitan Area population has consistently grown at a slightly higher rate than the average of the top 25 metropolitan areas in the United States in every year over the past two decades except for 2003 and 2004. The growth in population has contributed to the underlying growth in O&D passengers at the Airport. As shown in Table 4, the population of the Denver Metropolitan Area has historically increased at rates generally comparable to that of the State of Colorado and higher than the national average. Population in the Denver Metropolitan Area increased an average of 1.6% per year between 2010 and 2020, outpacing national population growth of 0.7% per year over the same period. Strong population growth in the Denver Metropolitan Area in recent years reflects increased in-migration in response to regional economic growth.

Figure 10  
**ANNUAL POPULATION GROWTH OF DENVER METROPOLITAN AREA VERSUS TOP 25 MSA AVERAGE**



Source: Woods & Poole, Economic and Demographic Projections, May 2021

<sup>4</sup> BestCities.org/Resonance Co., America's Best Cities: A Ranking of U.S. Place Equity", 2021.

<sup>5</sup> Forbes, "The Best Places for Business and Careers", 2019.

Table 4  
**HISTORICAL AND PROJECTED SOCIOECONOMIC DATA**  
 Denver Metropolitan Area, State of Colorado, and United States 1990-2030

Year	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita personal income in 2012 dollars (c)		
	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1990	2,014	3,304	249,623	1,070	1,521	109,487	\$34,305	\$31,351	\$31,065
2000	2,647	4,327	282,162	1,539	2,213	131,785	48,708	43,718	39,307
2010	2,838	5,029	308,746	1,512	2,221	130,362	45,726	42,535	42,497
2015	3,133	5,454	320,739	1,759	2,541	141,843	53,398	49,383	47,414
2016	3,180	5,544	323,072	1,804	2,602	144,352	53,049	49,168	47,828
2017	3,217	5,617	325,122	1,843	2,660	146,624	55,871	50,733	48,855
2018	3,529	5,679	326,838	1,892	2,727	148,908	59,256	54,044	49,943
2019	3,291	5,758	328,330	1,936	2,790	150,905	59,925	54,356	50,988
2020	3,318	5,808	329,484	1,833	2,645	142,186	60,036	55,911	53,504
Projected									
2025	3,514	6,128	341,471	1,889	2,723	146,252	61,240	56,925	54,357
2030	3,707	6,451	352,908	1,919	2,763	148,029	62,298	57,898	55,218
Year to year annual percent increase (decrease)									
2015-2016	1.5%	1.7%	0.7%	2.6%	2.4%	1.8%	(0.7)%	(0.4)%	0.9%
2016-2017	1.2	1.3	0.6	2.2	2.2	1.6	5.3	3.2	2.1
2017-2018	1.3	1.4	0.5	2.7	2.5	1.6	6.1	6.5	2.2
2018-2019	1.0	1.1	0.5	2.3	2.3	1.3	1.1	0.6	2.1
2019-2020	0.8	0.9	0.4	(5.3)	(5.2)	(5.8)	0.2	2.9	4.9
Long-term average annual percent increase (decrease)									
Historical									
1990-2000	2.8%	2.7%	1.2%	3.6%	3.8%	1.9%	3.6%	3.4%	2.4%
2000-2020	0.7	1.5	0.9	(0.2)	0.0	(0.1)	(0.6)	(0.3)	0.8
2010-2020	1.6	1.5	0.7	1.9	1.8	0.9	2.8	2.8	2.3
Projected									
2020-2025	1.2	1.1	0.7	0.6	0.6	0.6	0.4	0.4	0.3
2025-2030	1.1	1.0	0.7	0.3	0.3	0.2	0.3	0.3	0.3

n/a = not available

(a) U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov), accessed March 2022.

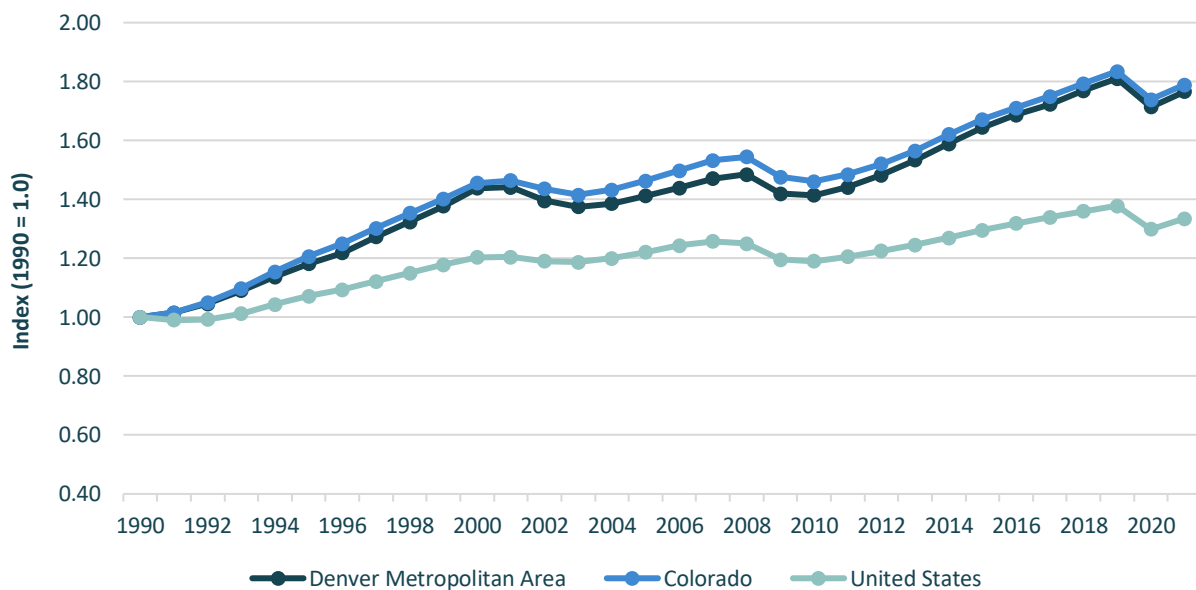
(b) U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov), accessed March 2022.

(c) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, [www.bea.gov](http://www.bea.gov), accessed March 2022.

Sources: U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov); U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov); U.S. Department of Commerce, Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov); Woods & Poole, *Economic and Demographic Projections*, May 2021.

**Employment.** Nonagricultural employment in the Denver Metropolitan Area generally correlates with national employment trends, as shown in Table 4 and on Figure 11. Following the trends in population, nonagricultural employment in the Denver Metropolitan Area expanded during the 1990s, increasing an average of 3.6% per year between 1990 and 2000. Nonagricultural employment in the Denver Metropolitan Area and the nation remained relatively unchanged between 2000 and 2010. Between 2010 and 2020, nonagricultural employment in the Denver Metropolitan Area increased an average of 1.9% per year, nearly twice the 0.9% average for the United States.

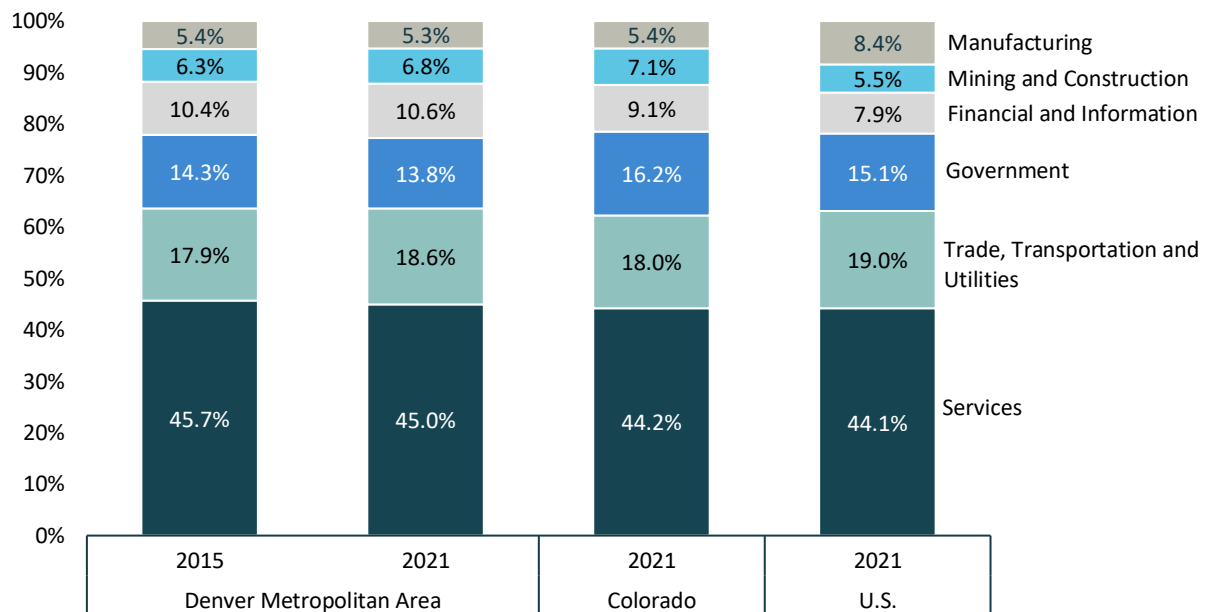
Figure 11  
**TRENDS IN NONAGRICULTURAL EMPLOYMENT**



Source: U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov), accessed March 2022.

**Nonagricultural Employment by Industry Sector.** Figure 12 shows the comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 2015 and 2021, and 2021 for the State and the nation. Employment in services (45.0%)—including health, education, professional, business, and other services—and trade, transportation, and utilities (18.6%) accounted for a combined 63.5% of total nonagricultural employment in the Denver Metropolitan Area in 2021.

Figure 12  
COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



Note: Columns may not add to 100% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov), accessed March 2022.

**Major Employers.** Table 5 lists the 20 largest private employers in the Denver Metropolitan Area as of June 2021. The table reflects the diversity of the companies and organizations in the area.

**Per Capita Personal Income.** Per capita personal income (in 2012 dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and nation, as shown in Table 4. Average per capita income in the Denver Metropolitan Area in 2020 (the latest available data), exceeded that in the State and the nation by 7.4% and 12.2%, respectively. Denver's per capita income also exceeds the average across the other large MSAs, demonstrating the strength of the growing economy in Denver. The Denver Metropolitan Area currently ranks eighth in the nation in terms of per capita income among the nation's 25 largest metropolitan areas.<sup>6</sup>

Growth in passenger traffic and the propensity to travel in a region are closely related to per capita personal income levels as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel and (2) income growth translates into disposable income, which reflects the potential for growth in the number of trips per person.

<sup>6</sup> Woods & Poole, Economic and Demographic Projections, May 2021.

Table 5  
**20 LARGEST PRIVATE EMPLOYERS**  
Denver Metropolitan Area

Rank	Company	Description	Number of employees (a)
1	HealthONE Corporation	Healthcare	12,100
2	UCHealth	Healthcare, Research	11,600
3	SCL Health System	Healthcare	10,000
4	Centura Health	Healthcare	10,000
5	Amazon	Warehousing and Distribution Services	9,800
6	Lockheed Martin Corporation	Aerospace and Defense Related Systems	9,700
7	Comcast	Telecommunications	7,600
8	Kaiser Permanente	Healthcare	7,100
9	Children's Hospital Colorado	Healthcare	7,000
10	United Airlines	Airline	7,000
11	Lumen Technologies	Telecommunications	5,800
12	Ball Corporation	Aerospace, Containers	5,500
13	United Parcel Service	Logistics	5,500
14	Charles Schwab	Financial Services	4,500
15	Southwest Airlines	Airline	4,400
16	Charter Communications	Telecommunications	4,000
17	University of Denver	University	3,800
18	Wells Fargo	Financial Services	3,700
19	FedEx	Logistics	3,200
20	DISH Network	Satellite TV & Equipment	3,100

Note: Largest private employers do not include retail companies or public/governmental companies or organizations.

(a) Rounded to the nearest hundred

Source: Compiled from various business lists and resources by Development Research Partners Inc., revised June 2021.

## Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned Longwoods International, a research firm that analyzes North American travel patterns, to prepare an in-depth study of the Denver tourism market. Key results of the 2019 Longwoods International study (the latest data available as of the date of this 2022 Report) on Denver tourism were as follows:

- Denver's number of overnight visitors increased by approximately 2.3%, from 17.3 million in 2018 to 17.7 million in 2019, and increased an average of 5.1% annually from 2014 to 2019.

- Denver travel spending reached \$6.0 billion in 2019, increasing 7.1% between 2018 and 2019. Visitor spending benefits many different businesses in Denver, including food and beverage, lodging, recreation, sightseeing, and attractions.
- The number of people coming to Denver for conventions and business travel over the past five years has remained flat at approximately 2.4 million visitors.

The continued growth in Denver’s appeal as a tourism destination, which is reflected in the increasing numbers of overnight leisure visitors and in the number of business-related travelers, influences aviation demand at the Airport. In addition, visitor spending in the Denver Metropolitan Area has the potential of increasing economic growth and aviation demand, especially within the leisure segment. Average daily expenditures per overnight visitor in the marketable leisure segment rose 25% from \$136 in 2015 to \$171 in 2019.

Table 6 summarizes the trends in visitor activity in the Denver Metropolitan Area in 2000, 2005, and 2010 through 2019 based on the Longwoods International annual study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

**Leisure Travel.** Leisure visitors to Denver account for most of the overnight trips (approximately 86.4% in 2019) and drove the growth in numbers of overall visitors in all years included in Table 6. Denver continues to be a strong leisure market where tourism growth remains important to its economy. Between 2010 and 2019, the number of leisure visitors to Denver increased an average of 5.0% per year. Colorado remained the country’s top ski destination in 2019, accounting for approximately 18.2% of national overnight ski trips.

**Business Travel.** In 2019, visitors traveling to Denver on business accounted for approximately 13.6% of all overnight trips, according to the Longwoods International study. Business travelers spent an average of \$147 per person per day, compared with \$171 per person day spent by leisure visitors. *SmarterTravel* named Denver the fifth best city for business travel in the United States based on number of on-time flights, cost of lodging, reliability of mobile network coverage, and traffic congestion levels.

**Conventions.** Denver’s meeting and convention activity grew in 2019, with 959 conventions held at the Colorado Convention Center and area hotels and more than 396,000 delegates. In 2021, the Colorado Convention Center was ranked as one of the top 13 convention centers with superior facilities and over 580,000 square feet of exhibit space, according to a survey conducted by Quality Logo Products. The Convention Center also achieved a Global Biorisk Advisory Council STAR accreditation, the gold standard for prepared facilities. According to a Watkins Research Group study, Visit Denver was ranked among the top Convention and Visitors Bureau (CVB) by meeting planners surveyed across the country.<sup>7</sup>

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<sup>7</sup> Watkins Research Group 2018 Survey of Meeting Planners.

Table 6  
**VISITOR ACTIVITY**  
Denver Metropolitan Area

Year	Overnight trips to Denver (millions)			Denver Conventions	
	Leisure	Business	Total	Number	Number of delegates
2000	6.9	2.7	9.6	342	235,996
2005	7.9	2.5	10.4	420	257,956
2010	10.9	1.8	12.7	498	371,003
2011	11.0	2.2	13.2	515	369,059
2012	11.3	2.3	13.6	617	377,115
2013	11.7	2.3	14.0	628	385,292
2014	13.0	2.4	15.4	733	429,497
2015	13.8	2.6	16.4	747	375,278
2016	14.7	2.6	17.3	858	368,459
2017	15.0	2.4	17.4	934	390,074
2018	14.9	2.4	17.3	926	399,005
2019	15.3	2.4	17.7	1026	396,107
2020	n/a	n/a	13.4 (est.)	n/a	n/a
Average annual percent increase (decrease)					
2000-2005	2.7%	(1.5)%	1.6%	4.2%	1.8%
2000-2019	4.8	(0.7)	3.7	6.7	3.1
2010-2019	5.0	4.2	4.9	10.9	0.9

Note: Columns may not add to totals shown because of rounding.

Sources: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted, and Visit Denver, the Convention and Visitors Bureau records.

## Economic Outlook

Economic growth in the United States, the State of Colorado, and the Denver Metropolitan Area forms a basis for anticipated growth in airline traffic at the Airport. Both airline travel and the movement of cargo through the Airport depend on economic linkages between and among the regional, State, national and global economies. Consequently, economic assumptions that were used to develop the forecasts of enplaned passengers prepared for this 2022 Report were based on a review of global, national, State, and regional economic forecasts, as well as analyses of historical socioeconomic trends and airline traffic trends.

**Global Economy.** Globalization of the world economy has created linkages between national economies that relate not only to trade, but also to airline travel. The successful development and distribution of COVID-19 vaccines in 2021 allowed the reopening of face-to-face services as the rates of new cases and hospitalizations have decreased and the COVID-19 pandemic gets closer to an endemic phase. Indicators of economic activity and employment



have strengthened, and the U.S. economy has reopened. However, the current supply-chain crisis continues to put pressure on inflation and the global economy.

Historical and forecast GDP for world regions is shown in Table 7, and shows that from 2021 through 2033, the annual growth rate of real global GDP is projected to increase by 3.0%, consistent with 3.0% worldwide real GDP growth between 2010 and 2019. As long as global economic growth continues, demand for business and leisure travel, including airline travel to the Denver Metropolitan Area, will likely increase. However, global economic recovery is threatened by the spread of new coronavirus variants as well as geopolitical instability in Ukraine which is having a major impact on oil and fuel, agricultural commodities, and metal prices around the world. Such events, along with new supply chain disruptions are directly impacting European economies, and these economic and market fluctuations over the long-term may create a new source of global economic uncertainty.

Table 7  
**HISTORICAL AND PROJECTED GLOBAL REAL GROSS DOMESTIC PRODUCT GROWTH RATES**

Region/Country	Average annual real GDP growth		
	Historical 2010-2019	Historical 2020	Projected 2021-2033
China (including Hong Kong and Macau)	7.2%	2.0%	4.8%
Asia (excluding China, Hong Kong, and Macau)	3.3	(4.2)	3.7
Africa	3.3	(3.2)	3.6
Middle East	3.1	(5.5)	3.3
Latin America	1.7	(6.9)	2.9
Canada	2.1	(5.3)	2.1
United States	2.3	(3.5)	2.1
Former Soviet Union	2.1	(2.7)	2.7
Europe	1.6	(6.5)	1.8
World	3.0	(3.5)	3.0

Source for historical and projected: U.S Department of Agriculture, Economic Research Service, *International Macroeconomic Data, Projected Real GDP Values*, updated January 13, 2022.

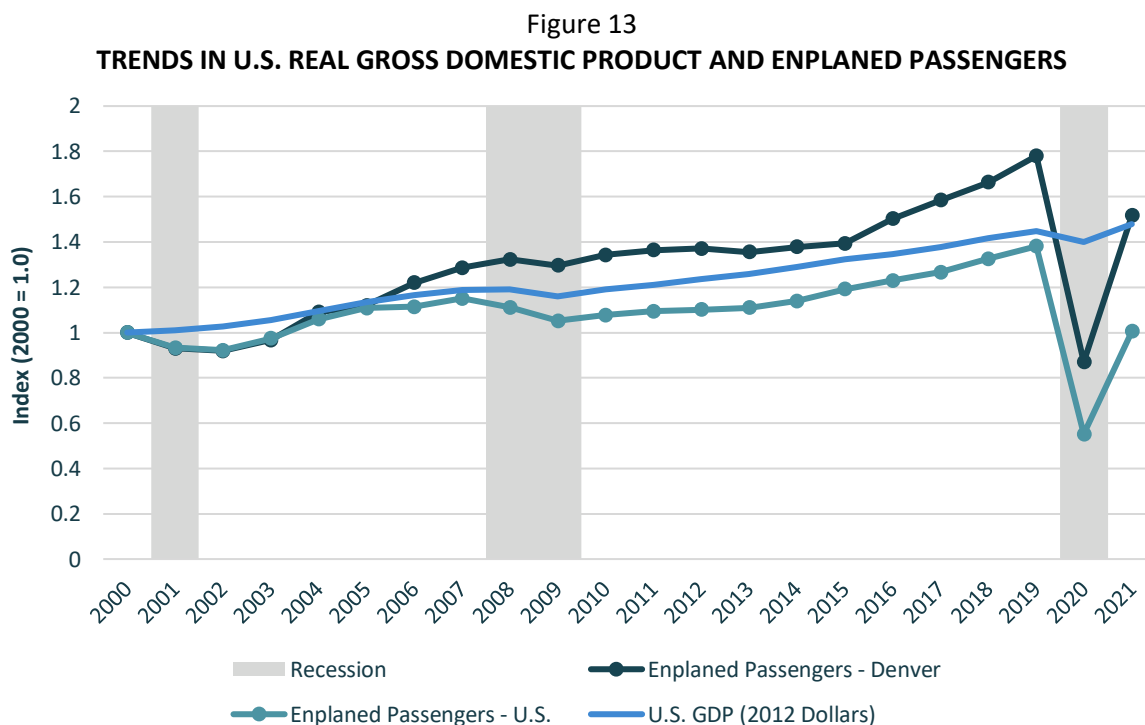
**National Economy.** After a long period of sustained economic growth beginning in 2010, supported by improved business investment and increased global economic activity,<sup>8</sup> the COVID-19 pandemic in 2020 resulted in an economic downturn where the nation's GDP declined 3.4%. In 2021, the U.S. economy recovered, growing 5.7%, despite continued supply chain constraints and high inflation of 7% year-over-year. The Conference Board Economic Outlook report expects the nation's GDP to grow at a moderate pace of 3.0% through 2022 followed by 2.3% in 2023.<sup>9</sup>

<sup>8</sup> Colorado Legislative Council, *Focus Colorado: Economic and Revenue Forecast*, March 17, 2022, [www.colorado.gov](http://www.colorado.gov), accessed March 2022.

<sup>9</sup> The Conference Board, *Economic Forecast for the US Economy (seasonally-adjusted annual rates)*, March 10, 2022, <https://www.conference-board.org/research/us-forecast>, accessed March 2022.

Figure 13 presents trends in U.S. GDP (in 2012 dollars) and numbers of enplaned passengers at the Airport and in the nation from 2000 through 2021 (using 2000 as the index year). Overall, trends in national passenger traffic have closely correlated with the trends in GDP since 1990, including decreases during the 2008-2009 economic recession and two earlier national economic recessions. In comparison, the trends in the numbers of enplaned passengers at the Airport have tracked more positively than the average for the nation.

During the previous 2008-2009 national economic recession, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased (2.0%) in 2009. In comparison, the number of enplaned passengers in the United States decreased (1.2%) in 2008 and (7.0%) in 2009, based on U.S. Department of Transportation (DOT) data. During the recovery from the 2008-2009 recession, the number of passengers enplaned at the Airport increased 3.6% in 2010, 1.7% in 2011, and 0.5% in 2012. As growth resumed in the national economy, the number of enplaned passengers increased 32.6% at the Airport and 33.0% in the United States between 2010-2019.



Sources: U.S. GDP—U.S. Department of Commerce, Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov), accessed March 2022. Airport enplaned passengers—Department management records. U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, [www.faa.gov](http://www.faa.gov), accessed March 2022.

The Congressional Budget Office (CBO) indicated that as the economy recovers from the COVID-19 pandemic and continues to absorb fiscal and monetary support, it projects real GDP will expand at an average annual rate of 1.6% between 2022-2031 while inflation will grow at higher-than-normal rates, averaging 2.1% during the same period. The CBO also projects that the unemployment rate will fall from 6.8% seen at the end of 2020 to 3.6% by the end of

2022.<sup>10</sup> Concurrently, federal debt is expected to grow and reach a record 106.4% of GDP by 2030.

**Colorado Economy.** During the recession caused by the COVID-19 pandemic, Colorado's economy performed above average, as the state's GDP declined only 3.0% in 2020 compared to the nation's GDP decline of 3.4%. In 2021, the state's GDP grew by 5.8%, slightly above the nation's average, driven in part by Colorado's diverse economy and accounting for approximately 1.9% of the U.S. GDP.<sup>11</sup>

- **Population**—The Colorado Legislative Council (CLC) forecasts a 1.1% increase in Colorado's population between 2021 and 2022, and a 1.2% increase in population from 2022-2023.<sup>12</sup> According to Development Research Partners' report "An Economic & Demographic Overview of the Denver Metropolitan Area," net in-migration to Colorado will remain the top reason for population growth.<sup>13</sup>
- **Nonagricultural employment**—Over the past 10 years, Colorado employment grew at an annual average rate of 1.8%, double the national rate of 0.7% over the same period. For 2020, Colorado's unemployment rate fell to 6.4%, 0.3% below the U.S. average of 6.7% and remains among the lowest in the nation. The CLC forecasts 2.8% growth in Colorado's nonagricultural employment in 2021 followed by 3.4% growth in 2022.
- **Retail trade**—Following a 17.3% increase in Colorado retail trade sales (an indicator of consumer spending) in 2021, the CLC forecasts that retail trade sales in Colorado will increase in 2022. However, the CLC expects inflationary concerns will have a weighted impact on consumer sentiment and supply chain disruptions are expected to persist in 2022.
- **Residential construction**—Recently there has been a shift in residential construction from single-family residences to multi-family units. In 2021, construction permits for single-family residences increased 3.5% over 2020, while permits for multi-family residences increased 84%. The CLC forecasts that the number of new single-family home permits issued in Colorado will decrease 3.7% in 2022 and increase 3.4% in 2023 as new multi-family housing units are completed.

**Denver Metropolitan Area Economy.** The economic drivers in the Denver Metropolitan Area are diverse and include mature, stable, and emerging industries. Metro Denver Economic Development Corporation (MDEDC) noted that employers in the Denver metropolitan area in

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<sup>10</sup> Congressional Budget Office, *Analysis of CBO's July 2021 Budget and Economic Outlook*, July 2021; accessed March 2022.

<sup>11</sup> Leeds School of Business, University of Colorado, Boulder, *Business Economic Outlook 2022*, December 2021; accessed March 2022.

<sup>12</sup> Colorado Legislative Council Staff, *Economic & Revenue Forecast*, March 2022.

<sup>13</sup> Development Research Partners, *An Economic & Demographic Overview of the Denver Metropolitan Area*, May 2018; accessed June 2018.

the information technology, telecoms, communications, and media industries anticipate the strongest staffing climate.<sup>14</sup>

- **Population**—The Denver Metropolitan Area is consistently ranked as one of the fastest-growing metropolitan areas in the nation. According to the MDEDC,<sup>15</sup> population growth in the Denver Metropolitan Area increased an average of 1.6% between 2009 and 2019. Looking forward, the MDEDC anticipates that the population will increase 0.9% in 2020, which is higher than the projected national growth of 0.8%.
- **Nonagricultural employment**—The MDEDC estimates that nonagricultural employment in the Denver Metropolitan Area grew 5.3% for the twelve months from November 2020 to November 2021. According to Development Research Partners, this employment growth was driven in part by the Denver Metropolitan Area’s ability to attract new companies, draw in talented workers, and ability to promote entrepreneurship, as well as a record number of people looking for work.
- **Retail trade**—While retail trade sales slowed significantly in 2020 due to the COVID-19 pandemic, retail trade sales in the Denver Metropolitan Area increased 13.4% over the twelve months from January 2021 to January 2022 according to the MDEDC monthly indicators. The MDEDC expects the concerns about the rise in inflation to continue through 2022, as confidence in consumer spending could decline as prices rise.
- **Residential construction**—The MDEDC estimated that new residential unit construction in the Denver Metropolitan Area increased 97.9% from November 2020 to November 2021. Nationally, the strong consumer demand for newly built homes has improved builder confidence, resulting in strong growth of the current limited existing inventory. Looking forward, the CLC anticipates slower growth because “builders face multiple headwinds in responding to strong price growth and low inventory from severe COVID-19 pandemic-related construction supply chain disruptions, a shortage of skilled labor, and increasing costs for lumber and other materials.”
- Nationally, the strong consumer demand for newly built homes has improved builder confidence, resulting in strong growth of the current limited existing inventory.

**Risks to the Economic Outlook.** Although the short-term and mid- to long-term economic outlooks are favorable, there are risks that these projections/forecasts may not be achieved. Key risks include the following:

- U.S. consumers may not be able to generate much spending growth as a result of a lack of growth in wages, persistent unemployment, or other factors.
- Increases in fuel prices related to increasing global demand and political instability in oil producing countries could present a risk to continued economic growth.

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<sup>14</sup> Metro Denver Economic Development Corporation, *Monthly Economic Indicators*, January 2022; accessed March 2022.

<sup>15</sup> Development Research Partners, *Metro Denver, Northern Colorado, & Colorado Population*, Revised January 2021; accessed March 2022.

- In the long term, the continuing deficits in the U.S. balance of payments as well as continuing large U.S. fiscal deficits could result in volatility in the currency markets, spending reductions, higher interest rates, and reduced access to credit, thereby presenting a risk to continued economic growth.
- A shift toward more protectionist economic policies in the United States and abroad could result in reduced cross-border trade and investment, thus lowering global growth.
- Non-economic factors such as political discord, terrorism and security concerns, and geopolitical tensions could dampen growth.

***Economic Growth Factors.*** Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors; (2) continued growth in the leisure and hospitality industry sectors; (3) generally lower labor and living costs compared with those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle-Tacoma; (4) an educated labor force able to support the development of knowledge-based and service industries; and (5) continued reinvestment to support the development of tourism, conventions, and other businesses.

## **AIRLINE TRAFFIC TRENDS**

The following sections present the airlines serving the Airport; a discussion of enplaned passengers at the Airport since 2000; passenger market shares of enplaned and originating passengers; and the role of the Airport in the systems of United Airlines, Southwest Airlines, and Frontier Airlines.

### **Airlines Serving the Airport**

Table 8 lists the passenger airlines that served the Airport as of May 2022. In addition, several all-cargo airlines, including ABX Air, Inc., ATI, Alpine Air Express, Atlas Air (Prime Air), Bemidji Aviation Services, Inc., DHL Express (USA), FedEx Corporation, Southern Air, and UPS Air Cargo provided service at the Airport.

Table 8  
PASSENGER AIRLINES SERVING DENVER INTERNATIONAL AIRPORT  
May 2022

<u><b>Mainline/National</b></u>	<u><b>Foreign-flag</b></u>	<u><b>Regional/Commuter</b></u>
Alaska Airlines	AeroMéxico	American Eagle (b)
Allegiant Air	Air Canada (a)	Boutique Air
American Airlines	Air France	Delta Connection (b)
Delta Air Lines	British Airways	Denver Air Connection
Frontier Airlines	Cayman Airways	Southern Airways Express
JetBlue Airways	Copa Airlines	United Express (b) (c)
Southwest Airlines	Icelandair	
Spirit Airlines	Lufthansa German Airlines	
Sun Country Airlines	Volaris	
United Airlines	WestJet	

(a) Includes Jazz Aviation L.P.

(b) Includes SkyWest Airlines

(c) Includes CommutAir

Sources: OAG advance schedules, accessed March 29, 2022.

### Enplaned Passenger Trends

Table 9 summarizes the numbers of enplaned passengers at the Airport in 2000, 2005, 2010, and yearly from 2015 through 2021, organized by originating, connecting, and total enplaned passengers.

The total number of enplaned passengers at the Airport increased an average of 2.0% per year between 2000 and 2021, with the number of originating and connecting passengers increasing an average of 2.2% and 1.7% per year, respectively. Between 2000 and 2021, the number of enplaned passengers at the Airport increased in 16 of the 21 years. The five years in which enplaned passengers decreased were related to the effects of the 2001 terrorist attacks on September 11, 2001, and national economic recession that followed in 2002, the effects of the national economic recession and financial crisis in 2009, and the COVID-19 pandemic in 2020.

The increase in originating and enplaned passengers at the Airport since 2000 reflects the continued population and economic growth in the Denver Metropolitan Area and the State of Colorado, as well as the continued development of airline service at the Airport.

Table 9  
**HISTORICAL ENPLANED PASSENGERS**  
Denver International Airport

Year	Enplaned passengers			Total annual percent increase (decrease)	Percent originating
	Originating	Connecting	Total		
2000	10,979,642	8,413,354	19,392,996	--%	56.6%
2005	11,983,822	9,718,153	21,701,975	--	55.2
2010	14,101,491	11,923,411	26,024,902	--	54.2
2015	17,353,408	9,665,521	27,018,929	--	64.2
2016	18,527,324	10,612,880	29,140,204	7.9	63.6
2017	19,655,635	11,058,376	30,714,011	5.4	64.0
2018	20,746,244	11,512,973	32,259,217	5.0	64.3
2019	22,259,410	12,253,544	34,512,954	7.0	64.5
2020	10,032,089	6,841,754	16,873,843	(51.1)	59.5
2021	17,321,707	12,096,175	29,417,882	74.3	58.9
Average annual percent increase (decrease)					
2000-2010	2.5%	3.5%	3.0%		
2010-2015	4.2	(4.1)	0.8		
2015-2019	6.4	6.1	6.3		
2019-2020	(54.9)	(44.2)	(51.1)		
2020-2021	72.7	76.8	74.3		
2000-2021	2.2	1.7	2.0		

Source: Department management records.

From 2015 through 2019, the number of enplaned passengers at the Airport increased an average of 6.3% per year, with the number of originating and connecting passengers increasing an average of 6.4% and 6.1% per year, respectively. During the same period, the average rate of increase (decrease) in enplaned passengers at the Airport by type of business model was as follows:

- 7.0% average annual rate of growth for full-service airlines, which includes the United Airlines Group, Delta Air Lines, American Airlines, and Alaska Airlines.
- 4.6% average annual rate of growth for low-cost<sup>16</sup> carriers (LCC) which includes Southwest Airlines and JetBlue Airways.

<sup>16</sup> The U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics defines current industry structure in terms of business models. A “low-cost carrier” operates under a generally recognized low-cost business model, which may include a single passenger class of service, standardized aircraft utilization, limited in-flight services, use of smaller or less expensive airports, and lower employee wages and benefits.

- 6.0% average annual rate of growth for ultra-low-cost<sup>17</sup> carriers (ULCC), which includes Frontier Airlines, Spirit Airlines, Allegiant Air, and Sun Country Airlines.

In 2019, the number of enplaned passengers at the Airport increased 7.0%, reflecting a 7.3% increase in the number of originating passengers and a 6.4% increase in the number of connecting passengers, the Airport's sixth consecutive year of growth.

During 2020, the Airport experienced a 51.1% decrease in the number enplaned passengers, from 34.5 million in 2019 to 16.9 million in 2020. Although passenger volumes decreased in 2020 like most other airports in the nation, the Airport was the third busiest airport in the United States in terms of both the total number of passengers and enplaned passengers, highlighting its importance as a key domestic U.S. airport.

In 2021, the Airport's traffic continued to recover to 2019 levels, with enplaned passengers increasing 74.3% compared with the number of enplaned passengers in 2020. Originating passengers and connecting passengers increased 72.7% and 76.8%, respectively. Factors contributing to the recovery include the strength of the Airport's domestic market and the importance of the Airport to the route networks of United Airlines, Southwest Airlines and Frontier Airlines.

The continued recovery and growth in scheduled seat capacity at the Airport by the United Airlines Group, Southwest Airlines, and other airlines serving the Airport are shown on Figure 14.

During the first nine months of 2022, the following is expected to occur:

- United Airlines' scheduled number of seats at the Airport is expected to exceed 2019 levels by 4.4% whereas its system-wide capacity over the same period is expected to decrease by 9.2%.
- Southwest Airlines' scheduled number of seats at the Airport is projected to exceed 2019 levels by 21.1% while its system-wide seat capacity is expected to decrease by 0.9%.
- Frontier Airlines' scheduled number of seats at the Airport is projected to be 17.7% lower as compared to the same time period in 2019, and lower than the expected number of seats at its other principal airports like Orlando and Las Vegas, which have exceeded the pre-COVID-19 pandemic number of scheduled seats, in part because those markets were attractive domestic leisure destinations during the COVID-19 pandemic where Frontier Airlines and ULCCs operated new point-to-point services.

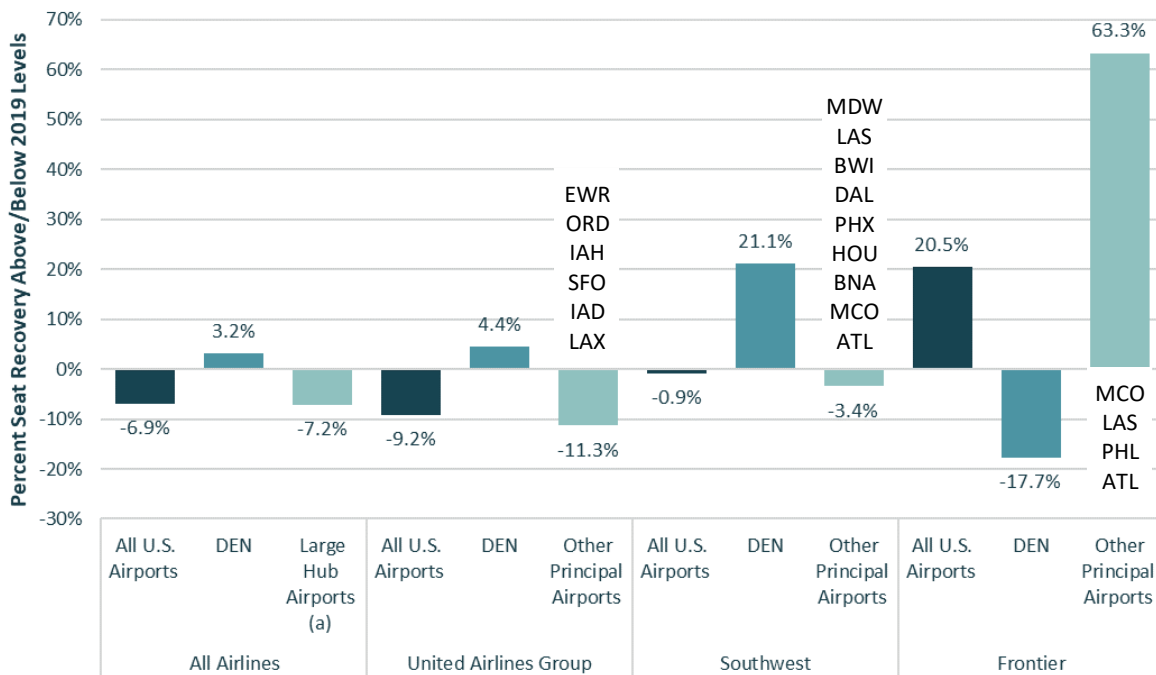
Later sections of this Report discuss the continued importance and role of the Airport as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines.

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<sup>17</sup> In this Report, Ultra-low-cost airlines are considered a subset of the Low-Cost Airlines category, but have additional focus on lowering base fare and increasing ancillary revenue. Ancillary revenues are products and services airlines charge customers in addition to the cost of the airfare, such as assigned seating, checked bags or in-flight food and beverages.



Figure 14  
**SCHEDULED DEPARTING SEAT RECOVERY AS A PROPORTION OF 2019 LEVELS**  
 January-September 2019 vs January-September 2022



EWR = Newark International  
 ORD = Chicago O'Hare International  
 IAH = George Bush Intercontinental  
 SFO = San Francisco International  
 IAD = Washington Dulles International  
 LAX = Los Angeles International  
 MDW = Chicago Midway International  
 LAS = Harry Reid (Las Vegas) International

BWI = Baltimore/Washington International  
 DAL = Dallas Love Field  
 PHX = Phoenix Sky Harbor International  
 HOU = Houston Hobby International  
 BNA = Nashville International  
 MCO = Orlando International  
 PHL = Philadelphia International  
 ATL = Hartsfield-Jackson Atlanta international

Note: Scheduled departing seats is for January to September each year, latest schedule data available for Southwest. Total scheduled seats include domestic and international services.

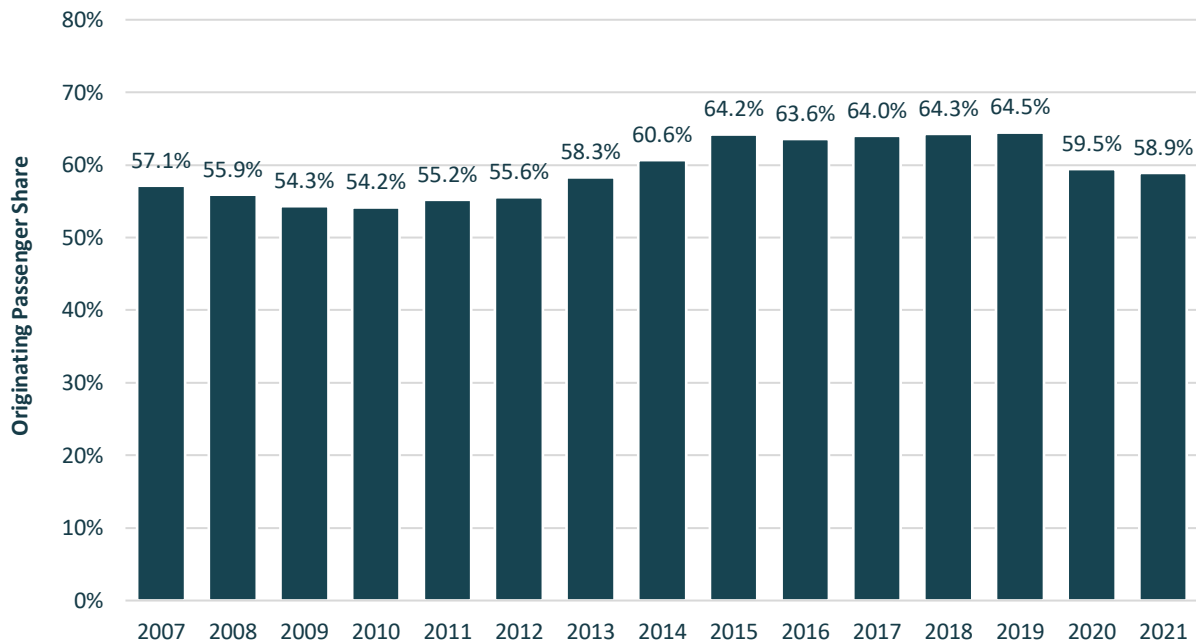
(a) As defined by the FAA.

Source: OAG, online database, accessed May 2022.

The increase in originating passengers at the Airport since 2000 reflects the continued population and economic growth in the Denver Metropolitan Area and the State of Colorado, as well as increases in airline service, increased airline competition, and the continued development of airline service at the Airport by the LCC and ULCCs.

As shown on Figure 15, the originating passenger share of total Airport enplaned passengers increased steadily between 2010 and 2015 and remained constant at 64% between 2015 to 2019. In 2020 and 2021, the originating passenger share of total Airport enplaned passengers decreased from 64.5% in 2019 to 59.5% in 2020 and 58.9% in 2021, as airlines including United Airlines and Southwest Airlines increased their use of the Airport as a hub for connecting passengers.

Figure 15  
**ORIGINATING PASSENGER SHARE OF TOTAL AIRPORT ENPLANED PASSENGERS**  
 Denver International Airport

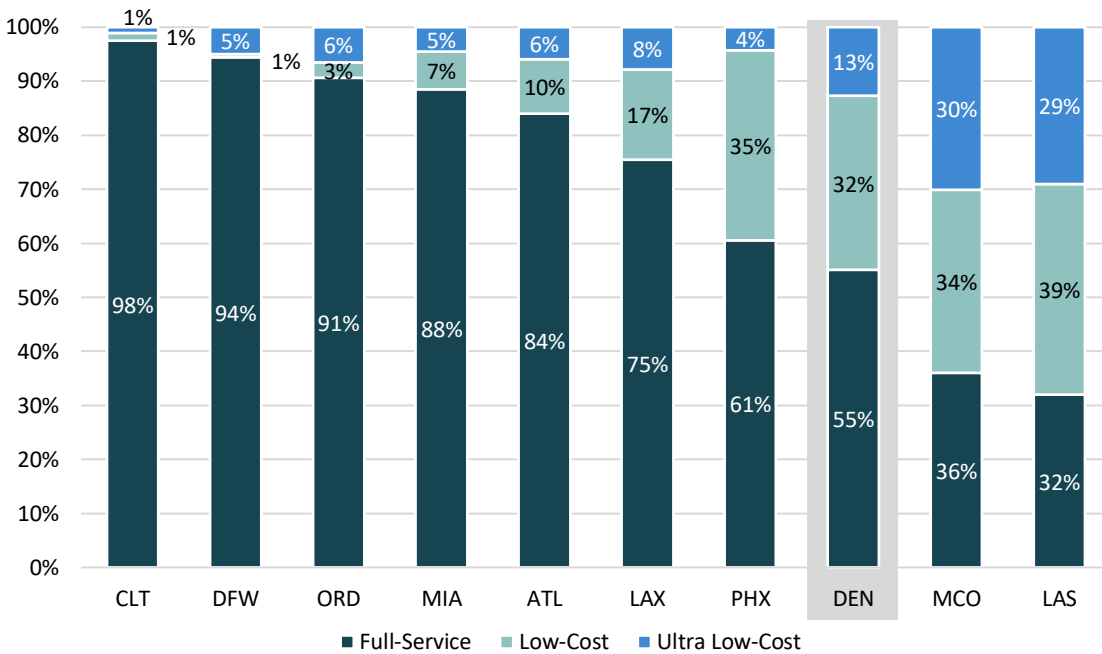


Source: Department management records.

The Airport benefits from a diverse carrier base, with each of the three largest carriers operating distinct business models that focus on different types of travelers. United Airlines is a full-service legacy carrier serving both business and leisure travelers. Southwest Airlines is a traditional LCC serving primarily leisure travelers, and Frontier Airlines is an ULCC serving cost-conscious travelers. The Airport is one of the few airports in the U.S. that supports connecting operations by multiple carriers representing different airline business models.

In 2021, full-service carriers accounted for 55.1% of enplaned passengers at the Airport, LCCs accounted for 32.2% of enplaned passengers, and ULCCs accounted for 12.7% of enplaned passengers. As shown on Figure 16, the Airport is one of only three airports (Harry Reid International (Las Vegas) and Orlando International being the other airports) among the 10 busiest airports in the U.S. with at least a 10% share of total enplaned passengers flown on ULCCs.

Figure 16  
**SHARE OF ENPLANED PASSENGERS BY CARRIER TYPE AT THE  
 TOP 10 AIRPORTS IN THE UNITED STATES IN 2021**



CLT = Charlotte Douglas International  
 DFW = Dallas/Fort Worth International  
 ORD = Chicago O'Hare International  
 MIA = Miami International  
 ATL = Hartsfield-Jackson Atlanta international

LAX = Los Angeles International  
 PHX = Phoenix Sky Harbor International  
 DEN = Denver International  
 MCO = Orlando International  
 LAS = Harry Reid (Las Vegas) International

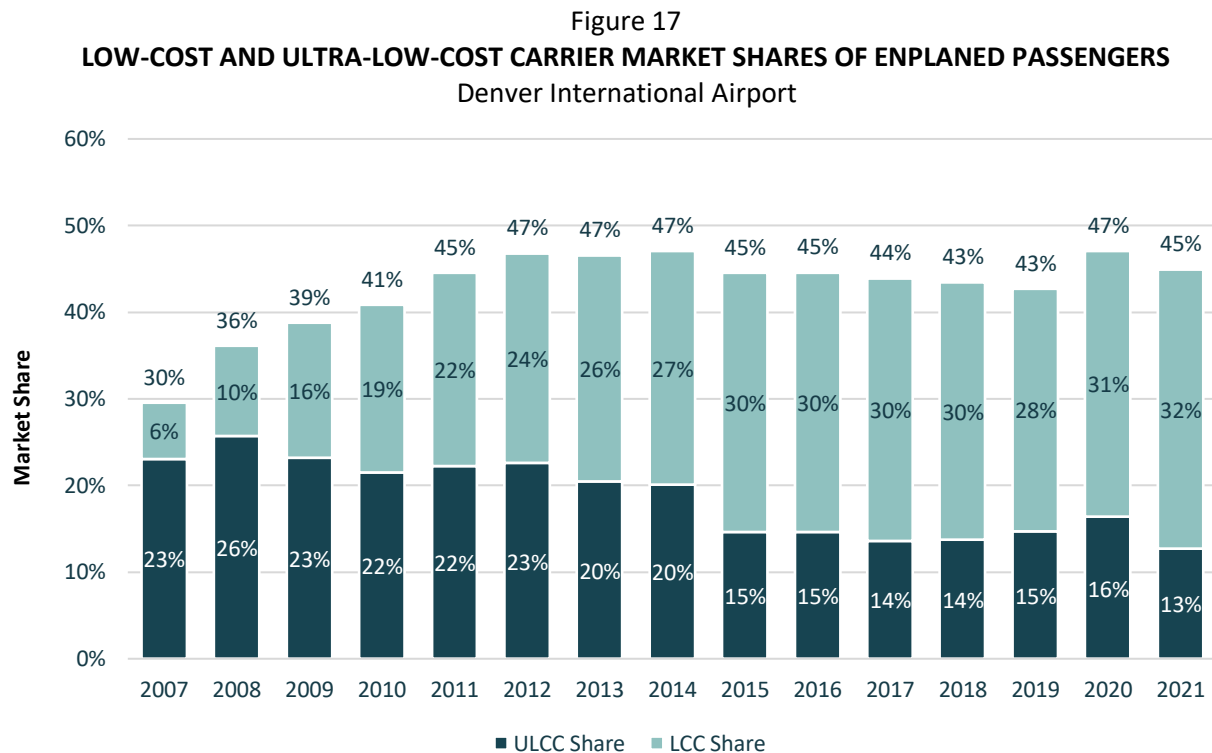
Notes: Top 10 U.S. airports by 2021 enplaned passengers. Airports shown by share of full-service carrier enplaned passengers. U.S. full-service carriers include Delta Air Lines, American Airlines, United Airlines, Alaska Airlines, and Hawaiian Airlines. U.S. LCC carriers include Southwest Airlines and JetBlue Airways. U.S. ULCC carriers include Allegiant Air, Frontier Airlines, Spirit Airlines, and Sun Country Airlines. Totals may not add to 100% because of rounding.

Sources: Denver—Department management records for 2021. Other airports—U.S. Department of Transportation, T-100 for the 12-month period ending September 2021, accessed March 2022.

Figure 17 presents the shares of passengers enplaned by the LCC and ULCC at the Airport over the last 10 years, which increased from 40.8% in 2010 to 44.9% in 2021, exceeding the national market share of passengers enplaned by the LCC and ULCC of 27.6% in 2010 and 33.9% in 2021, according to U.S. DOT data.

In 2021, the share of LCC and ULCC enplaned passengers at the Airport was 44.9%, less than 2020's share of 47.1%. A significant portion of the increase in LCC market share at the Airport since 2007 is attributable to Southwest Airlines, which was the second busiest airline at the Airport in terms of numbers of enplaned passengers in 2021. The decline in LCC and ULCC market share of enplaned passengers after 2014 is attributable to a reduction in the number of scheduled seats offered by Frontier Airlines at the Airport. However, the LCC/ULCC share saw an uptick in 2020 from 42.7% in 2019 to 47.1% as a result of larger reductions in scheduled

departing seats offered by legacy carriers like United Airlines at the Airport during the first year of the COVID-19 pandemic.

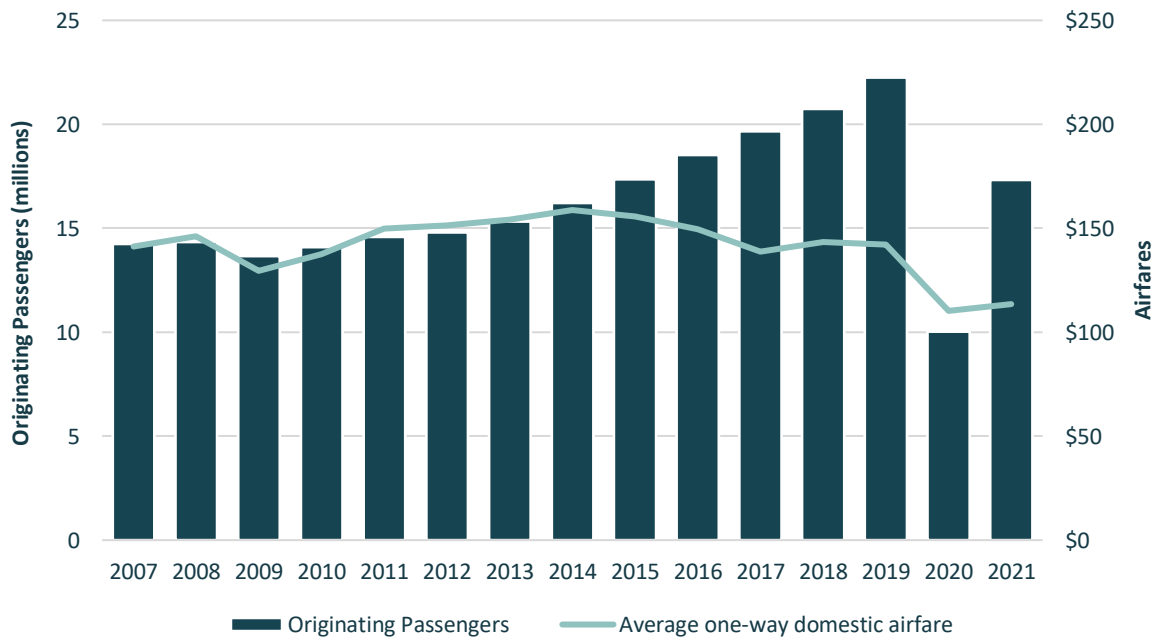


Note: LCC and ULCC include AirTran Airways, Allegiant Air, ATA Airlines (ceased service in April 2008), Frontier Airlines (including subsidiaries), Interjet, JetBlue Airways, Midwest Airlines (no longer in service), Spirit Airlines, Southwest Airlines, Sun Country Airlines, Volaris, WestJet Airlines, and Norwegian Air. Virgin America has been included with Alaska Airlines.

Source: Department management records.

Average airfares at the Airport have been relatively constant since 2007 as the result of increasing competition between United Airlines, Southwest Airlines, and Frontier Airlines. Between 2008 and 2009, average airfares decreased slightly as a result of the national economic recession and financial crisis. Stable airfares and local and regional economic growth have contributed to increasing numbers of originating passengers at the Airport in the years preceding the COVID-19 pandemic, as shown earlier in Table 9 and below on Figure 18.

Figure 18  
**AVERAGE AIRFARES AND ORIGINATING PASSENGERS**  
 Denver International Airport

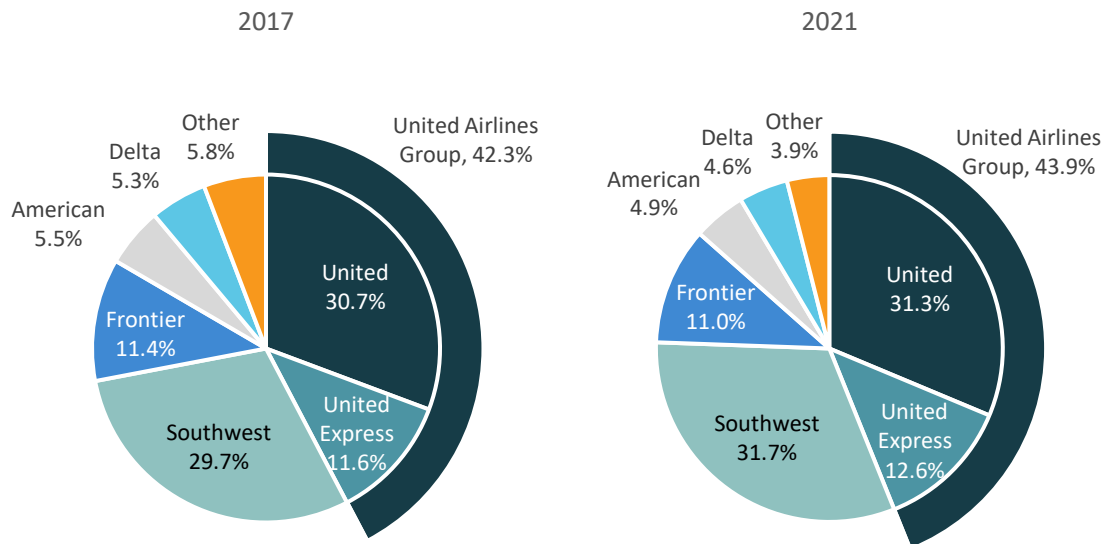


Sources: Airfare data—U.S. Department of Transportation, O&D database, accessed March 2022.  
 Originating passenger data—Department management records.

## Enplaned Passenger Market Shares

**Enplaned Passengers.** Enplaned passenger market shares for the airlines serving the Airport in 2015 and 2021 are shown on Figure 19 and in Table 10. During 2021, the United Airlines Group enplaned the largest share of passengers at the Airport (43.9%), followed by Southwest Airlines (31.6%) and Frontier Airlines (10.9%).

Figure 19  
**ENPLANED PASSENGER MARKET SHARES**  
 Denver International Airport



Notes: Includes regional affiliates. Totals may not add to 100% because of rounding.  
 Source: Department management records.

Beginning in 2012, Southwest Airlines became the second busiest airline serving the Airport in terms of numbers of enplaned passengers. As shown in Table 10, Southwest Airlines increased its market share of enplaned passengers at the Airport from 29.7% in 2017 to 31.7% in 2021. During that same period, Frontier Airlines' enplaned passenger market share decreased from 11.4% to 11.0% and United Airlines Group's enplaned passenger market share increased from 42.3% to 43.9%.

Importantly, the Airport is served by a diverse carrier base, with no single carrier accounting for more than 44.0% of enplaned passengers in 2021. Among the top 10 U.S. airports by enplaned passengers in 2021, the Airport had the sixth lowest concentration of service by a single carrier, as shown on Figure 20.

Table 10  
**HISTORICAL ENPLANED PASSENGERS BY AIRLINE**  
Denver International Airport

	2015	2016	2017	2018	2019	2020	2021
United Airlines Group							
Mainline	7,493,209	8,548,734	9,428,550	9,963,481	11,083,740	4,890,936	9,208,296
United Express (a)	3,927,764	3,697,343	3,548,333	4,064,288	4,352,712	2,216,312	3,706,371
	11,420,973	12,246,077	12,976,883	14,027,769	15,436,452	7,107,248	12,914,667
Southwest	7,929,104	8,565,381	9,137,172	9,386,197	9,467,075	5,113,869	9,316,932
Frontier	3,360,325	3,567,393	3,501,127	3,696,254	4,176,993	2,354,879	3,225,943
American (b)	1,642,359	1,642,277	1,682,943	1,619,744	1,632,621	875,460	1,446,247
Delta	1,333,693	1,489,659	1,635,708	1,728,487	1,837,221	697,259	1,353,532
Other	1,332,475	1,629,417	1,780,178	1,800,766	1,962,592	725,128	1,160,580
	15,597,956	16,894,127	17,737,128	18,231,448	19,076,502	9,766,595	16,503,215
Total	27,018,929	29,140,204	30,714,011	32,259,217	34,512,954	16,873,843	29,417,882
Percent of Total							
United Airlines Group							
Mainline	27.7%	29.3%	30.7%	30.9%	32.1%	29.0%	31.3%
United Express (a)	14.5	12.7	11.6	12.6	12.6	13.1	12.6
	42.3%	42.0%	42.3%	43.5%	44.7%	42.1%	43.9%
Southwest	29.3%	29.4%	29.7%	29.1%	27.4%	30.3%	31.7%
Frontier	12.4	12.2	11.4	11.5	12.1	14.0	11.0
American (b)	6.1	5.6	5.5	5.0	4.7	5.2	4.9
Delta	4.9	5.1	5.3	5.4	5.3	4.1	4.6
Other	4.9	5.6	5.8	5.6	5.7	4.3	3.9
	57.7%	58.0%	57.7%	56.5%	55.3%	57.9%	56.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airline's commuter affiliates. Columns may not add to totals shown because of rounding.

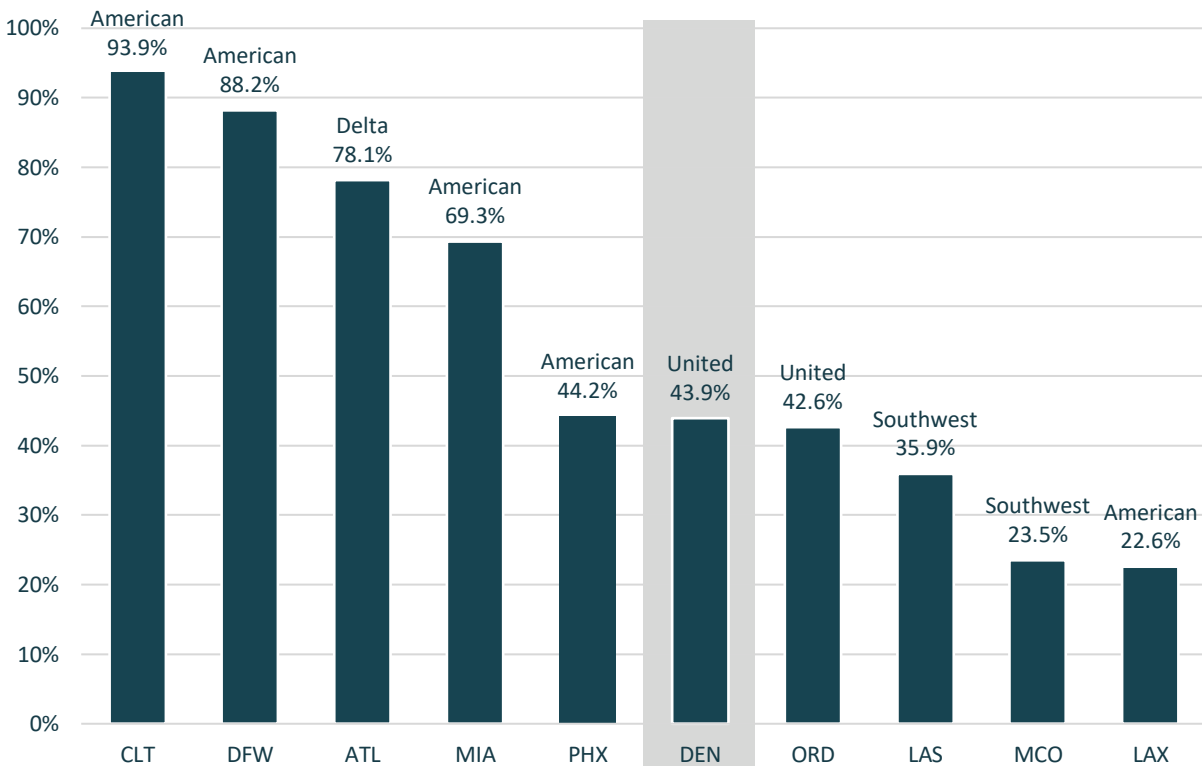
(a) Includes Republic, Skywest Airlines in 2015-2021; ExpressJet, GoJet, Trans States Airlines in 2015-2020; Mesa in 2015-2019; Shuttle America in 2015-2017; Air Wisconsin in 2018-2020; and CommutAir starting 2021.

(b) Includes US Airways, which merged with American in 2015.

Source: Department management records.

Figure 20

**SHARE OF ENPLANED PASSENGERS CARRIED BY LARGEST AIRLINE AT THE TOP 10 AIRPORTS IN THE UNITED STATES IN 2021**



Note: Share of passengers for Denver is for 2021, all other airports are for 12-months ending September 2021, latest available international data from U.S. DOT.

Sources: Denver—Department management records. All other airports—U.S. Department of Transportation, T-100, accessed March 2022.

**Originating Passengers.** Table 11 presents numbers of originating passengers and airline market shares at the Airport for 2015 through 2021. Between 2015 and 2019, the number of originating passengers at the Airport increased an average of 6.4% per year.

In 2015, Southwest Airlines and the United Airlines Group enplaned 34.5% and 26.6%, respectively, of originating passengers at the Airport. Since then, Southwest Airlines has held the largest share of originating passengers at the Airport, in every year except 2019.



Table 11  
**HISTORICAL ORIGINATING PASSENGERS BY AIRLINE**  
Denver International Airport

	2015	2016	2017	2018	2019	2020	2021
United Airlines Group							
Mainline	3,560,192	3,998,450	4,605,384	5,060,634	5,625,552	2,310,712	4,242,141
United Express (a)	1,048,894	1,004,988	1,000,056	1,220,160	1,342,661	606,629	1,016,964
	<u>4,609,086</u>	<u>5,003,438</u>	<u>5,605,440</u>	<u>6,280,803</u>	<u>6,968,213</u>	<u>2,917,341</u>	<u>5,259,105</u>
Southwest	5,993,365	6,293,540	6,598,237	6,810,997	6,861,976	3,340,757	5,790,067
Frontier	2,651,044	2,709,707	2,614,224	2,716,015	3,237,850	1,549,760	2,390,266
American (b)	1,642,359	1,640,911	1,682,943	1,619,744	1,632,621	875,460	1,446,247
Delta	1,277,100	1,428,266	1,566,119	1,646,669	1,749,487	662,552	1,353,532
Other	1,180,454	1,451,462	1,588,672	1,672,016	1,809,263	686,219	1,082,490
	<u>12,744,322</u>	<u>13,523,886</u>	<u>14,050,195</u>	<u>14,465,441</u>	<u>15,291,197</u>	<u>7,114,748</u>	<u>12,062,602</u>
Total	17,353,408	18,527,324	19,655,635	20,746,244	22,259,410	10,032,089	17,321,707
United Airlines Group							
Mainline	20.5%	21.6%	23.4%	24.4%	25.3%	23.0%	24.5%
United Express (a)	6.0	5.4	5.1	5.9	6.0	6.0	5.9
	<u>26.6%</u>	<u>27.0%</u>	<u>28.5%</u>	<u>30.3%</u>	<u>31.3%</u>	<u>29.1%</u>	<u>30.4%</u>
Southwest	34.5%	34.0%	33.6%	32.8%	30.8%	33.3%	33.4%
Frontier	15.3	14.6	13.3	13.1	14.5	15.4	13.8
American (b)	9.5	8.9	8.6	7.8	7.3	8.7	8.3
Delta	7.4	7.7	8.0	7.9	7.9	6.6	7.8
Other	6.8	7.8	8.1	8.1	8.1	6.8	6.2
	<u>73.4%</u>	<u>73.0%</u>	<u>71.5%</u>	<u>69.7%</u>	<u>68.7%</u>	<u>70.9%</u>	<u>69.6%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airlines' commuter affiliates. Columns may not add to totals shown because of rounding.

(a) Includes SkyWest Airlines, GoJet, and Republic in 2015-2018; ExpressJet and Shuttle America in 2015-2017; Trans States Airlines in 2015-2018; and Mesa in 2015.

(b) Includes US Airways, which merged with American Airlines in 2015.

Source: Department management records

Table 12 presents the Airport's top 20 domestic O&D passenger markets for the 12 months ended September 30, 2021. Table 12 also shows the average number of seats on scheduled daily nonstop departures from the Airport to each of the top 20 markets in June 2022. Of the average scheduled daily nonstop seats from the Airport in June 2022, 57.2% were to the top 20 markets listed in the table. The LCC and ULCCs accounted for 42.6% of all scheduled departing seats to domestic destinations from the Airport during this period and more than 60.0% of scheduled departing seats to 10 of the top 20 domestic markets. Atlanta, New York, and Seattle accounted for the smallest shares of LCC and ULCC seats in June 2022, with 24.4%, 25.9%, and 26.7%, respectively.

Table 12  
**TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE**  
Denver International Airport

Rank	Origin-destination passenger market	Air miles from Denver	Percent of originating passengers at the Airport	Scheduled departing seats August 2021		No. of Carriers Serving Market
				Average daily seats	Percent of LCC/ULCC seats	
1	Los Angeles ( <i>a</i> )	846	6.1%	6,250	55.3%	5
2	Chicago ( <i>b</i> )	892	4.3	4,180	42.8	4
3	Dallas/Ft. Worth ( <i>c</i> )	646	4.2	3,910	46.0	4
4	Phoenix	602	4.1	3,790	56.2	4
5	Houston ( <i>d</i> )	873	3.8	3,390	47.0	4
6	Las Vegas	628	3.3	3,270	70.4	4
7	Miami ( <i>e</i> )	1,706	3.2	2,270	57.1	5
8	Washington ( <i>f</i> )	1,473	3.1	3,260	51.2	3
9	New York ( <i>g</i> )	1,617	3.1	3,930	25.9	4
10	Orlando	1,546	3.0	1,940	58.1	4
11	San Francisco ( <i>h</i> )	957	3.0	3,880	43.9	3
12	Atlanta	1,199	2.9	2,580	24.4	4
13	Minneapolis/St. Paul	680	2.7	2,180	32.2	5
14	Seattle	1,024	2.4	2,350	26.7	5
15	San Diego	853	2.2	2,040	54.2	3
16	Austin	775	1.9	1,850	59.4	4
17	Salt Lake City	391	1.8	2,860	45.8	4
18	Tampa	1,506	1.8	1,270	49.4	3
19	Philadelphia	1,567	1.7	1,040	49.0	4
20	Boston		1.6	1,110	35.1	3
Cities listed			60.4%	57,350		
Other cities			39.6%	42,810		
All cities			100.0%	100,160	42.6%	

(*a*) Los Angeles International, Ontario (LA) International, Hollywood Burbank (Bob Hope), John Wayne (Orange County), and Long Beach airports.

(*b*) Chicago O'Hare and Chicago Midway international airports.

(*c*) Dallas/Fort Worth International Airport and Dallas Love Field.

(*d*) Bush Intercontinental Airport/Houston and William P. Hobby international airports.

(*e*) Fort Lauderdale-Hollywood and Miami international airports.

(*f*) Washington Dulles, Ronald Reagan Washington National, Baltimore/Washington international airports.

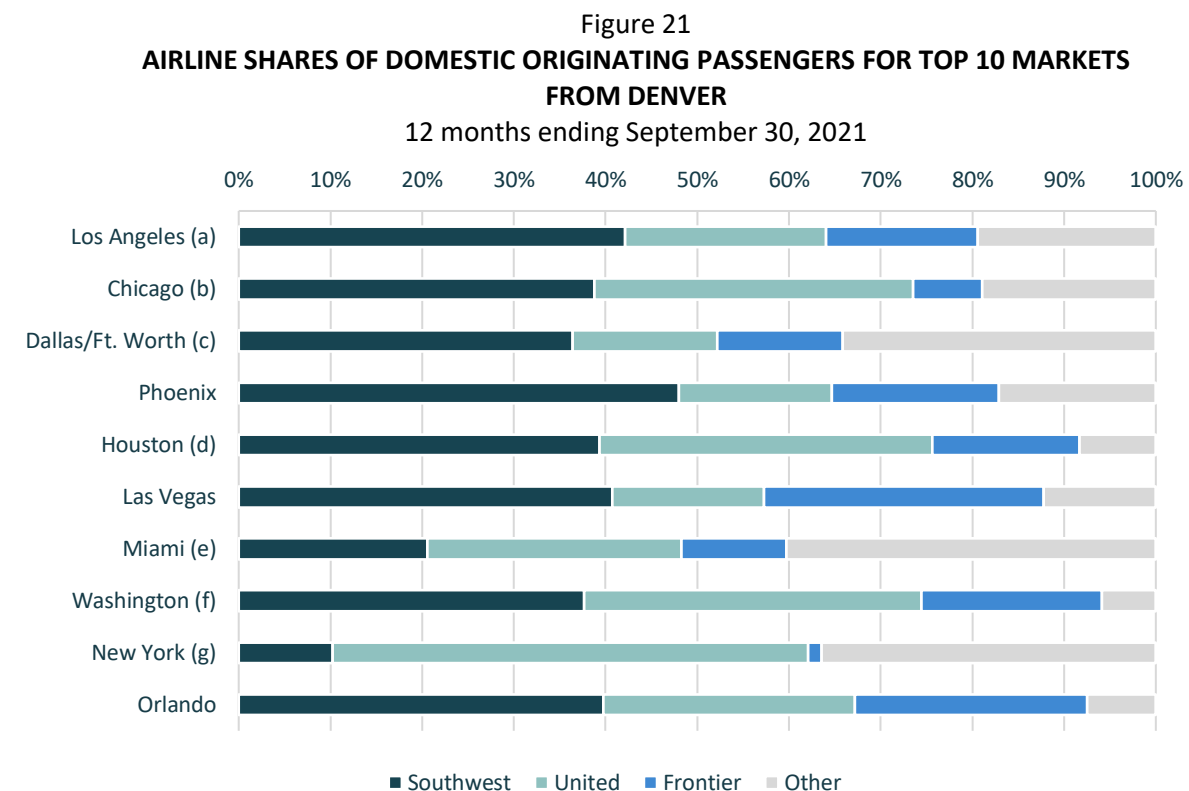
(*g*) John F. Kennedy, Newark Liberty, and LaGuardia international airports.

(*h*) San Francisco, Mineta San Jose, and Oakland international airports.

Sources: Originating passenger percentages—U.S. Department of Transportation, O&D survey, accessed March 2022. Departures and seats—OAG schedules, accessed March 2022.

Figure 21 presents the airline shares of originating passengers to the Airport's top 10 O&D markets for the 12 months ended September 30, 2021. Southwest Airlines accounted for the

largest share of originating passengers to eight of the Airport's top 10 markets, including Los Angeles, Chicago, Dallas-Ft. Worth, Phoenix, Houston Las Vegas, and Washington/Baltimore, all of which are among Southwest Airlines' 10 busiest markets. United Airlines accounted for the largest share of originating passengers to two of the Airport's top 10 markets, Miami and New York, the latter of which is a major United Airlines connecting hub.



Note: Includes regional affiliates.

(a) Los Angeles International, Ontario (LA) International, Hollywood Burbank (Bob Hope), John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Chicago Midway international airports.

(c) Dallas/Fort Worth International Airport and Dallas Love Field.

(d) Bush Intercontinental Airport/Houston and William P. Hobby international airports.

(e) Fort Lauderdale-Hollywood and Miami international airports.

(f) Washington Dulles, Ronald Reagan Washington National, and Baltimore/Washington Thurgood Marshall international airports.

(g) John F. Kennedy, Newark Liberty, and LaGuardia international airports.

Source: U.S. Department of Transportation, O&D survey, accessed March 2022.

## New International Markets

International passengers, while still a relatively small share of the total Airport traffic prior to the COVID-19 pandemic, (4.6% of total enplaned passengers in 2019), are growing faster than domestic passengers and becoming an increasingly important passenger segment of the market. Between 2015 and 2019, international enplaned passengers at the Airport grew by 7.1% per year, compared to 5.1% average annual growth for domestic passengers over the

same period. Growth in the number of international enplaned passengers should continue as new aircraft technology makes smaller international markets such as Denver economically viable for airlines.

As shown in Table 13, several new international routes are planned in 2022 as international traffic continues to recover across the nation, including United Airlines service to Munich in April 2022 and Southwest Airlines to Cozumel (Mexico) in March 2022. During 2021, four new international nonstop services commenced: United Airlines to Roatan (Honduras) in December 2021, Southwest Airlines to Liberia (Costa Rica) in November 2021, Frontier to Belize City in December 2021, and Air France to Paris de Gaulle in July 2021.

Table 13  
**NEW INTERNATIONAL SERVICE AT DENVER INTERNATIONAL AIRPORT**  
2018 through June 30, 2022

Airline	Destination	Service Launch	Airline	Destination	Service Launch
United	Belize City	Dec 2020	Air France	Paris de Gaulle	Jul 2021
	Frankfurt	May 2019	Norwegian Air	London Gatwick	Mar 2018
	London Heathrow	Mar 2018		Paris de Gaulle	Apr 2018
	Munich	Apr 2022	Cayman Airways	Grand Cayman	Mar 2019
	Nassau	Mar 2020	Sun Country	Mazatlan	Jan 2018
	Roatan	Dec 2021	Edelweiss	Zurich	Jun 2018
Southwest	Cozumel	Mar 2022	WestJet	Calgary	Mar 2018
	Liberia	Nov 2021			
Frontier	Belize City	Dec 2021			
	Calgary	May 2018			

Note: Advance OAG Schedules used for January 1, 2018, through June 30, 2022.

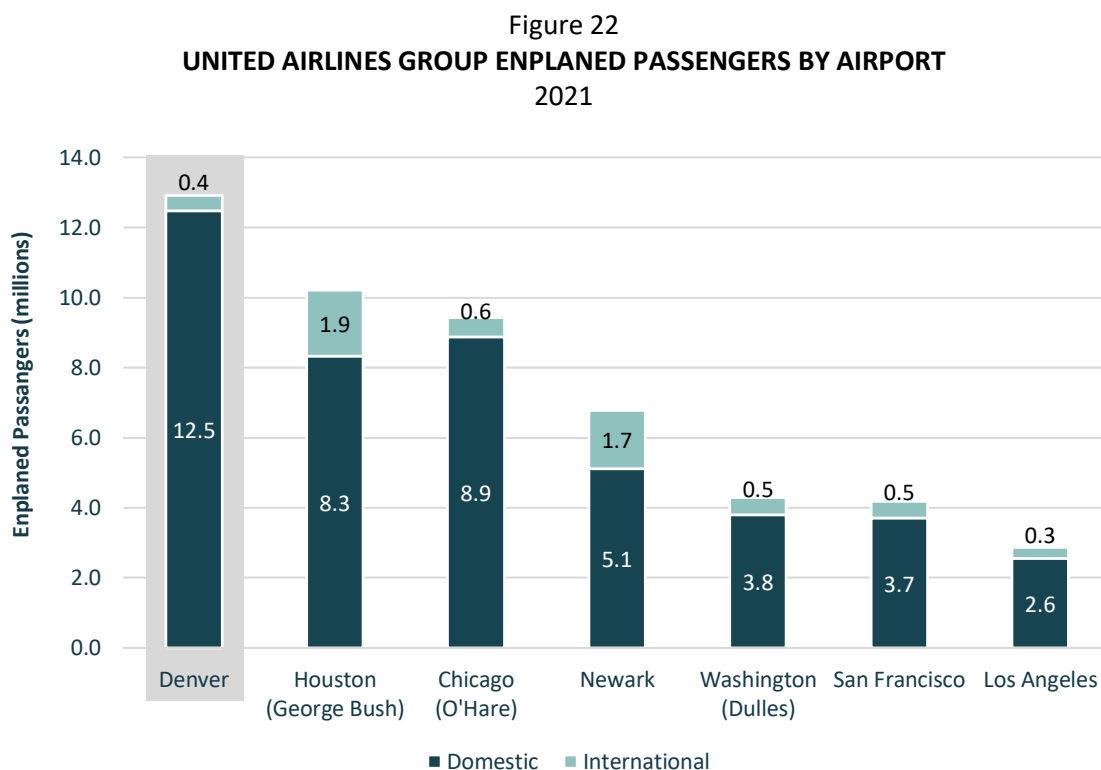
Source: OAG, online database, accessed March 2022.

### **The Airport's Role in the United Airlines Group System**

The United Airlines Group has been the busiest carrier at Denver in terms of enplaned passengers for more than 25 years. The airline utilizes the Airport as a key connecting hub within its network, together with airports in Chicago (O'Hare), Houston (George Bush), Newark, San Francisco, Washington (Dulles), and Los Angeles. Geographically, Denver represents an important hub in United Airlines' network, helping to facilitate east-west domestic traffic flows, facilitating connections for customers in the Great Plains and Mountain regions, and serves as a centrally located international gateway for partners in the Star Alliance, of which United Airlines is a founding member.

As shown on Figure 22, the Airport is the largest airport in the United Airlines Group’s system based on total enplaned passengers, even though it serves a smaller metropolitan area population than any of the other United Airlines Group connecting hub airports. George Bush Intercontinental Airport (Houston) accounts for the second largest share of enplaned passengers in the route system of the United Airlines Group, followed by Chicago O’Hare and Newark Liberty international airports.

In terms of domestic enplaned passengers, the Airport is the largest airport in United Airlines’ system. The number of passengers enplaned by the United Airlines Group at its hub airports is a function of many factors, including local population and travel demand, geographic location, competitive factors, and airline strategy.

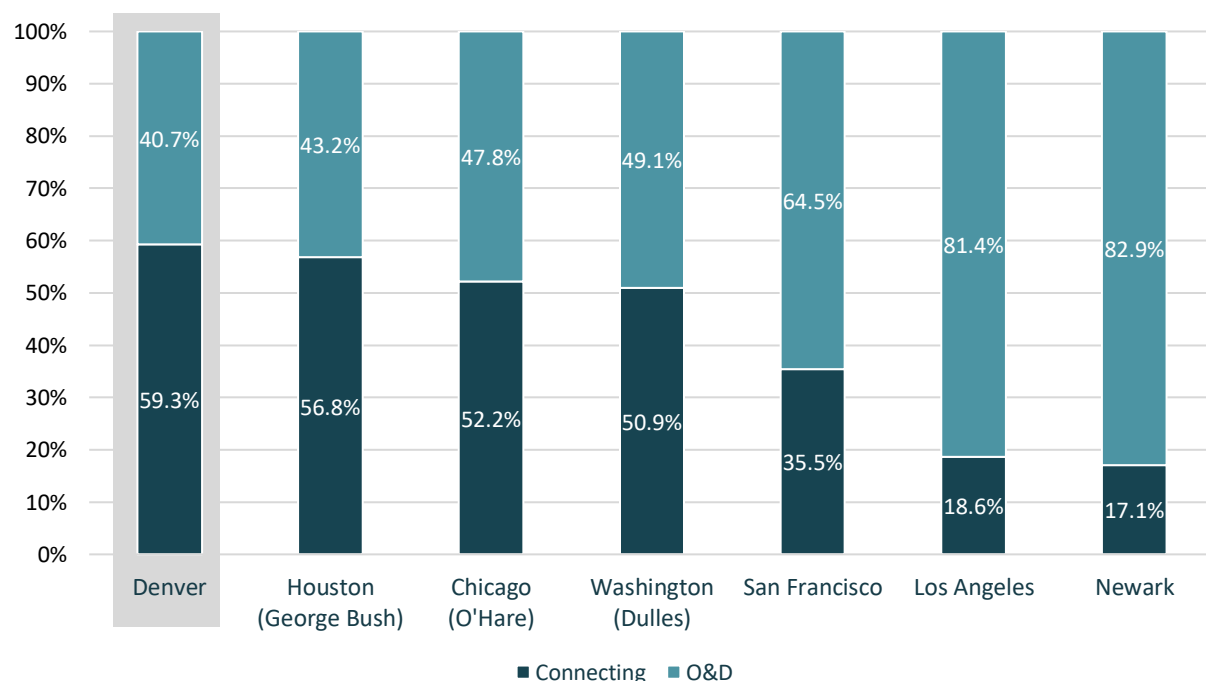


Note: Denver – 2021. All other airports, 12-months ending September 2021, latest available international T-100 data.

Sources: Denver—Department management records. Other airports—U.S. Department of Transportation, T-100, accessed March 2022.

The United Airlines Group’s busiest airports accommodate a wide range of O&D and connecting passengers, reflecting differing levels of local travel demand, geographic location, and other factors, as shown on Figure 23. The Airport has the highest percentage of connecting passengers among United Airlines’ major airports, ahead of George-Bush (Houston) International Airport and Chicago O’Hare International Airport. Los Angeles International Airport and Newark Liberty International Airport have the lowest percentages of United connecting passengers.

Figure 23  
**ORIGIN-DESTINATION AND CONNECTING PASSENGERS AT UNITED AIRLINES’ HUBS**  
2021



Note: Denver – 2021. All other airports, 12-months ending September 2021, latest available data.

Sources: Denver Department management records. All other airports - U.S. Department of Transportation, DB1B database and T-100 reports, accessed March 2022.

Table 14 presents the numbers of passengers enplaned by the United Airlines Group at the Airport in 2000, 2005, and 2010-2021. Between 2000 and 2010, the United Airlines Group’s number of enplaned passengers at the Airport decreased by 1.4% per year, which period included the 2001 terrorist attacks and the national economic downturn in 2002, as well as the 2008-2009 recession. Between 2011 and 2019, the number of passengers that the United Airlines Group enplaned at the Airport increased an average of 3.9% per year. Between 2020 and 2021, the number of passengers enplaned increased by 81.7%.

Table 14  
**UNITED AIRLINES GROUP HISTORICAL ENPLANED PASSENGERS**  
 Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Connecting percent of total
2000	5,764,370	7,927,421	13,691,791	57.9%
2005	5,355,043	7,420,191	12,775,234	58.1
2010	4,621,411	7,461,902	12,083,313	61.8
2011	4,486,789	6,862,674	11,349,463	60.5
2012	4,303,160	6,456,916	10,760,076	60.0
2013	4,376,389	6,282,797	10,659,186	58.9
2014	4,383,939	6,476,469	10,860,408	59.6
2015	4,609,086	6,811,887	11,420,973	59.6
2016	5,003,438	7,242,639	12,246,077	59.1
2017	5,605,440	7,371,443	12,976,883	56.8
2018	6,280,803	7,746,966	14,027,769	55.2
2019	6,968,213	8,468,239	15,436,452	54.9
2020	2,917,341	4,189,907	7,107,248	59.0
2021	5,259,105	7,655,562	12,914,667	59.3

	Annual percent increase (decrease)		
2010-2011	(2.9%)	(8.0%)	(6.1%)
2011-2012	(4.1)	(5.9)	(5.2)
2012-2013	1.7	(2.7)	(0.9)
2013-2014	0.2	3.1	1.9
2014-2015	5.1	5.2	5.2
2015-2016	8.6	6.3	7.2
2016-2017	12.0	1.8	6.0
2017-2018	12.0	5.1	8.1
2018-2019	10.9	9.3	10.0
2019-2020	(58.1)	(50.5)	(54.0)
2020-2021	80.3	82.7	81.7

	Average annual percent increase (decrease)		
2000-2005	(2.0%)	(1.3%)	(1.4%)
2005-2010	(1.5)	(0.9)	(1.1)
2015-2021	(1.0)	2.0	0.1
2019-2021	(13.1)	(4.9)	(8.5)
2000-2021	(0.6)	(0.2)	(0.3)

Note: Includes mainline and regional airline affiliate activity. Data for United Airlines includes Continental.

Source: Department management records.

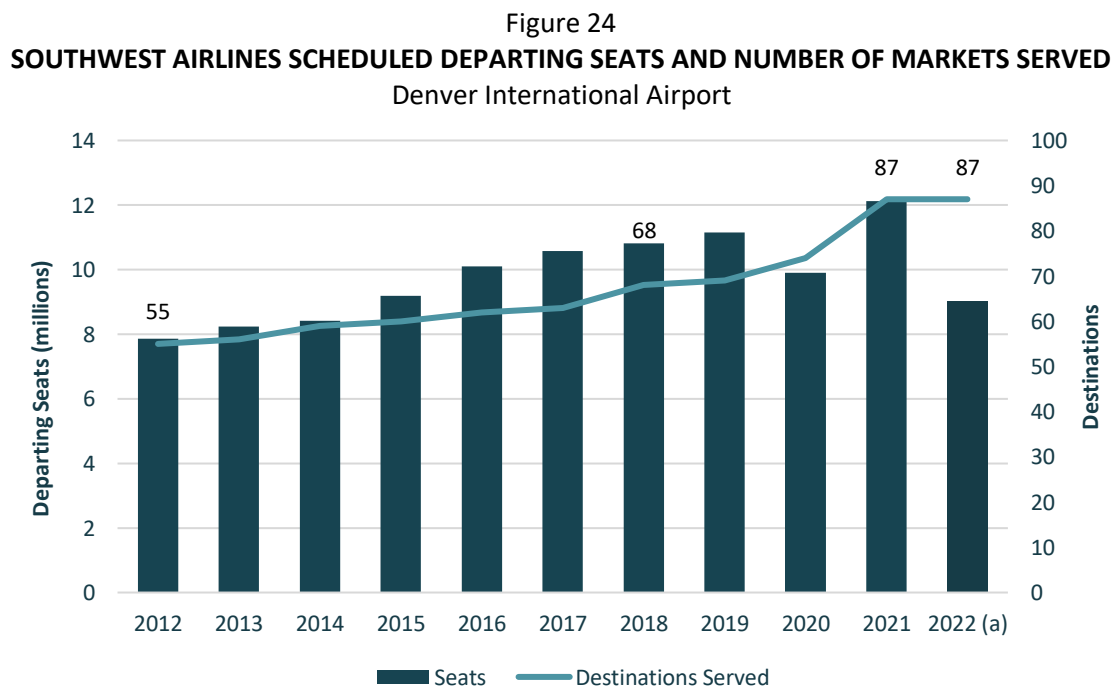
The United Airlines Group has expanded its network through alliances and code-sharing agreements. United Airlines is a member of the Star Alliance, which includes 25 airlines throughout the world. In addition to United Airlines, other Star Alliance members that serve the Airport are Air Canada, Lufthansa German Airlines, and Copa Airlines, with whom United Airlines also has additional partnership agreements.

### The Airport's Role in Southwest Airlines' System

Since January 2006, when Southwest Airlines re-established service in Denver, the airline has rapidly grown its service, both in terms of the number of scheduled departing seats and number of markets served. As shown on Figure 24, Southwest Airlines served 55 destinations from Denver in 2012, 68 cities in 2018, 87 in 2021, and plans to operate service to 87 destinations in 2022.

In 2012, Southwest Airlines became the second busiest airline at the Airport with 6.3 million enplaned passengers compared with 5.8 million enplaned passengers on Frontier Airlines. Since 2013, Southwest Airlines has been the Airport's busiest airline in terms of originating passengers in every year except 2019, increasing its originating passenger share from 30.2% in 2013 to 33.4% in 2021.

In 2022, Southwest Airline will serve 87 cities from the Airport, including three year-round international destinations (Cozumel, Montego Bay, and Cabo San Lucas).



Source: OAG, online database, accessed May 2022.

(a) Scheduled departing seats and number of markets serviced based on schedules through September 2022.



Table 15 presents enplaned passenger trends for Southwest Airlines at the Airport from 2010 through 2021.

Table 15  
**HISTORICAL ENPLANED PASSENGERS—SOUTHWEST AIRLINES**  
Denver International Airport

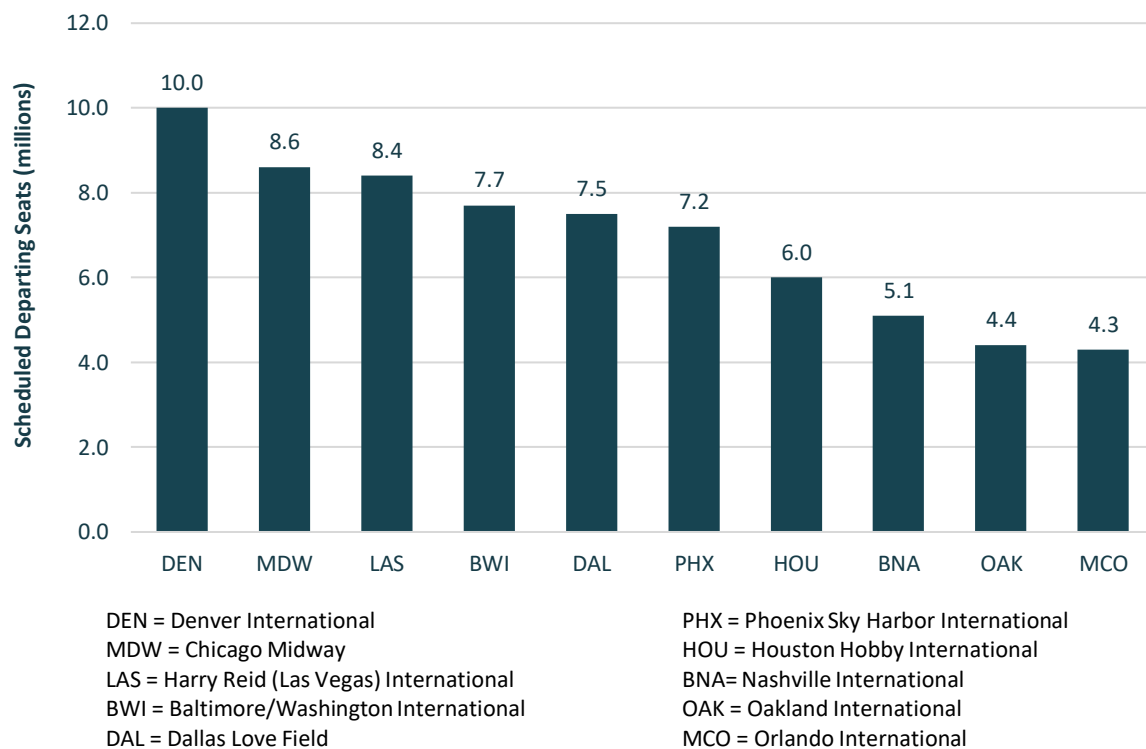
Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent connecting
2010	3,558,198	1,350,341	4,908,539	27.5%
2011	4,055,850	1,700,231	5,756,081	29.5
2012	4,302,165	1,999,001	6,301,166	31.7
2013	4,635,891	2,085,235	6,721,126	31.0
2014	5,092,923	1,971,910	7,064,833	27.9
2015	5,993,365	1,935,739	7,929,104	24.4
2016	6,293,540	2,271,841	8,565,381	26.5
2017	6,598,237	2,538,935	9,137,172	27.8
2018	6,810,997	2,575,200	9,386,197	27.4
2019	6,681,976	2,605,099	9,467,075	27.5
2020	3,340,757	1,773,112	5,113,869	34.7
2021	5,790,067	3,526,855	9,316,922	37.9
Annual percent increase (decrease)				
2010-2011	14.0%	25.9%	17.3%	
2011-2012	6.1	17.6	9.5	
2012-2013	7.8	4.3	6.7	
2013-2014	9.9	(5.4)	5.1	
2014-2015	17.7	(1.8)	12.2	
2015-2016	5.0	17.4	8.0	
2016-2017	4.8	11.8	6.7	
2017-2018	3.2	1.4	2.7	
2018-2019	0.7	1.2	0.9	
2019-2020	(51.3)	(31.9)	(46.0)	
2020-2021	73.3	98.9	82.2	
Average annual percent increase				
2010-2019	7.6%	7.6%	7.6%	
2019-2021	(8.1)	16.4	(0.8)	

Note: Includes data for AirTran Airways in 2010-2014.

Source: Department management records.

As shown on Figure 25, the Airport is the busiest airport in Southwest Airlines' route system in 2022, increasing from the fourth busiest from 2014 through 2018, and the second busiest in 2019.

Figure 25  
**SCHEDULED DEPARTING SEATS FOR THE 10 BUSIEST AIRPORTS IN THE SOUTHWEST SYSTEM IN 2022**



Source: OAG, online database, scheduled departing seats through September 2022, accessed May 2022.

Southwest Airlines' strong and continued recovery and growth in scheduled service at the Airport is shown on Figure 25. Southwest Airlines' number of scheduled departing seats at the Airport have surpassed 2019 levels by 21.1%, whereas its system-wide capacity over the same period is 0.9% below.

### **The Airport's Role in Frontier Airlines' System**

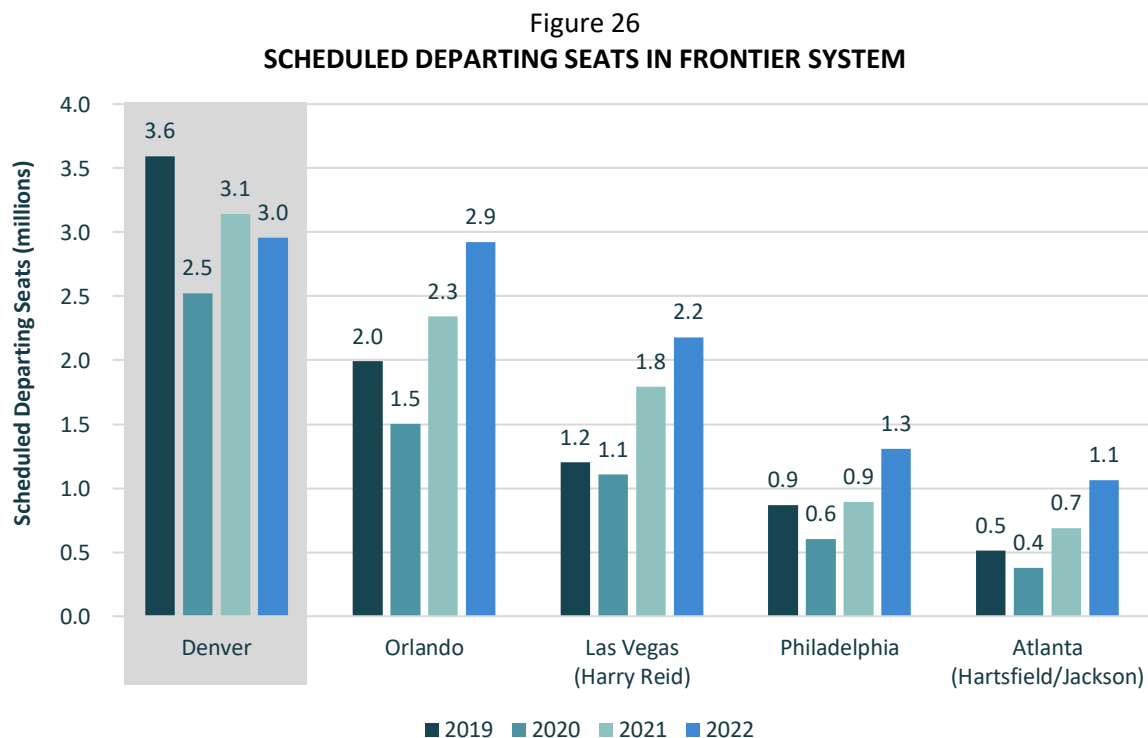
Frontier Airlines accounted for 11% of enplaned passengers at the Airport in 2021, and the Airport was the busiest airport in Frontier Airlines' system in 2021 in terms of enplaned passengers.

Frontier Airlines was acquired by Republic Airways Holdings in 2009 and was subsequently merged with Midway Airlines, but the Frontier Airlines brand was maintained. In 2013, Frontier Airlines was acquired by the private equity firm Indigo Partners and shifted to an ultra-low-cost airline business model. Since then, it has decentralized its route network and started to move away from a single hub-and-spoke system at the Airport toward service at select focus cities

including Orlando, Las Vegas, and Philadelphia. As a result, the Airport has seen significant fluctuations in Frontier Airline service since 2014. In June 2014, Frontier Airlines served Denver with 70 destinations and over 116,000 departing seats per week. One year later, Frontier Airlines reduced service to 46 destinations and reduced weekly seats by more than 40% to approximately 67,000 departing seats.

Beginning in 2017, Frontier Airlines showed a renewed interest in the Denver market when the airline announced a major expansion at the Airport. While still below 2014 levels, year-over-year scheduled departing seats at Denver increased more than 10% in 2018, 15% in 2019, and 19% in 2021. The effects of the COVID-19 pandemic decreased scheduled departing seats by 28%, including 13 removed routes and one added destination according to Frontier Airlines' advanced published schedules at the Airport in 2022. Frontier Airlines' departing seat recovery at the Airport is 17.7% below 2019 levels, behind recovery rates of its other principal market airports like Orlando and Las Vegas which have exceed pre-pandemic levels by more than 150%. During the COVID-19 pandemic, those markets were attractive domestic leisure destinations where ULCCs such as Frontier operated new point-to-point services.

The Airport continues to be the busiest airport in Frontier Airlines' system in terms of scheduled departing seats, followed by Orlando International Airport, Harry Reid (Las Vegas) International Airport, Philadelphia International Airport, and Hartsfield-Jackson Atlanta International Airport as shown on Figure 26.



Note: Total departing seats for January-September in each year.

Source: OAG, online database, accessed May 2022.

Table 16 presents the numbers of passengers enplaned by Frontier Airlines and its regional affiliates at the Airport, including connecting passengers. Between 2000 and 2011, the number of Frontier Airlines' enplaned passengers at the Airport increased more than threefold, with the airlines' share of connecting passengers increasing from 21.8% in 2000 to 50.0% in 2011, reflecting the growth of its hub operation at the Airport.

In 2009 and 2010, the number of passengers enplaned by Frontier Airlines at the Airport decreased 11.7% and 3.9%, respectively, reflecting dampened demand for airline travel related to the national economic recession and reductions in the number of scheduled departing seats initiated by Frontier Airlines in the last quarter of 2008.

From 2011-2015, enplaned passengers decreased at an average annual rate of 13.1% and connecting passengers decreased 29.9% as Frontier Airlines decentralized its network away from the Airport. Between 2015 and 2019, Frontier Airlines' enplaned passengers increased at an average rate of 5.6% per year, increasing connecting passengers increased at an average rate of 7.6% per year. In 2021, Frontier Airlines 3.2 million enplaned passengers were 23% lower than its 2019 enplanement levels of 4.2 million.

On February 7, 2022, Frontier Airlines and Spirit Airlines announced a merger agreement under which the companies would combine, creating the largest ULLC airline and fifth largest U.S. airline. The combined market share of Frontier Airlines and Spirit Airlines at the Airport was 14.2% in 2019 and 12.2% in 2021. As of the date of this 2022 Report, Frontier Airlines and Spirit Airlines provide the same service at the Airport to four (4) destinations and the merger would have a minimal impact (if any) to the traffic forecast.

On April 5, 2022, JetBlue Airways submitted a proposal to the Board of Directors of Spirit Airlines to acquire Spirit Airlines for \$3.6 billion. On May 2, 2022, Spirit Airlines' Board of Directors rejected JetBlue Airways' proposal and is moving forward with the merger agreement with Frontier Airlines. On May 16, 2022, JetBlue Airways launched a hostile takeover bid for Spirit Airlines by filing "Vote No" proxy statement for Spirit Airlines' special meeting of stockholders on June 10, 2022 and offering to acquire Spirit Airlines for \$30 per share in cash.

The proposed merger will require regulatory approval from the Department of Transportation and the Department of Justice.

Table 16  
**HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES**  
Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Connecting percent of total
2000	1,223,140	340,605	1,563,745	21.8%
2005	2,346,521	1,939,431	4,285,952	45.3
2010	2,817,267	2,777,930	5,595,197	49.6
2011	2,944,251	2,945,381	5,889,632	50.0
2012	2,818,547	3,007,170	5,825,717	51.6
2013	2,760,383	2,255,304	5,015,687	45.0
2014	3,087,655	1,844,477	4,932,132	37.4
2015	2,651,044	709,281	3,360,325	21.1
2016	2,709,707	857,686	3,567,393	24.0
2017	2,614,224	886,903	3,501,127	25.3
2018	2,716,015	980,239	3,696,254	26.5
2019	3,237,850	939,143	4,176,993	22.5
2020	1,549,760	805,119	2,354,879	34.2
2021	2,390,266	835,668	3,225,934	25.9

	Annual percent increase (decrease)		
2010-2011	4.5%	6.0%	5.3%
2011-2012	(4.3)	2.1	(1.1)
2012-2013	(2.1)	(25.0)	(13.9)
2013-2014	11.9	(18.2)	(1.7)
2014-2015	(14.1)	(61.5)	(31.9)
2015-2016	2.2	20.9	6.2
2016-2017	(3.5)	3.4	(1.9)
2017-2018	3.9	10.5	5.6
2018-2019	19.2	(4.2)	13.0
2019-2020	(52.1)	(14.3)	(43.6)
2020-2021	54.2	3.8	37.0

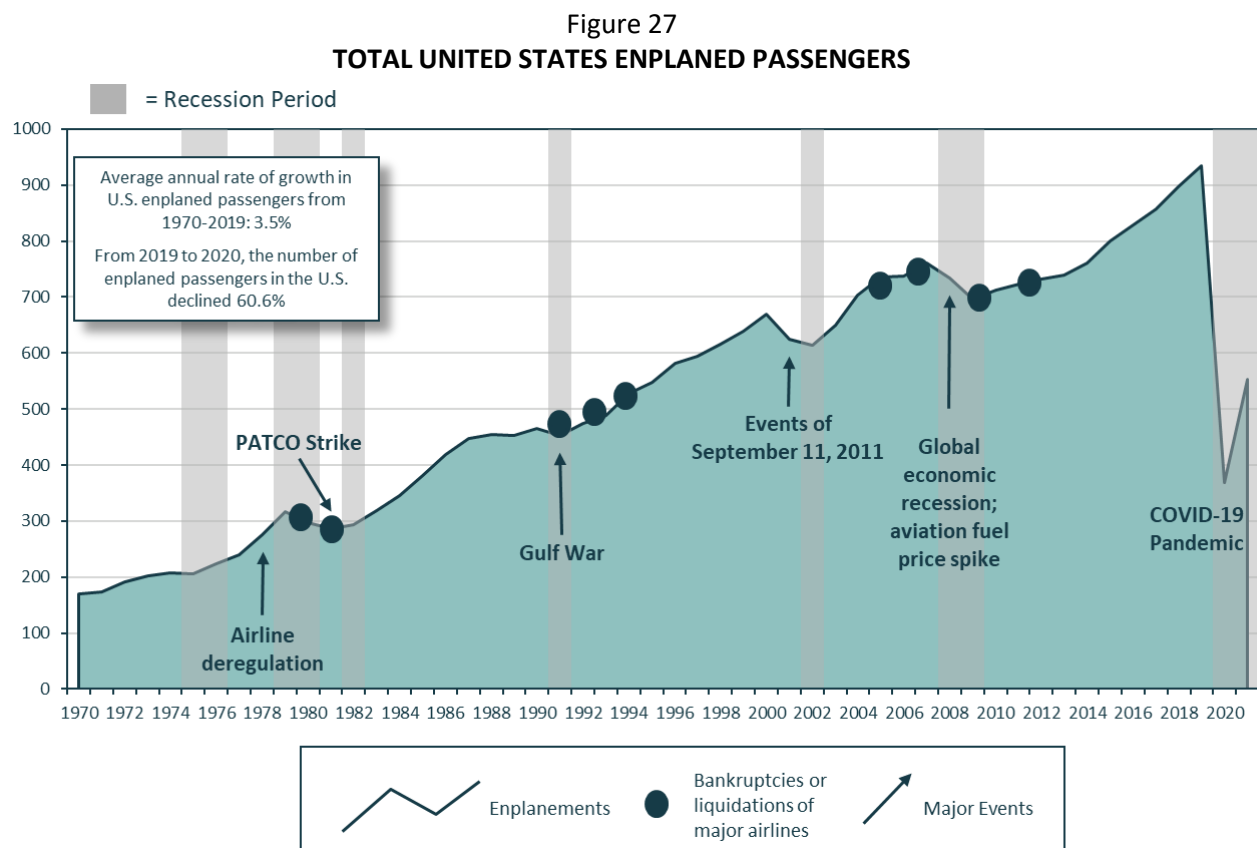
	Annual percent increase (decrease)		
2000-2005	13.9%	41.6%	22.3%
2005-2015	2.1	(9.6)	(2.4)
2015-2021	(1.7)	2.8	(0.7)
2000-2021	3.2	4.4	(3.5)

Note: Includes data for Frontier's regional affiliates and Midwest Airlines.  
Source: Department management records.

## KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As shown on Figure 27, recessions in the U.S. economy in 2001 and 2008-2009 contributed to a reduction in airline travel in those years, likely as a result of high unemployment and reduced discretionary income. However, the aviation industry has recovered from prior recessions and passenger traffic has increased. From 1970 through 2020, the total numbers of domestic and international enplaned passengers in the United States increased an average of 3.5% per year. From 2019 to 2020, the total number of passenger traffic in the United States decreased by 61.8% as the result of the negative effects on air travel from the COVID-19 pandemic, which was the largest single year decrease in passenger traffic from 1970 through 2020.

The Airport has consistently rebounded from external events and periods of weak demand in aviation activity. After the events of September 11, 2001, similar to other airports across the United States, the Airport was affected by significant seat capacity reductions associated with airline bankruptcy reorganizations and sharply rising fuel prices. The global recession in 2008 and 2009 also resulted in declining airline travel demand and reduced traffic.



Note: PATCO = Professional Air Traffic Controllers Organization.

Source: Airlines for America (formerly Air Transport Association of America) through 1997; thereafter, U.S. Department of Transportation Bureau of Transportation Statistics.

The number of enplaned passengers at the Airport in each year between 2010 and 2019 exceeded the number of enplaned passengers at the Airport during the recession in 2008 and 2009, in part as a result of a strong O&D market and continued growth in numbers of domestic and international passengers.

As a result of the COVID-19 pandemic starting in March 2020, significant decreases in aviation activity and seat capacity occurred at the Airport, in the United States, and globally as a result of, among other reasons, widespread travel restrictions, border closures, quarantines, and concerns regarding the exposure to and transmission of COVID-19. From 2019 to 2020, the number of enplaned passengers at the Airport decreased by 51.1% as compared to 61.8% for the nation.

In December 2020, vaccines to protect against COVID-19 became available and vaccinations against COVID-19 started to occur. As of March 2022, the rate of full vaccination was approximately 65.0% in the United States<sup>18</sup> and 58.1% worldwide.<sup>19</sup> As a result of the availability of COVID-19 vaccines and loosening travel restrictions, air travel at the Airport and the United States increased in 2021 as compared to 2020 by 74.3% and 80.0%, respectively.

The major factors that continue to affect the airline industry and that are expected to influence airline service and traffic levels at the Airport during the Forecast Period are discussed below.

### **Airline Bankruptcies, Consolidation, and Alliances**

Since the terrorist attacks of September 11, 2001, American Airlines, Delta Air Lines, Southwest Airlines and United Airlines have transformed their business models through a combination of bankruptcy, mergers, and the formation of new or strengthening alliances with domestic and global airlines. The domestic airline industry, which included the addition of two new airlines in 2021, will continue to evolve as it emerges from the negative effects of the COVID-19 pandemic through, potentially, higher fares, limited domestic seat capacity growth, or by focusing on premium business and leisure passengers to generate more revenue.

***U.S. Airline Bankruptcies and Consolidation.*** The events of September 11, 2001, and the difficult operating conditions caused by high fuel prices and a global recession led to a number of airline bankruptcies and mergers over the past two decades. Between 2002 and 2011, all of the major U.S. network airlines (US Airways, United Airlines, Northwest Airlines, Delta Air Lines, and American Airlines) filed for Chapter 11 bankruptcy protection to reorganize and lower operating costs.

The U.S. airline industry has been moving toward consolidation, with many high-profile mergers and acquisitions. Mergers among the U.S. network airlines have included: Delta Air Lines and Northwest Airlines (October 2008), United Airlines and Continental Airlines (August 2010), and American Airlines and US Airways (December 2013). Other mergers included Frontier Airlines and regional airline Midwest Airlines in April 2010, Southwest Airlines and AirTran Airways in April 2011, and Alaska Airlines and Virgin America (December 2016). As discussed earlier in this

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<sup>18</sup> Mayo Clinic Coronavirus Vaccine Tracker, accessed on March 29, 2022.

<sup>19</sup> Data accessed on March 29, 2022, [www.google.com](https://www.google.com).

2022 Report, Frontier Airlines and Spirit Airlines are moving forward with their proposed merger agreement (pending stockholder and regulatory approval).

As a result of airline mergers, seat capacity has become more concentrated among fewer airlines. However, given the Airport's diverse air service market, strong O&D market, and role as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines, any future U.S. airline consolidation caused by bankruptcies or mergers is not anticipated to have a detrimental long-term effect on airline service at the Airport.

**Airline Alliances.** Airlines worldwide have sought to increase revenues, share costs, and expand the reach of their route networks by developing international partnerships through multilateral alliances or joint ventures. The busiest airline alliance at the Airport is the Star Alliance, which accounted for approximately 45.6% of total enplaned passengers at the Airport in 2019 (prior to the COVID-19 pandemic), which amount decreased to 44.2% in 2021. In recent years, antitrust immunity has been granted to a number of joint ventures within the global alliances, allowing airlines to more closely coordinate operations, including pricing, and increase cost savings in international markets.

In February 2021, American Airlines (the fourth busiest airline at the Airport as measured by the number of enplaned passengers in 2021) and JetBlue Airways received regulatory approval for and started a new Northeast-focused alliance whereby JetBlue is flying certain domestic routes previously flown by American Airlines and each airline is providing passengers with reciprocal mileage earning benefits.

In March 2021, Alaska Airlines joined the oneworld alliance with American Airlines and, similar to the JetBlue Airways and American Airlines Northeast-focused alliance, passengers on Alaska Airlines will have reciprocal mileage earning benefits with American and oneworld partners.

### **Airline Capacity Discipline**

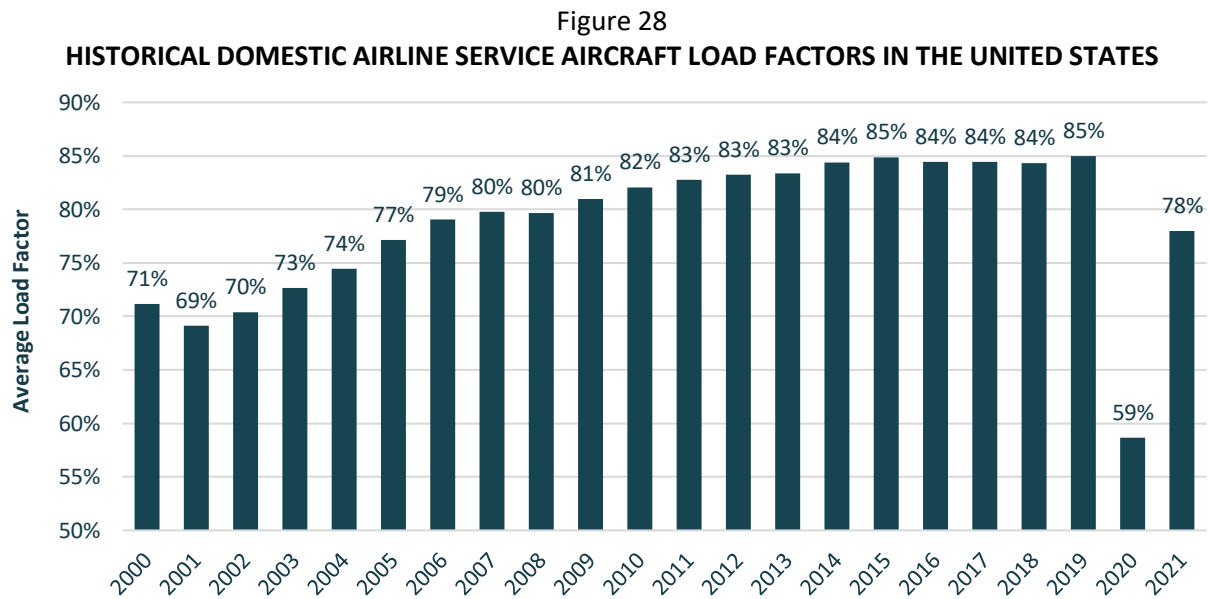
A new focus on capacity discipline among U.S. airlines emerged from the 2008-2009 national recession and financial crises as the network airlines and the LCC airlines substantially reduced seat capacity and withdrew service from less profitable and low passenger demand markets. Large-hub airports, such as the Airport, have experienced fewer decreases in seat capacity as compared to smaller regional markets across the United States, which have lost commercial service as a result. Airline emphasis has shifted from increasing market share to managing supply-and-demand on specific routes. Airlines are expected to maintain capacity discipline in the near term, emphasizing slower capacity growth and the use of right-sized aircraft to serve their markets.

Seat capacity reductions in the U.S. in 2008 and 2009, as well as the current airlines' emphasis on seat capacity control, have resulted in an all-time high in passenger load factors. Figure 28 shows the upward trend in U.S. domestic airline aircraft load factors since 2000. The average domestic airline aircraft load factor was approximately 71% in 2000. The decrease in the average load factor in 2001 occurred as passenger traffic decreased faster than the airlines could adjust to the effects of September 11, 2001, by reducing capacity. Following 2001, load factors in the United States rose steadily to approximately 85% in 2015 and remained between



84% and 85% through 2019. From 2012 through 2019, the average domestic load factors at the Airport were slightly higher than the national averages for the same years.

Seat capacity reductions in the U.S. in 2020 occurred as a result of the economic closures, travel restrictions, border closures, and public health concerns associated with the COVID-19 pandemic. The load factor for the U.S. dropped to 59% in 2020, the lowest level in the past 20 years. However, load factors in 2021 recovered to approximately 78%.



Note: Includes scheduled airline service only.

Sources: U.S. Department of Transportation, T100 Onboard Data.

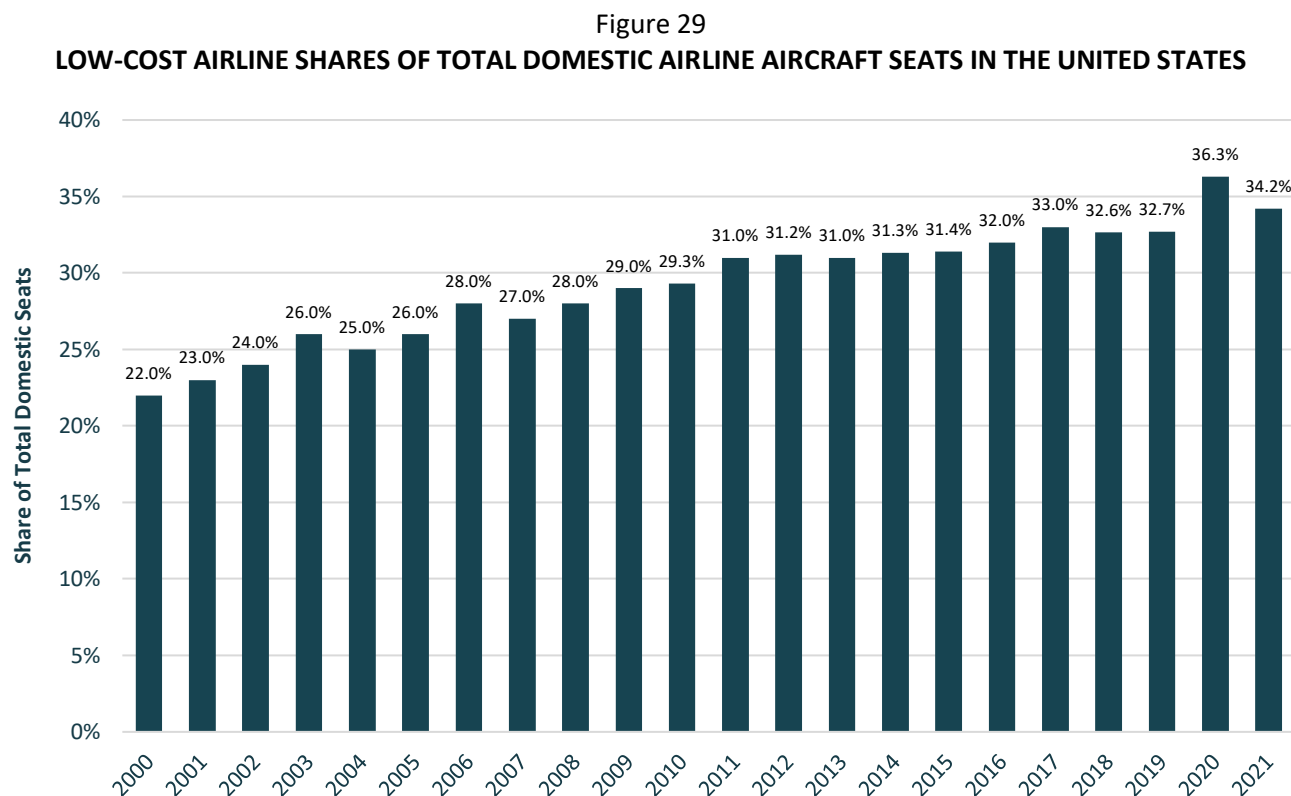
### Low/Ultra-Low-Cost Airline Growth

In the early 2000s, U.S.-flag LCC airlines expanded rapidly and increased their market shares of passenger traffic in the U.S. The LCC and ULCC airlines, (collectively the LCC/ULCC airlines) including Allegiant Air, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines popularized the no frills, low-cost business model. As shown on Figure 29, LCC/ULCC Airlines provided approximately 22.0% of U.S. domestic seat capacity in 2000. By 2021, Low/Ultra-Low-Cost Airlines accounted for approximately 34.2% of overall U.S. domestic seat capacity.

While rising fuel prices and the economic downturn forced network airlines to reduce domestic seat capacity and focus on more profitable international routes, the LCC/ULCC Airlines increased their domestic market shares of passengers. Between 2003 and 2009, the LCC/ULCC airlines added approximately 84 billion domestic seat miles to their route systems. In comparison, American Airlines, Delta Air Lines, and United Airlines experienced a 20% average reduction in mainline domestic seat capacity over the same period, for a combined reduction of 85 billion domestic seat miles.

A similar shift occurred since March 2020 when the negative effects of the COVID-19 pandemic started to occur where LCC/ULCC airlines such as Southwest Airlines, JetBlue Airways and

Allegiant Air expanded service in their route systems while American Airlines, Delta Air Lines, and United Airlines reduced their overall seat capacity. From 2019 to 2020, LCC/ULCC airlines reduced total seat capacity by 31%, while network airlines such as American Airlines, Delta Air Lines, and United Airlines reduced total seat capacity by 41%.



Sources: Official Airline Guides schedules; Innovata schedules.

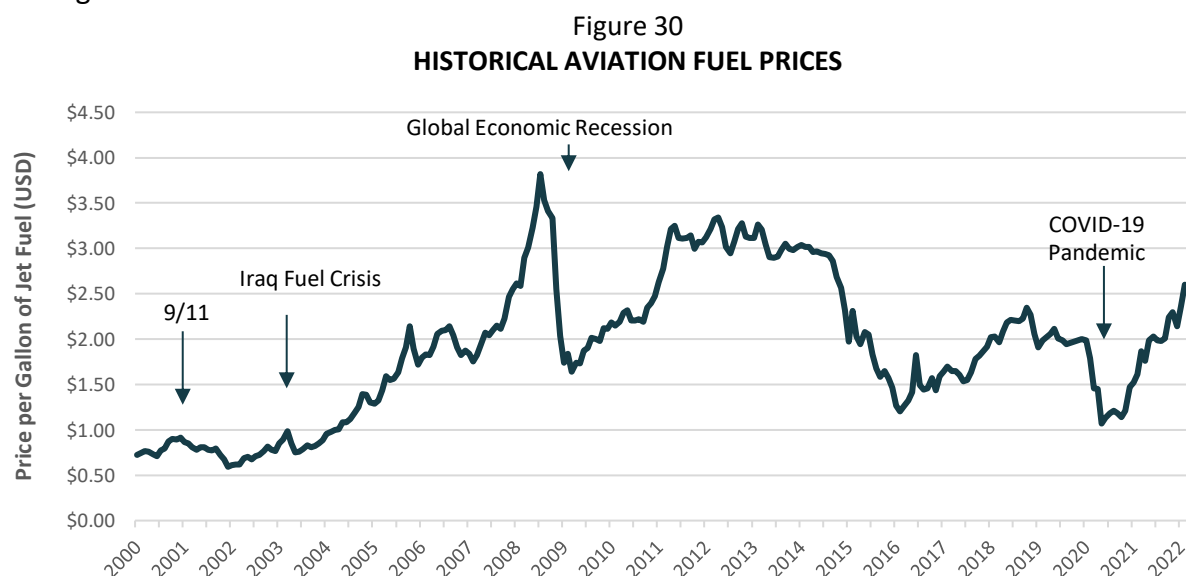
The rapid growth of the LCC/ULCC airlines over the past decade was helped by the lower unit cost advantage they maintained over the network airlines, as a result of differences in network structure, overhead cost, and crew seniority. In recent years, there have been fewer distinctions between the low-cost airlines and the network airlines. The lowering of the network airline cost structures and consolidation of airline networks has allowed the network airlines to compete more effectively with the LCC airlines. In addition, most of the network airlines have begun to offer fare classes that directly compete with the LCC airlines. With these fare classes, the network airlines are able to offer a similar level of service to the LCC airlines in their existing mainline aircraft and compete at a similar price point.

The LCC/ULCC airlines have also begun to actively analyze international expansion possibilities. JetBlue Airways has built a strong presence in the Caribbean and Latin America, adding service to 31 markets. With the acquisition of AirTran Airways, Southwest Airlines is now serving AirTran Airways' Caribbean and Mexican routes, becoming positioned for further international expansion.

At the Airport, enplaned passengers on LCC/ULCC airlines have grown an average of 2.5% annually since 2011. In 2021, the LCC/ULCC airlines accounted for approximately 46.2% of domestic seats and 46.0% of domestic enplaned passengers at the Airport. It is expected that the LCC/ULCC airlines will continue to increase domestic and international service at the Airport in the coming years.

## Fuel Cost Impacts

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 30 shows the historical fluctuation in fuel prices since 2000. Beginning in 2003, fuel prices rapidly increased from political unrest in Iraq and other oil-producing countries, as well as other factors influencing the demand for and supply of oil. In 2008, a spike in crude oil prices drove up jet fuel prices to an unprecedented high of \$3.82 per gallon, forcing many airlines to introduce fuel surcharges. Fuel prices fell sharply in the second half of 2008 but rose again in 2011. The price of fuel increased to such high levels that fuel represented the largest operating expense for airlines, accounting for between 30% and 40% of expenses for most airlines in 2011 through 2014.



Sources: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, January 2000 – February 2022, [www.transtats.bts.gov](http://www.transtats.bts.gov).

From June 2014 to June 2017, the average price of aviation fuel decreased by approximately 50%, reflecting continued growth in U.S. oil production, strong global supply, and weakening outlooks for growth in the global economy and oil demand. From August 2017 through the end of 2019 aviation fuel prices rose steadily but remained below the highs in 2008 and between 2011 and 2015. Beginning in January 2020, aviation fuel prices began to decrease as demand was reduced because of the economic slowdown caused by the COVID-19 pandemic. Aviation fuel prices reached a low point in May 2020 at \$1.03 per gallon and have been steadily rising since. In February 2022 (the most recent data available), the cost of aviation fuel had increased

to \$2.60 per gallon, an increase of \$0.24 (10.2%) from January 2022, and the highest cost of aviation fuel since the previous high of \$2.68 in October 2014.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. Fuel prices have been and will likely continue to be volatile and may increase over the long term as global energy demand increases in the face of finite oil supplies.

## **Aircraft Trends**

Between 2001 and 2007, many airlines transferred a number of less profitable routes to their regional airline partners to reduce costs. Trends at the Airport mirrored the national trend, with an increase in the number of regional aircraft operations.

Beginning with the fuel price spike in 2008, airlines began to reduce the number of 50-seat regional jets in their fleets, which aircraft had been widely used as feeder aircraft for the network airlines. Airlines such as United Airlines, Delta Air Lines, and American Airlines have recently grounded or sold hundreds of these small regional jets and have transitioned towards larger, more fuel-efficient aircraft. In the face of volatile fuel prices, airlines continued to move toward the use of larger, more fuel-efficient aircraft. Over the next decade, the network airlines will continue to upgrade their fleets with new, fuel-efficient aircraft, potentially reducing the fuel efficiency advantage of the LCC airlines.

The introduction of aircraft with new technology will likely result in new nonstop service around the world. Aircraft such as the next-generation Boeing 777, the Boeing 787, and Airbus A350 incorporate new technology such as, but not limited to, new airframe, engine, and wing designs that continue to improve aircraft range and fuel efficiency and will continue to result in new nonstop service around the world, providing service to markets that may lack significant feeder traffic from a hub carrier.

Trends in nonstop service continue to emerge in the narrow body aircraft segment as well, with improved economics of service on smaller routes. In early 2019, Airbus began delivering their small narrow body jet aircraft, the Airbus A220 (previously known as Bombardier's CSeries), providing fuel efficient and comfortable aircraft that serve the 100-135 seat market. The Airbus A321LR and A321XLR aircrafts provide fuel-efficient longer-range operations in the 180-220 seat market.

After the accidents on foreign carriers Lion Air in 2018 and Ethiopian Airlines in 2019 involving the Boeing 737 MAX, the FAA and world aviation regulators grounded all Boeing 737 MAX aircraft, impacting U.S. carriers that rely on this aircraft, including Southwest Airlines, United Airlines, and American Airlines. This resulted in significant flight cancellations until the Boeing 737 MAX returned to service in late 2020. Although the Boeing 737 MAX flights were grounded, the Boeing 737 MAX only represented 1.0% of Southwest Airlines U.S. daily flights, 0.3% of American Airlines U.S. daily flights, and 0.2% of United Airlines U.S. daily flights in 2019. Other aircraft in the fleets of the affected airlines at the Airport replaced the grounded Boeing 737 MAX flights.

As an initial response to reduced demand for air travel caused by the COVID-19 pandemic, many airlines accelerated planned aircraft retirements. By the end of 2020, however, total

commercial aircraft retirements were flat compared to 2019.<sup>20</sup> Instead, many airlines focused on placing portions of their aircraft fleet in storage to reduce short-term operating costs while allowing for the aircraft to be re-introduced as air travel demand returns.<sup>21</sup>

Throughout 2020, the growth in domestic air travel exceeded the growth in international air travel. In response to the more rapid growth in demand for domestic air travel, airlines responded by using widebody aircraft that would normally be used for international service, such as the Boeing 777 or the Airbus A330, to service domestic routes. As a result, in 2021 the number of scheduled U.S. domestic flights on widebody aircraft was 40% greater than in 2019. As demand for international travel returns, it is likely, although not certain, that many airlines will re-deploy their widebody fleets away from domestic service and back toward more profitable international routes.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will also depend on the capacity of the Airport itself. The Airport's existing six-runway layout provides significant airfield capacity. Additionally, areas are reserved for up to six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses.

The forecasts in this 2022 Report are based on the assumptions that, during the Forecast Period, neither available airfield, terminal capacity, nor demand management initiatives will constrain traffic growth at the Airport.

### **AIRLINE TRAFFIC FORECASTS**

Table 17 presents historical, estimated, and forecast numbers of enplaned passengers and landed weight at the Airport from 2021 through 2030.

Historically, the forecast of aviation activity has been based on analyses of historical trends in airline service and traffic at the Airport, historical and forecast socioeconomic growth in the Denver Metropolitan Area, forecast GDP growth in the United States and other world regions, and expected future trends in airline traffic, as discussed in earlier sections.

The forecast of airline traffic at the Airport is based on (1) assumptions about when the numbers of enplaned passengers at the Airport are expected to reach FY 2019 levels, which is based, in part, on recent positive trends in passenger levels at the Airport and the U.S. and (2) an assumed rate of growth in the number of enplaned passengers at the Airport after FY 2019 levels are reached and during the remaining years of the Forecast Period.

It was assumed that airline service at the Airport will not be constrained by the availability or cost of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the

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<sup>20</sup> Source: <https://aviationweek.com/air-transport/aircraft-retirements-due-covid-19-not-prevalent-expected>

<sup>21</sup> Source: <https://www.wsj.com/articles/planes-grounded-by-covid-19-largely-avoid-the-junkyard-for-now-11622799001>

capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth.

### **Assumptions Underlying the Forecasts**

Forecasts of airline traffic were developed taking into account analyses of the economic basis for airline traffic, airline traffic trends, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, it was assumed that changes in airline traffic at the Airport over the long term will occur as a function of growth in the economy of the Airport service region and changes in airline network strategy including the role of the Airport as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

During the Forecast Period, it was assumed that:

#### *General Assumptions*

- The U.S. economy will experience sustained GDP growth averaging approximately 2.1% per year.<sup>22</sup>
- COVID-19 vaccines to treat COVID-19 and its variants will continue to be produced and made available to the public, and the rate of vaccination in the U.S. and internationally will increase.
- Economic closures, travel restrictions or other similar actions will be less impactful on the propensity of people to use air travel as compared to the months following the widespread emergence of the COVID-19 pandemic.
- The use of video technology during and after the COVID-19 pandemic for business purposes will continue but will not have a material effect on business travel.
- Despite the emergence of new variants of COVID-19, there will be no major disruption of airline service or passenger travel behavior as a result of airline bankruptcies or liquidations, international hostilities, terrorist acts or threats, or public health crises such as, but not limited to, pandemics similar to COVID-19.
- There will be no major disruption of airline service or airline travel behavior as a result of rising fuel costs, higher airfares, or delays in new aircraft orders.
- Airline staffing challenges will be resolved in the short-term.

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<sup>22</sup> U.S. Department of Agriculture, Economic Research Service, International Macroeconomic Data, Projected Real GDP Values, updated January 13, 2022.

### *Airport-Specific Assumptions*

- Denver Metropolitan Area real GDP growth will average 2.4% per year from 2022 through 2030, based on projections by Woods & Poole Economics.
- In the short-term, full-service carriers, including United Airlines, will maintain capacity discipline, leading to growth rates in line with U.S. GDP.
- The busiest airlines serving the Airport (measured by the number of enplaned passengers) will be financially viable.
- The Airport will continue to be one of the busiest connecting hubs for United Airlines and Southwest Airlines, and Frontier Airlines, as measured by the number of connecting passengers on each airline.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive fares, with no significant increase in airline concentration.
- Airlines providing scheduled service at the Airport will continue to add seat capacity to meet increasing passenger demand at the Airport and industry trends reflecting increased aircraft load factors and the use of larger aircraft will continue.

### **Enplaned Passengers**

Between 2022 and 2030, the number of passengers enplaned at the Airport is forecast to increase an average of 3.0% per year, to 44.2 million in 2030. The rate of growth is in-line with the Airport's 20-year (1999-2019) average annual rate of growth.

In its most recent *Terminal Area Forecast* for the Airport (issued March 15, 2022), the FAA assumes that the Airport will recover back to 2019 levels in 2023. The FAA then projects that Airport will grow on average by 3.0% annually to 42.6 million enplaned passengers in 2030. The FAA uses a base year of 2020 for the forecast of enplaned passengers at the Airport compared to a base year of 2021 used in this 2022 Reports which is the primary reason for a difference between the two forecasts.

Table 17  
**AIRLINE TRAFFIC FORECASTS**  
 Denver International Airport

	Historical			Forecast									Average Annual Growth Rate 2019-2030
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Enplaned Passengers													
Originating	22,259,410	10,032,089	17,321,707	20,925,699	21,553,470	22,200,074	22,866,076	23,552,059	24,258,620	24,986,379	25,735,970	26,508,049	1.6%
Connecting	12,253,544	6,841,754	12,096,175	13,950,466	14,368,980	14,800,049	15,244,051	15,701,372	16,172,414	16,657,586	17,157,314	17,672,033	3.4%
Total	34,512,954	16,873,843	29,417,882	34,876,165	35,922,450	37,000,124	38,110,127	39,253,431	40,431,034	41,643,965	42,893,284	44,180,082	2.3%
Annual Percent Increase/(Decrease)	--	(51.1%)	74.3%	18.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Percent Originating	64.5%	59.5%	58.9%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
Percent Connecting	35.5%	40.5%	41.1%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	

Note: Columns may not add to totals shown due to rounding.  
 Sources: Historical – Department records. Forecast – WJ Advisors LLC.



## **SECTION 2**

### **AIRPORT FACILITIES AND CAPITAL PROGRAM**

## AIRPORT FACILITIES AND CAPITAL PROGRAM

### AIRPORT FACILITIES

The Airport occupies approximately 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver.

The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six non-intersecting runways and a related system of taxiways and aircraft aprons. Four runways are oriented north-south and two runways are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal Building (also referred to as the Great Hall) and three airside concourses (A, B, and C). The Great Hall accommodates passenger ticketing, baggage claim, concessions, and other facilities and amenities, and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Great Hall, surface parking lots, and remote parking lots accessible by shuttle buses. Parking spaces are also provided for Airport employee and tenant parking.

Immediately adjacent to the Great Hall is the Hotel and Transit Center (HTC) comprised of a train station linking the Airport to downtown Denver's Union Station, a 519-room hotel offering conference space, meeting rooms, and an open-air plaza. The HTC is connected to the Great Hall by a public plaza.

Passengers travel between the Great Hall and Concourses A, B, and C via an underground Automated Guideway Transit System (AGTS). In addition, a pedestrian bridge provides access from the Great Hall to Concourse A. The Airport is undergoing a major expansion program which will increase the number of gates on all concourses by 44 gates (or approximately 37%), as shown in Table 18. All of the new gates have been leased by United Airlines, Southwest Airlines and Frontier Airlines, as described later in this report.

Table 18  
**NUMBER OF GATES BY CONCOURSE**  
Denver International Airport

	Prior to Concourse Expansion Project	Post-Concourse Expansion Project	Increase (decrease)	Estimated Completion Year
Concourse A	28	40	12	2022
Concourse A GLF	9	14	5	2024
Concourse B (a)	54	65	11	2021/2022
Concourse C	29	45	16	2022
Total gates	120	164	44	

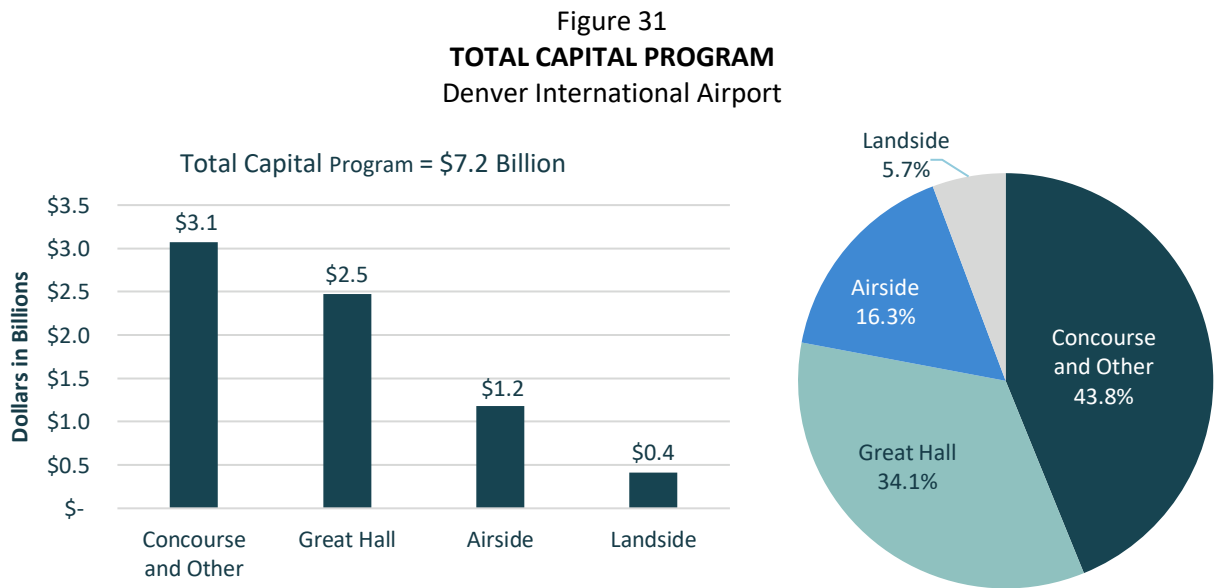
(a) Four new gates were completed in 2021, and the remaining seven new gates are expected to be completed in 2022.

The Airport is one of the few major U.S. airports with room to expand its current terminal and airfield facilities to accommodate future growth as stated in the Department’s airport master plan. The current terminal can be expanded with two additional concourses and another processing facility similar to the Great Hall. In addition, the Airport has capacity for six additional runways, for a total of 12 runways at complete build-out.

**AIRPORT CAPITAL PROGRAM AND FUNDING SOURCES**

The Department is in the process of completing its Existing Capital Program for the Airport and has developed its Next Capital Program (collectively, the Total Capital Program). The Total Capital Program (see Figure 31) includes Airport facility projects with the following primary purposes:

- Major maintenance
- Expansion
- Capacity enhancements
- Facility upgrades and improvements
- Revenue generation



**Existing Capital Program**

The projects in the Existing Capital Program are estimated by Department management to cost approximately \$4.3 billion. The cost of the Existing Capital Program is shown on Exhibit A and includes an allowance for inflation based on the start and end dates of each project. Table 19 shows the additional costs included in the Existing Capital Program since the original \$3.5 billion capital program referenced in the Report of the Airport Consultant for the Airport System Revenue Bonds Series 2018, dated August 6, 2018 (the 2018 Report).

Table 19  
**UPDATED COST OF EXISTING CAPITAL PROGRAM**  
 Denver International Airport  
 (in Billions)

	Estimated Cost
2018 Report	\$3.5
Plus: Concourse Renewal Project	0.5
Plus: Concourse A GLF Expansion	0.2
Plus: Baggage Systems and Other Projects	0.1
Existing Capital Program	\$4.3

Source: Department records.

The three largest projects in the Existing Capital Program (as measured by project costs) are the Concourse Gate Expansion, Great Hall Project (phases 1 and 2), and Concourse Renewal Program. Construction began on the Concourse Gate Expansion in May 2018, and all of the new gates are currently expected to be ready and available for their intended use by early 2024. Redevelopment of the Great Hall began in July 2018. Phase 1 opened in October 2021 and phase 2 is scheduled to open in 2024. Renovations associated with the Concourse Renewal Program began in 2020.

The primary projects in the Existing Capital Program and their purpose are discussed below by Airport cost center.

#### **Airfield Area and Concourse Apron**

- **Runway Rehabilitation Program.** This project provides for the rehabilitation of Runway 17R-35L pavement as well as the rehabilitation of other runway pavement and lighting systems.
- **Concourse Gate Expansion (Airfield and Apron).** This project includes the construction of additional apron and required Airfield improvements associated with the Concourse Gate Expansion, including improvements to utilities and fuel pits.
- **Gate Apron Rehabilitation Program.** This project consists of the replacement of the gate apron pavement and subgrade adjacent to Concourses B and C.
- **Concourse A GLF Expansion (Airfield and Apron).** This project includes Airfield improvements associated with the Concourse A GLF Expansion, including improvements to utilities and fuel pits.

#### **Baggage Systems and Automated Guideway Transit System (AGTS)**

- **Checked Bag Resolution Areas (CBRA).** This project includes the development of two new CBRAs that will replace the nine existing areas, the installation of new conventional baggage system conveyors, and the installation of individual airline systems to move

alarmed bags between the screening areas to the new CBRA and the airline baggage makeup areas.

- **Level 5.5 Project.** This project consists of modifications to the baggage handling system to accommodate the new layout of the Great Hall.
- **AGTS Car Replacement Program.** This project consists of the replacement of the original AGTS vehicles and the addition of two new train sets. Department management expects to receive all 26 train cars by October 2023.

## Terminal Complex

- **Concourse Gate Expansion.** This project includes the construction of 12 new gates on the west side of Concourse A; 16 new gates on the east side of Concourse C; four new gates on the west side of Concourse B; and seven new gates on the east side of Concourse B. The new east side gates on Concourse B will replace certain ground loading operations and regional jet gates to improve aircraft operations.
- **Great Hall Project.** This project consists of Phase 1 and Phase 2 of the redevelopment of the Great Hall.

Phase 1 includes:

- An additional 31,000 square feet of space for the Great Hall as well as approximately 158,500 square feet of newly renovated space.
- New check-in areas in the center of the Great Hall with 86 automated self-bag drop units (43 on each side) to streamline the check-in process.
- New restrooms with upgrades to existing restrooms.

Phase 2 includes:

- A new security checkpoint on the northwest side of the Great Hall.
- A widened balcony for more capacity and space at the new checkpoint.
- A new triple escalator from the security checkpoint to the AGTS platform.
- **Concourse Renewal Program.** This program consists of updating/upgrading current restrooms, signage, holdrooms, and flooring on an annual basis.
- **Concourse A GLF Expansion.** This project includes the expansion and associated modifications of the existing GLF as well as a new office and maintenance space for Frontier Airlines. Construction will start in 2022 and is estimated to be completed in early 2024.

## Roadways, Public Parking, and Ground Transportation

- **Peña Boulevard Project.** This project provides for the reconstruction, replacement, realignment, and widening of various sections of Pena Boulevard and associated roadways.

- **Public Parking Program.** This project includes, but is not limited to, the replacement of the revenue control system and the installation of the parking lot entrance and exit canopies.

### Other Airport Areas

- **Technology Infrastructure Improvements.** This project consists of the implementation of the technology infrastructure program to address all major and critical technology infrastructure at the Airport.

### Next Capital Program

The projects in the Next Capital Program are estimated by Department management to cost approximately \$2.9 billion and start in 2023. The cost of the Next Capital Program is shown on Exhibit A and includes an allowance for inflation based on the estimated start and end dates of each project.

The largest project in the Next Capital Program (as measured by project costs) is the completion phase of the Great Hall Project which is scheduled to be complete in 2028.

The primary projects in the Next Capital Program and their purpose are discussed below by Airport cost center.

### Airfield Area and Concourse Apron

- **De-Icing Capacity Program.** This project includes expansion of a taxiway, deicing tanks, ponds, and discharge expansion/upgrades and aircraft deicing system modernization.
- **Runway Rehabilitation Program.** This project provides for the rehabilitation of runway pavement and lighting systems.
- **7<sup>th</sup> Runway Project.** This project consists of initial runway planning studies and design work associated with the next potential runway.
- **DS East Expansion Project.** This project expands the taxiway system north of Concourse C from a single taxiway to a dual taxiway in order to improve taxiway movement.
- **Gate Apron Rehabilitation Program.** This project consists of the replacement of the gate apron pavement and subgrade adjacent to Concourse A.
- **Taxiway/Apron Rehabilitation Program.** This project includes taxiway pavement rehabilitation, lighting rehabilitation, terminal taxiway and apron slab rehabilitation in targeted areas, and other safety area upgrades.

### Baggage System and AGTS

- **Baggage Renewal and Replacement Program.** This program includes control system upgrade improvements to meet Transportation Security Administration (TSA)

requirements, conveyor replacements, lift replacement, and recapitalization of the checked baggage.

- **Baggage Recap.** This project includes recapitalization of the checked baggage to meet Transportation Security Administration (TSA) requirements.
- **AGTS Car Replacement Program.** This project consists of the replacement of the remaining 15 original AGTS vehicles.

## Terminal Complex

- **Completion Phase of the Great Hall Project.** This project consists of the completion phase of the redevelopment of the Great Hall.
  - New security checkpoint on the northeast side of the Great Hall.
  - New check-in areas similar to phase 1 for the remaining airlines on the south end of the Great Hall.
  - Renovated restrooms and replacement of flooring, lighting, elevators/escalators, fire protection systems and heating/cooling.
  - Updated meet and greet areas for both domestic and international arrivals.
- **Concourse Renewal Program.** This program includes updating/upgrading current restrooms, signage, holdrooms, and flooring on an annual basis.
- **Physical Access Control System Replacement Program.** This project includes the replacement of the legacy access control system for the Airport.
- **Passenger Conveyance Modernization Program.** This program includes updating/upgrading current walkways, elevators, and escalators on an annual basis.

## Roadways, Public Parking, and Ground Transportation

- **Annual Landside Rehabilitation Program.** This program includes, but is not limited to, the annual road pavement rehab, parking garage repairs, and other safety requirements.
- **Peña Boulevard Project.** This project provides for the start of the next phases of reconstruction, replacement, realignment, and widening of various sections of Peña Boulevard and associated roadways.

## Other Airport Areas

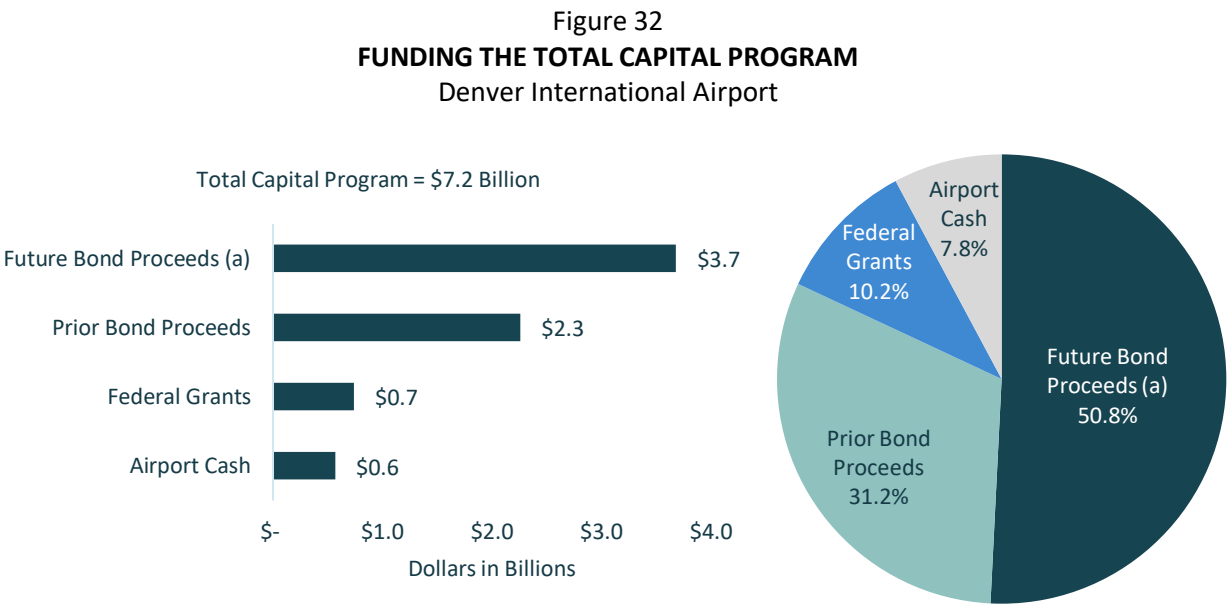
- **Technology Infrastructure Improvements.** This project consists of the implementation of the technology infrastructure program to address all major and critical technology infrastructure at the Airport.
- **DEN Real Estate.** This project consists of initial development and improvements to the Airport's real estate infrastructure in certain areas.

FUNDING THE TOTAL CAPITAL PROGRAM

Improvements to the Airport System have historically been financed through the City’s issuance of Airport System Revenue Bonds under the Bond Ordinances.

Pursuant to the GBO, the City may also issue Special Facilities Bonds to fund the cost of facilities related to or used in connection with the Airport System. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this 2022 Report.

Department management expects to pay for Total Capital Program costs using the major funding sources shown on Exhibits A and B and Figure 32, as discussed below.



Note: See Exhibit A and B for additional information.  
Source: Department records.  
(a) Includes the proposed Series 2022 bonds.

To the extent that the City does not receive the funding shown on Exhibit A, Department management would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Bonds, or (3) use additional Airport balances on deposit in its Capital Improvement Account.

Certain assumptions were incorporated into the financial forecasts presented in this 2022 Report in connection with the completion of projects in the Existing Capital Program and Next Capital Program, and the issuance of Future Planned Bonds regarding additional (1) Gross Revenues from airline rentals, rates, fees, and charges and other sources, (2) O&M Expenses, and (3) aggregate Debt Service Requirements and Subordinate Debt Service Requirements.



## Federal Grants

Federal grants received by the City include federal grants under the Airport Improvement Program (AIP), which provides discretionary and entitlement grants for eligible airport projects, and TSA grants.

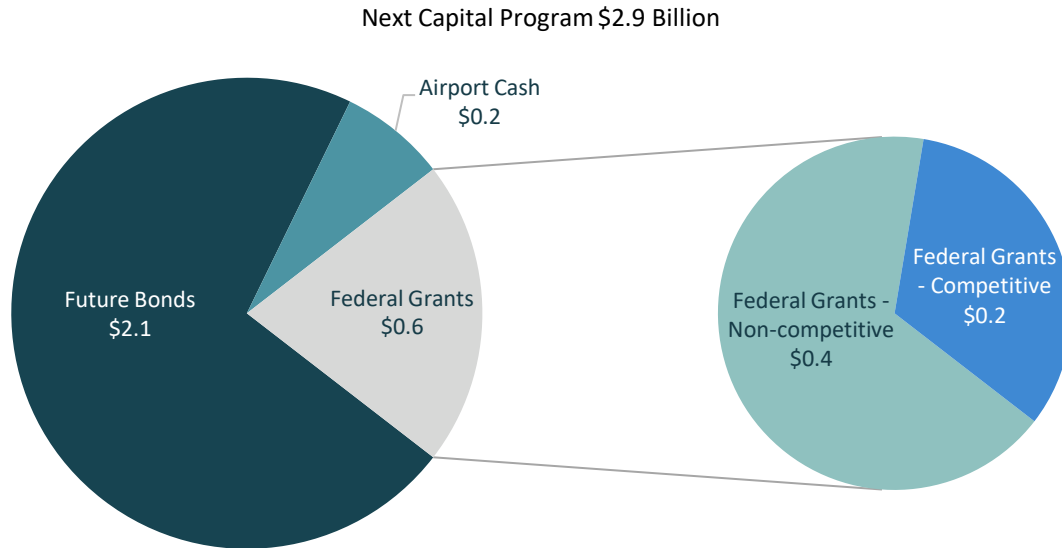
The City is eligible to receive FAA grants-in-aid under the AIP for up to 75% of the costs of eligible projects. Certain of these grants are to be received as entitlement grants, the annual amounts of which are calculated based on the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other grants to be received are discretionary grants, awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

On November 15, 2021, the President signed into law the Infrastructure Investment and Jobs Act (also referred to as the Bipartisan Infrastructure Law [BIL]), which provides approximately \$15 billion for airport-related projects over a five-year period as defined under the existing Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) criteria. The Department is eligible for approximately \$59 million of additional entitlement funds each year over the next five years for a total of approximately \$296 million. Five billion of the total \$15 billion in funding from the Infrastructure Investment and Jobs Act will be competitively awarded to airports over this period, which the Department will pursue for certain projects associated with its Next Capital Program.

The federal funding shown on Exhibit A reflects entitlement, discretionary, BIL, and TSA grants that Department management expects to receive during the Forecast Period based, in part, on previous federal funding and expected grant applications for specific projects in the Existing Capital Program and Next Capital Program. Federal grants-in-aid assumed to be applied to fund Existing Capital Program and Next Capital Program project costs equal approximately \$740 million, of which approximately \$124 million would fund the Existing Capital Program and approximately \$616 million would fund the Next Capital Program. If the actual amount of federal grants is lower than the amount shown on Exhibit A, such reduction could (1) result in the City issuing more Future Planned Bonds and/or using more Airport cash to fund project costs, (2) result in decreases in Total Capital Program costs, or (3) extend the timing for completion of certain projects in the Total Capital Program.

Approximately \$200 million of the federal grants-in-aid funding the Next Capital Program are subject to the BIL competitive award process, as shown in Figure 33. As of the date of this 2022 Report, it is unknown if the Department would be successful in receiving all or a portion of these grants. If these federal grants are not received, Department management intends to defer projects that would have been funded with these federal grants.

Figure 33  
**ESTIMATED FUNDING SOURCES AND FEDERAL GRANTS FUNDING THE NEXT CAPITAL PROGRAM**  
 Denver International Airport  
 (in billions)



AIP grants and TSA grants received by the City for capital projects are not defined as Gross Revenues under the Bond Ordinances.

### Purchase Agreements

As of the date of this 2022 Report, the City does not have any Master Installment Purchase Agreements (the Purchase Agreements), which would allow the Department to take loans to fund equipment acquisitions and installations at the Airport. The Department has taken such loans for certain earlier projects at the Airport, and may use loans from financing companies over the Forecast Period to fund projects in the Total Capital Program.

Under the Purchase Agreements, the City makes installment purchase payments to Financing Companies for approximately three to 10 years at interest rates that are generally lower than or comparable to interest rates on airport revenue bonds. Please refer to the later section of this 2022 Report entitled “Application of Revenues” regarding the City’s priority for making installment purchase payments to the financing companies relative to other City obligations under the Bond Ordinances.

### Proposed Series 2022 Bonds

The net proceeds from the sale of the proposed Series 2022 Bonds are currently expected to be used to:

- Refund [\$\_\_] million in remaining bond principal of the 2021 Interim Note Subordinate Obligation.

- Fund approximately [\$\_\_\_] million of Existing Capital Program project costs.
- Fund a debt service reserve account for the proposed Series 2022 Bonds within the Senior Bond Reserve Fund, capitalized interest and pay certain costs related to the issuance of the proposed Series 2022 Bonds.

The proposed issuance of the Series 2022 Bonds is assumed to be issued as fixed-rate Senior Bonds with a final maturity date of [month 20\_\_]. An all-in true interest cost of approximately [\_\_\_%] on the proposed Series 2022 Bonds was assumed by Frasca & Associates, the Department's Financial Advisor.

The Department may refund for economic savings certain outstanding Senior Bonds, Subordinate Bonds, or Junior Lien Obligations or a combination of all three during the Forecast Period with the net proceeds of the proposed Series 2022 Bonds or other series of bonds issued by the Department. Debt service savings, if any, from the refunding of outstanding bond principal are not included in the financial forecasts presented in this 2022 Report.

### **Future Planned Bonds**

Exhibit B also shows the sources and uses of funds for Future Planned Bonds. Together with estimated FAA grants-in-aid and prior Bond proceeds, the net proceeds of Future Planned Bonds would be used to:

- Fund approximately [\$2.1] billion of Next Capital Program costs.
- Fund deposits to the Bond Reserve Fund in an amount required to equal the Minimum Bond Reserve Requirement.
- Pay capitalized interest on Future Planned Bonds.
- Pay the costs of issuance for Future Planned Bonds.

The Future Planned Bonds were assumed to be issued as Senior Bonds and Subordinate Bonds, with the principal amount estimated to be approximately [\$\_.\_] billion.

During the Forecast Period, however, Department management may decide to fund Existing Capital Program or Next Capital Program costs from the net proceeds from the sale of Senior Bonds and Subordinate Bonds based on a number of factors at the time of issuance, such as (1) the type of project to be financed (i.e., major maintenance or revenue generating), (2) the difference in interest rates between Senior Bonds and Subordinate Bonds, and (3) the implications, if any, on the Airport's debt service coverage ratios; airline rentals, rates, fees and charges; and credit ratings, among other factors, as a result of issuing Senior Bonds and Subordinate Bonds.

The City may use a revolving line of credit and/or other interim credit facilities, that would be considered Subordinate Bonds or Contract Obligations under the SBO. If these sources are used to pay project costs, Department management would issue Future Planned Bonds at a later date to replace those funding sources. For purposes of this 2022 Report, it was assumed that these project costs would be financed with Future Planned Bonds.

## **SECTION 3**

### **FINANCIAL PERFORMANCE**

## FINANCIAL PERFORMANCE

### FINANCIAL FRAMEWORK

The Department accounts for Airport financial operations and results according to generally accepted accounting principles for governmental entities and the requirements of the Bond Ordinances. Other key documents that influence the financial operations of the Airport are the PFC Ordinances, and the Airline Agreements.

The financial forecasts presented in this 2022 Report reflect Department management's expected course of action during the Forecast Period to generate Gross Revenues and Other Available Funds sufficient to meet the Rate Maintenance Covenant of the GBO.

Under the Rate Maintenance Covenant of the GBO, the Department covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (1) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (2) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

The following sections provide an overview of recent historical Airport financial results prior to and through the COVID-19 pandemic and describe the assumptions used as the basis for forecasting Gross Revenues, O&M Expenses, aggregate Debt Service Requirements (Senior Bonds, Subordinate Bonds and Obligations, and Junior Lien Obligations), and deposits to the funds and accounts of the Bond Ordinances.

### FINANCIAL EFFECTS OF THE COVID-19 PANDEMIC ON THE AIRPORT

The COVID-19 pandemic resulted in substantial reductions in flights and passengers at the Airport beginning in March 2020. Air travel during the last nine months of 2020 and all of 2021 was affected by the COVID-19 pandemic; 2019 was the last full year prior to the COVID-19 pandemic. Given the unprecedented nature and uncertainty surrounding COVID-19, the Department took a series of operational, commercial, and financial actions in order to prioritize strong cash liquidity and debt service coverage, and also assist airline and nonairline partners serving the Airport.

In 2020, the Department:

- *Targeted O&M Expense reductions* included implementing a hiring freeze and furlough days for existing employees, reducing overtime and eliminating travel, suspending nonessential procurements/contracts, reviewing all contracts to reset service levels and costs, and implementing new approval procedures to closely monitor/reduce spend rates.
- *Adopted the Policy on Signatory Air Carrier Rent Abatement in Response to the COVID-19 Pandemic*, in which the Department made rent abatements available for certain rentals, rates, fees and charges incurred by passenger and cargo Signatory Airlines. All Signatory

Airline deferral and repayment amounts were structured by the Department to occur in 2020, and all deferred amounts have been repaid to the Department

- *Adopted the COVID-19 Relief for Concessionaires and Rental Car Companies*, which primarily allowed concessionaires and rental car companies for a portion of 2020 to only pay a percentage fee of gross revenues to the Airport, and not pay the (MAG) that would have otherwise been due and payable to the Department.

In 2021, the Department:

- *Adopted the Policy on Signatory Air Carrier 2021 Rates & Charges Payment Deferrals in Response to the COVID-19 Pandemic*, provided for:
  - A 25% deferral of the payment of certain rentals, rates, fee and charges incurred by passenger and cargo Signatory Airlines. All Signatory Airline deferral and repayment amounts were structured by the Department to occur within a five-year period beginning in 2022 in equal annual installments.
  - A 25% higher Airline Revenue Credit over the \$40 million cap (or an additional \$10 million per year) from 2022 through 2026 if remaining Net Revenues available for revenue sharing between the Signatory Airlines and the Airport after deposits are made to reserve funds or accounts as required under the GBO exceed the amount in 2019 of \$183 million.
- *Adopted the Policy on Signatory Air Carrier 2021 Rates & Charges in Response to the COVID-19 Pandemic*, provided that if 2021 actual rates and charges payments are above 2021 budgeted rates and charges payments in total dollars and the Airport meets 125% debt service coverage, then:
  - Remaining CARES Act grants were used to pay debt service, meaning that the same amount of debt service would no longer be included in the calculation of airline rates and charges.
  - Any overage equal to the difference between 2021 actual rates and charges payments and 2021 budgeted rates and charges payments will be deferred until the number of passengers in 2019 is reached for three consecutive months and then will be re-paid over a five-year period in equal installments.
- *Continued the concessionaire MAG waiver program through December 2021.*

In the forecast of financial results presented in this 2022 Report, no additional airline or concessionaire and rental car program abatements or MAG waivers were assumed. Despite the reductions in nonairline revenues, the Department has not used, nor does it currently expect to use, any of its restricted cash reserves (e.g., Operation and Maintenance Reserve Account) to pay O&M Expenses or pay Debt Service Requirements in response to the COVID-19 pandemic.

In addition to Department actions in 2020 and 2021 to address the negative effects of the COVID-19 pandemic on Airport financial operations, the federal government passed the following legislation which, among other things, includes the award of certain grants to the operators of all U.S. airports to assist with managing the financial effects of the COVID-19 pandemic: the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the

Coronavirus Response and Relief Supplemental Appropriation Act (the CRRSA Act), and most recently, the American Rescue Plan Act (the ARP Act) and collectively, the Coronavirus Relief Grants).

In general, airport operators can use their awarded Coronavirus Relief Grants to pay for any purpose for which airport revenues can lawfully be used.<sup>23</sup> The Coronavirus Relief Grants must be used within four years from the date that the grant agreements between an airport operator and the FAA were executed.

Under the Bond Ordinances, federal grants (including the Coronavirus Relief Grants) are not included in the definition of Gross Revenues. However, any grants irrevocably committed to the payment of Debt Service Requirements can be excluded from Debt Service Requirements in the calculation of debt service coverage pursuant to the Bond Ordinances.

The Department has irrevocably committed all of the Coronavirus Relief Grants received from the FAA to date, (excluding certain portions of the CRRSA Act and ARP Act grants that the Department received to assist Airport concessionaires,) and currently expects to irrevocably commit the remaining grants to the payment of Debt Service Requirements of Senior Bonds and Subordinate Bonds. Such amounts have been excluded from Debt Service Requirements from 2020 through 2024 in the forecast of financial results presented in this 2022 Report.

Table 1 summarizes the Coronavirus Relief Grants awarded to the Department, amounts used and currently expected to be used by the Department to pay Debt Service Requirements. As of the date of this 2022 Report, the Department has received all but approximately \$10 million of the \$522.0 million of Coronavirus Relief Grants awarded to the Department.

Table 20 summarizes the Coronavirus Relief Grants awarded to the Department, expenditures, and the remaining grant amounts expended by the Department.

Table 20  
**CORONAVIRUS RELIEF GRANTS AWARDED TO DENVER INTERNATIONAL AIRPORT**  
Denver International Airport  
(in millions)

Source of Funds	Award	Amounts used to pay debt service through December 31, 2021	Remaining amounts (a)
CARES Act	\$269.1	\$269.1	\$0.0
CRRSA Act	48.6	0.0	48.6
ARP Act	204.3	0.0	204.3
Total	\$522.0	\$269.1	\$252.9

Note: Excludes \$36.0 million of Coronavirus Relief Grants that the Department received to assist Airport concessionaires.  
Source: Department records.

(a) The Department currently expects to use remaining Coronavirus Relief Grants in 2022, 2023, and 2024 to pay Debt Service Requirements (see Exhibit I).

<sup>23</sup> Certain portions of the CRRSA Act and the ARP Act grants were set aside to provide rent relief to airport concessionaires.

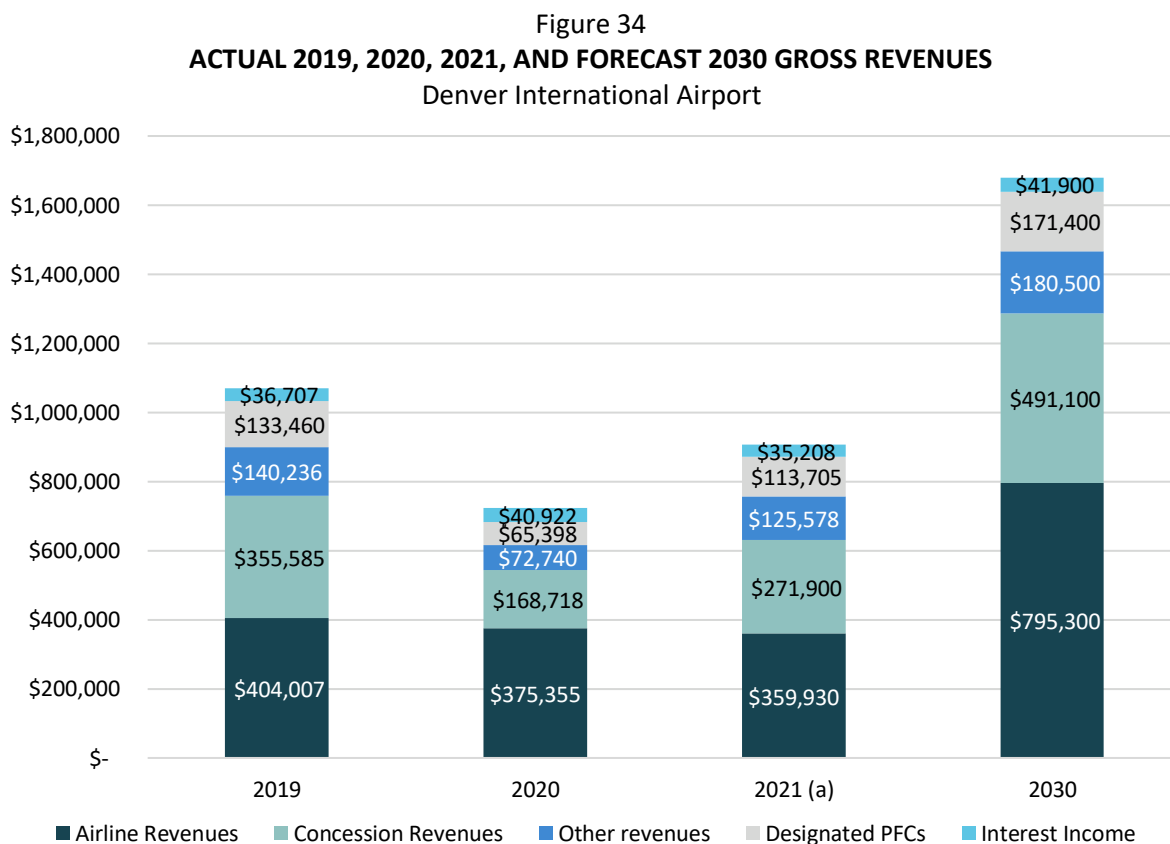
## GROSS REVENUES

Figure 34 presents the major sources of Gross Revenues for the Airport from 2019 through 2021 and forecast in 2030. Additional line-item detail for airline rentals, rates, fees, and charges and nonairline revenues are shown on Exhibit C and Exhibit D, respectively.

Revenues from a customer facility charge (CFC) that is collected by the on-Airport rental car companies and remitted to the Department are currently defined as Gross Revenues but are not included in the forecast of Gross Revenues and debt service coverage presented in this 2022 Report because the use of CFC revenues is restricted.

Gross Revenues totaled approximately \$1.1 billion in 2019, \$0.7 billion in 2020 and \$0.9 billion in 2021 and are forecast to increase to approximately [**\$\_.**] billion by 2030, an average increase of [**\_.**%] per year between 2019 (pre-COVID-19 pandemic) and 2030. The forecast increase in airline revenues is primarily due to the completion of the Concourse Gate Expansion and Great Hall projects during the Forecast Period.

The major sources of Gross Revenues and the assumptions used to forecast Gross Revenues are discussed below.



Notes: Excludes actual and forecast CFC revenues for the reasons described in this 2022 Report.

(a) Reflects unaudited data.



## AIRLINE RENTALS, RATES, FEES, AND CHARGES

### Overview

Historical and forecast airline rentals, rates, fees, and charges for the Airport, in total and expressed on a per enplaned passenger basis, are shown on Exhibit C. Airline rentals, rates, fees, and charges totaled \$404.0 million in 2019 (accounting for 37.8% of Gross Revenues), \$375.4 million in 2020 (accounting for 51.9% of Gross Revenues), \$359.9 million in 2021 (accounting for 39.7% of Gross Revenues), and are forecast to be approximately [\$\_\_\_\_\_] billion in 2030 (accounting for [\_\_\_\_\_] of Gross Revenues), as shown on Exhibit C.

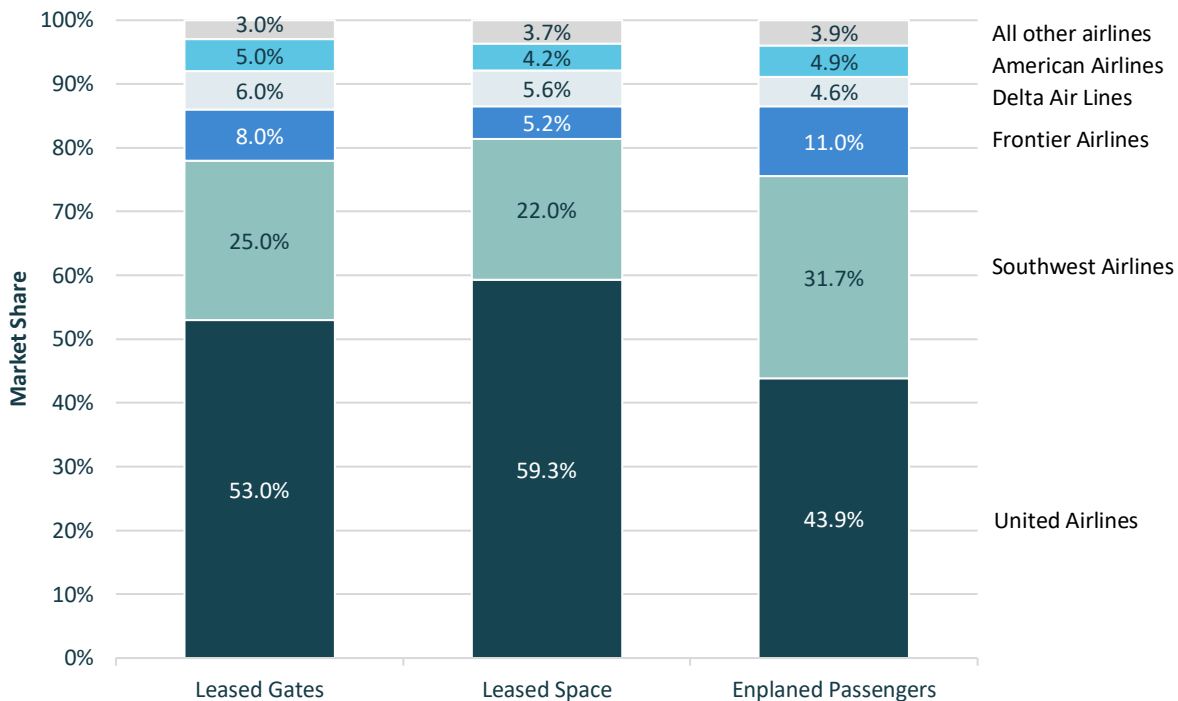
The Department and certain airlines (the Signatory Airlines) serving the Airport have executed separate Airline Agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculating and recalculating rentals, rates, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest rights of the airlines regarding changes to the methodology used to establish their rentals, rates, fees, and charges. The Airline Agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year after all other requirements are satisfied, up to a maximum of \$40.0 million, is to be credited to the airlines signatory to the Airline Agreement in the following year through the Airline Revenue Credit Account.
- Contain a provision stating that, notwithstanding any other provision of the agreement regarding rate-making methodologies or rentals, rates, fees, and charges, the airline rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenants of the GBO each year.

For those airlines that are not signatory to the Airline Agreements, Department management assesses rentals, rates, fees, and charges following procedures consistent with those outlined in the Airline Agreements, in an amount equal to 20% more than Signatory Airline rentals, rates, fees, and charges. In addition, the nonsignatory airlines do not share in the year-end Net Revenue credit.

The amount of revenues from airline rentals, rates, fees, and charges each year is a function of a number of factors, including the amount of space and gates leased by the Signatory Airlines to support their aviation activity and operations at the Airport. Using actual 2021 data, Figure 35 provides a comparison of market shares of leased gates, leased space, and enplaned passengers for the five busiest airlines serving the Airport (ranked on the basis of market shares of enplaned passengers in 2021). Collectively, the five busiest airlines lease approximately 97.0% of gates and 96.3% of airline leased space at the Airport. The amount of space leased by each airline to support its operations at the Airport compared to market shares of enplaned passengers vary significantly.

Figure 35  
**AIRLINE PERCENTAGES OF LEASED GATES, LEASED SPACE AND ENPLANED PASSENGERS IN 2021**  
 Denver International Airport



Note: Reflects actual 2021 data for all airlines. Columns may not add to 100% because of rounding.  
 Source: Department management records.

### Airline Agreement – United Airlines

Various amendments to United Airlines’ Airline Agreement have been adopted since its execution in 1991, including, but not limited to, amendments to maintain United Airlines’ commitment to continue using the Airport as a connecting hub in its route system.

The Department and United Airlines amended the Airline Agreement in 2014 (the 2014 Amendment) with an effective date of January 1, 2015. Under the 2014 Amendment, the Department agreed to (1) restructure the Airport’s debt with the intention of reducing airline rates and charges from 2015 to 2025, (2) permanently delete up to 140,000 square feet from United Airlines’ demised premises (which amount was subsequently modified by an amendment to the 2014 Amendment), (3) consolidate the requirement for United Airlines’ activity levels at the Airport, and (4) seek approval from the Signatory Airlines at the Airport to revise amortization charges.

In addition, under the 2014 Amendment, United agreed to a 10-year extension of the lease to February 28, 2035, as well as committed to maintain available seat miles (ASMs) at the Airport through February 28, 2025 at a level equal to or greater than 9.1% of total ASMs in the worldwide United Airlines system, subject to a payment offset to United Airlines’ portion of the Annual Revenue Credit account if United Airlines falls short of its commitment. United Airlines

shall not be deemed to be in default of the lease provided it makes payments to the Department subject to annual payment caps, \$12 million to \$20 million per year, as outlined in the 2014 Agreement. The Department would deposit these amounts in the Capital Improvement Account (and such deposits would not be included in Gross Revenues) and use the deposits for any lawful Airport System purpose.

The Department and United Airlines amended the Airline Agreement in 2020 (the 2020 Amendment) and 2021 (the 2021 Amendment). Under the 2020 Amendment, United agreed to lease gates and support space currently under construction in Concourse A and Concourse B, as part of the Concourse Gate Expansion, as well as lease 10 existing gates on Concourse A and other existing facilities. United agreed to lease 11 new gates on Concourse B (four of these gates became operational at the end of 2020 and the remaining seven are expected to be operational in the fall of 2022). The expansion project on Concourse B also included the removal of a ground-loaded commuter facility. In addition, United will lease 12 new gates on Concourse A that are expected to be operational in the fall of 2022.

The 2021 Amendment provides for the use and lease of United Airlines' existing and future concourse space associated with the Concourse Gate Expansion and the Great Hall Project. The 2021 Amendment also includes terms for the new baggage system installed by United Airlines in Concourse B as well as a provision for the Department to purchase the baggage equipment at a later date.

United Airlines may terminate its Airline Agreement, as supplemented and amended, if its cost per enplaned revenue passenger at the Airport exceeds \$20 (in 1990 dollars) in any given year. United Airlines' cost per enplaned revenue passenger at the Airport is not expected to exceed \$20 (in 1990 dollars) during the Forecast Period.

### **Airline Agreement – Southwest Airlines**

In March 2020, Southwest Airlines extended its Airline Agreement through February 28, 2035, and has agreed to lease up to 40 gates when the new Concourse C expansion gates are operational. The first six gates are expected to be leased beginning in May 2022 and the remaining gates are expected to be leased on a phased-in basis through the beginning of 2024.

### **Airline Agreement – Frontier Airlines**

Frontier Airlines is currently leasing nine gates (eight mainline contact gates and one ground-loaded gate) under an Airline Agreement that expired on December 31, 2021. The first of two one-year extensions have been approved and implemented by the Department with no material changes.

Frontier Airlines has entered into a new Airline Agreement with the Department that was executed in May 2022 to lease a 14-gate ground loading facility and associated support space that will be constructed as an extension of the existing Concourse A GLF. The term of the new 10-year Airline Agreement will end 10 years after the effective date of the completion of all of the new Concourse A GLF gates.

Frontier Airlines’ new Airline Agreement includes up to \$3.6 million in annual rent credits to Frontier’s rates and charges for the term of the Airline Agreement to cover the costs of the construction of extending the existing facility and up to \$400,000 in annual credits to cover operational costs. Frontier has the right to terminate the Airline Agreement early without penalty if the \$3.6 million annual rent credits are not realized.

### **Airline Agreement – Other Airlines**

The airlines listed in Table 21, the Other Airlines, operate at the Airport under an Airline Agreement that expired on December 31, 2021. The first of two one-year extensions have been approved and implemented by the Department with no material changes. Airlines are listed in order of their numbers of leased gates as of December 31, 2021. Certain other airlines also operate at the Airport pursuant to an Airline Agreement, but do not lease gates. Many of these are regional airlines that have code-sharing agreements with United Airlines or the airlines listed in Table 21 or are foreign-flag passenger airlines.

Table 21  
**OTHER SIGNATORY AIRLINES AND THEIR NUMBER OF LEASED GATES WITH JETBRIDGES**

Signatory Airline	Leased Gates
Delta Air Lines	6
American Airlines	5
Spirit Airlines	2
Alaska Airlines	1

Source: Department management records.

Department management expects that the airline rate-making methodology in any new Airline Agreement with the Other Airlines will be substantially similar to that in the existing Airline Agreement during the remainder of the Forecast Period, either through an extension of the existing Airline Agreement or execution of a new Airline Agreement.

The Department has also executed Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this 2022 Report. Please refer to the “AGREEMENTS FOR USE OF AIRPORT FACILITIES” section of the Official Statement for a summary of the agreements between the Department and the airlines serving the Airport.

### **NONAIRLINE REVENUES**

Revenues from nonairline sources accounted for 46.3% of Gross Revenues in 2019, 33.4% in 2020, and 43.9% in 2021. As described below, Department management intends to continue implementing certain key nonairline revenue initiatives, including renegotiating leases and agreements, rebidding concession opportunities and agreements, and developing new nonairline revenue sources.

## Terminal Complex Concessions

The Department leases space at the Airport to concessionaires pursuant to Terminal Complex concession agreements, which provide for payment to the Department of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a reestablishment clause that allows Department management to adjust rental rates, within certain parameters, if necessary, to satisfy the Rate Maintenance Covenant of the GBO.

Terminal Complex concessions totaled \$78.9 million in 2019 (accounting for 7.4% of Gross Revenues), \$40.6 million in 2020 (accounting for 5.6% of Gross Revenues), and \$67.3 million in 2021 (accounting for 7.4% of Gross Revenues). Concession revenues are forecast to be [\$\_\_\_\_\_] million in 2022 (accounting for [\_\_\_\_\_] % of Gross Revenues). Terminal Complex concession revenues are forecast to total approximately [\$\_\_\_\_\_] million in 2030 as presented in Exhibit C (accounting for [\_\_\_\_\_] % of Gross Revenues). As described below, the Department has entered into multiple agreements with concessionaries for the provision of non-airline services at the Airport.

As existing terminal and specialty retail program concession agreements expire over the next five years, Department management will have the opportunity to rebid the agreements to incorporate new concepts and, potentially, new concessionaires based on the Airport's Concession Policy. Department management believes that refreshing and expanding the in-terminal concessions will not only improve the passengers' experience at the Airport, but also increase the revenues earned by the Department from these locations.

**Food and Beverage.** The food and beverage concession agreements provide for percentage fee revenues to the Department primarily ranging from 7% to 20% of gross revenues or a minimum annual guarantee, whichever is higher.

**Merchandise.** The specialty retail and merchandise concession agreements provide for percentage revenues to the Department primarily ranging from 10% to 22% of gross revenues or a minimum annual guarantee, whichever is higher.

**Terminal Services.** Services include advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, personal care, on-Airport gas station and convenience store, and other services. In general, these services are provided by concessionaires that pay the Department the higher of a percentage of gross revenues with percentage fees ranging from 5% to 12% of gross revenues, or a minimum annual guarantee, depending on the type of service provided.

In addition to the services listed above, revenues from Department management's concession joint marketing program are in the category "terminal services." The concession joint marketing program was established by Department management and assists concessionaires in achieving increased sales and revenues. The program is funded by 1% of sales from each concessionaire in addition to concession payments to the Department.

For the five years from 2015 through 2019, annual Terminal Complex concession revenues increased at an average annual growth rate of 8.0%. In 2019, Terminal Complex concession revenues totaled \$78.9 million, and accounted for 7.4% of Gross Revenues.

Terminal Complex concession revenues were lower in 2020 due to the reduction in the number of enplaned passengers at the Airport caused by the COVID-19 pandemic and by payment deferrals pursuant to concessionaire MAG waiver program, which resulted in a \$38.3 million reduction in revenues to \$40.6 million in 2020. In 2021, Terminal Complex concession revenues increased over 2020 by \$26.7 million to \$67.3 million and accounted for 7.4% of Gross Revenues.

Figure 36 shows average terminal concession revenue per enplaned passenger for 2019, 2020, and 2021. Terminal concession revenue per enplaned passenger was \$2.29 in 2019, \$2.40 in 2020 and \$2.29 in 2021.



Source: Department management records.  
(a) Reflects unaudited data.

As passenger traffic at the Airport has recovered, 2021 unaudited terminal concession revenue per enplaned passenger recovered to 2019 levels.

The forecasts of retail and food and beverage concession revenues and terminal commercial management revenues were developed together based, in part, on the Department’s 2022 budget and per passenger spend rate. It was assumed that as the Department’s existing retail concession agreements and existing food and beverage concession agreements expire during the Forecast Period, new agreements would be executed with similar terms and conditions and financial performance.

## Outside Concession Revenues

Outside concession revenues are generated from public automobile parking, rental car privilege fees, and ground transportation services.

**Public Automobile Parking.** Public automobile parking at the Airport is provided in parking structures, surface lots adjacent to the Great Hall, and remote parking lots. For the five years from 2015 through 2019, annual automobile parking revenues increased at an average annual growth rate of 4.0%. In 2019, public parking revenues accounted for 18.3% of total Gross Revenues and 39.6% of nonairline revenues. In 2021, public parking revenues accounted for 15.6% of total Gross Revenues and 35.6% of nonairline revenues.

Table 22 lists the Department-owned parking facilities at the Airport, as well as the number of spaces and the parking rates for each facility, which are adjusted by Department management from time-to-time. Certain parking rates were last adjusted by the Department in September 2019. There was no change in the remote surface parking lots rates. The Department expects to adjust parking lot rates again in 2022 or 2023, and then every other year thereafter.

Standard Parking Corporation, subcontracting with Global Parking Systems, operates and manages the public parking facilities at the Airport under a management contract with the Department that was effective on February 1, 2017 and expired on January 31, 2022. The contract has been extended through January 31, 2023. Under this contract, the Department retains all rights to increase parking rates. When the extension to the existing agreement expires, Department management expects that they will either extend the agreement through the end of the Forecast Period or rebid or renegotiate terms and conditions that would produce similar or higher parking revenues to the Department.

Table 22  
**EXISTING DEPARTMENT OWNED PUBLIC PARKING FACILITIES AND RATES**  
Denver International Airport

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	15,993	\$28	\$5
Valet (a)	525	\$35	N/A
Long-term surface lot parking	9,249	\$17	\$5
Remote surface lot parking (b)	17,405	\$8	\$2
61 <sup>st</sup> and Peña surface lot parking	800	\$6	N/A
	43,972		

Source: Department management records, as of March 14, 2022.

(a) Lot(s) closed due to low passenger traffic volumes.

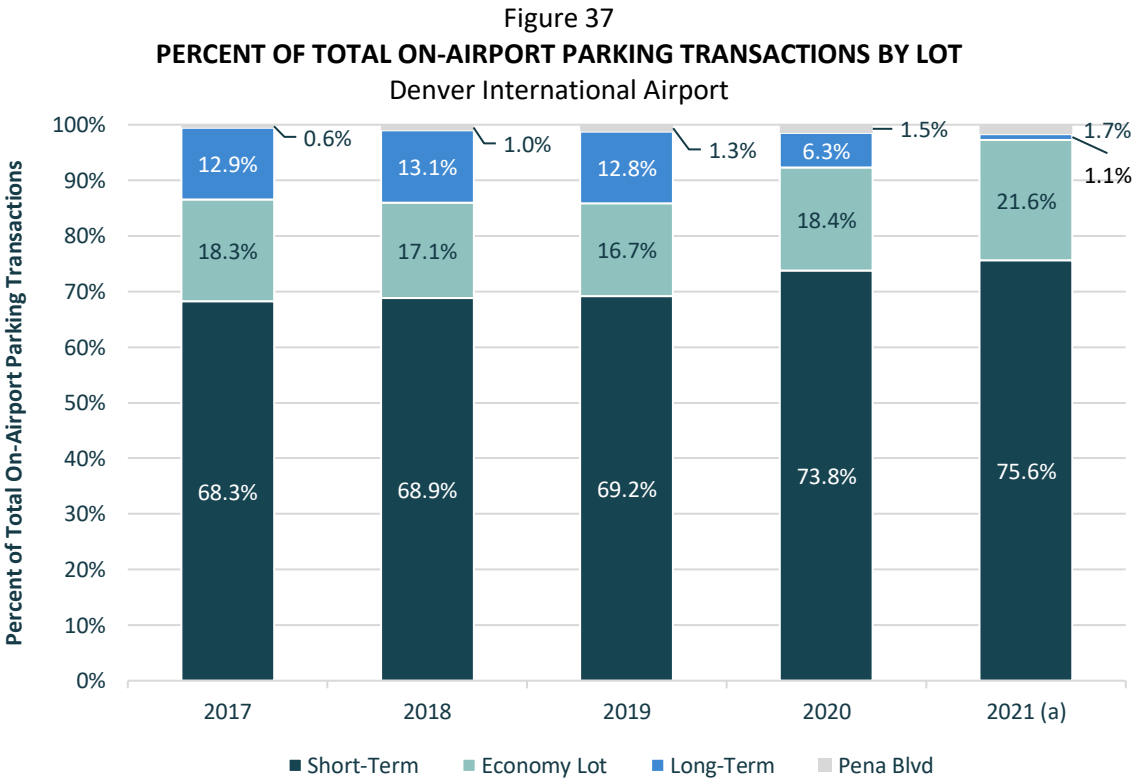
(b) Includes 8,304 spaces temporarily closed due to low passenger traffic volumes.

The Department also has an agreement with LRW Investment Company, effective through October 31, 2028, to operate WallyPark, an automobile parking lot service located on Airport property. WallyPark transports its passengers to and from the Great Hall via shuttle buses.

The agreement with LRW Investment Company was recently extended from a scheduled termination in 2014 through 2028 as part of an amendment that obligates LRW to expand WallyPark parking facilities at the Airport. Published daily rates are \$17.00 for self-parking, with discounts available through online reservations. Pursuant to the agreement with LRW Investment Company, the Department receives the higher of (1) a minimum annual guarantee equal to 85% of the previous year’s payment to the Department or (2) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement.

A number of off-Airport parking facilities operate near the Airport including Canopy Airport Parking, DIA Park, Fine Parking, Parking Spot, and US Airport. The off-Airport parking operators provide courtesy vehicle service to and from the Great Hall and pay the Department an off-Airport parking privilege fee equal to 10.0% of gross revenues.

Figure 37 shows the shares of parking transactions—a measure of customer use—by public parking lot for 2017 through 2021 (unaudited).



Notes: The short-term lot includes garage and valet spaces. Columns may not add to 100% because of rounding.

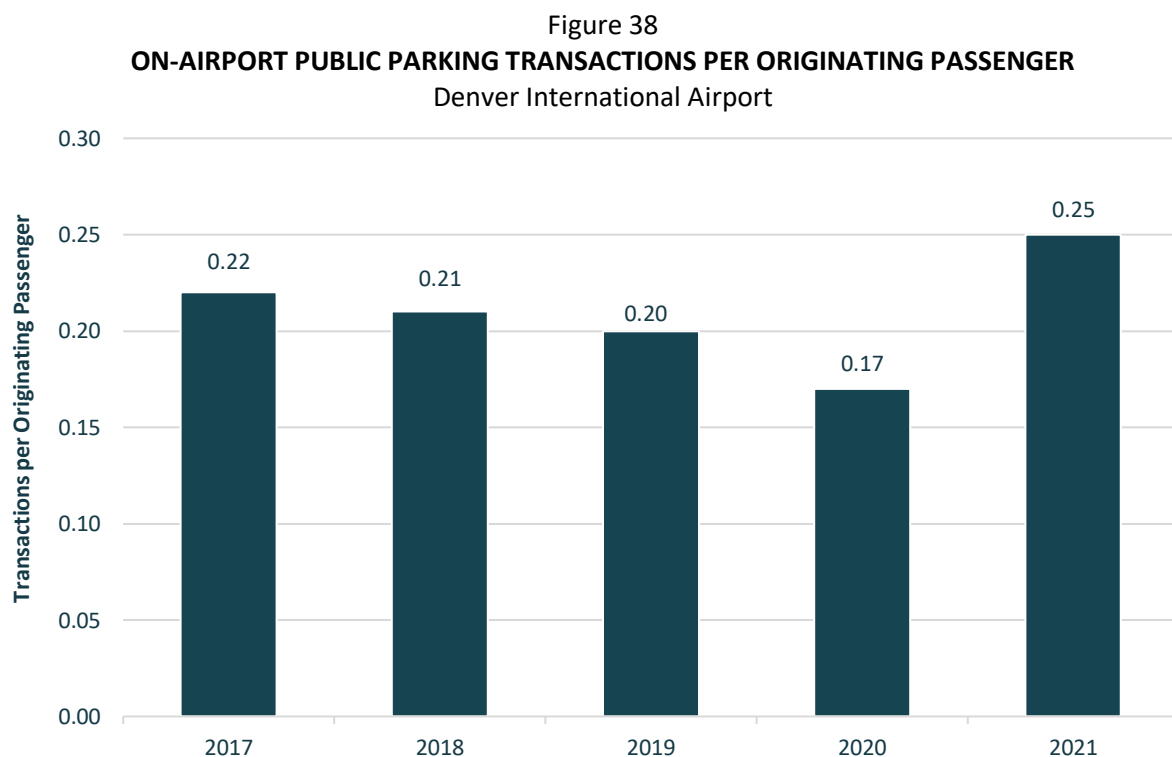
Source: Department management records.

(a) Reflects unaudited data.

As shown on Figure 37, use of each of the Airport’s public parking facilities was relatively consistent from 2017 through 2019 while the total number of on-Airport parking transactions decreased from 4.42 million in 2017 to 4.36 million in 2019, a total decrease of 1.3%.



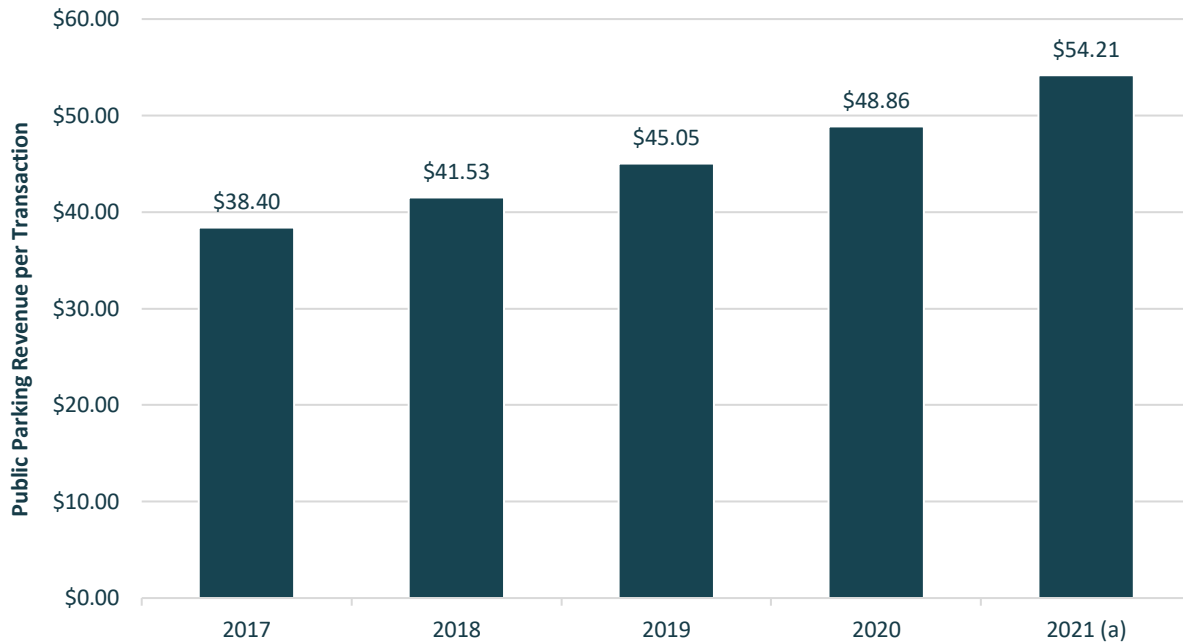
The number of parking transactions per originating passenger—a measure of the proportion of originating passengers who choose to park in Airport parking facilities prior to the pandemic—decreased over the three years from 2017 through 2019 as shown on Figure 38. According to the Department, the decrease in transactions per originating passenger from 2017 through 2019 is an indication that parking demand exceeded capacity for on-Airport parking facilities, which is one of the reasons why the Department opened the 61<sup>st</sup> and Peña lot in 2017 and expanded the number of short-term parking garage spaces in 2016. From 2017 through 2019, the number of originating passengers using the Airport increased approximately 13.2% while the number of on-Airport parking spaces, including the additional spaces added in 2016 and 2017, only increased approximately 6.3%. In 2020 the number of on-airport public parking transactions per originating passenger decreased as the COVID-19 pandemic slowed all passenger traffic at the Airport. However, on-airport public parking transactions per originating passenger increased in 2021 as passenger traffic recovered and more originating passengers used on-airport parking options.



Source: Department management records.

On-Airport public parking revenue per transaction—a measure of customers’ parking duration, as well as their choice of on-Airport parking facility—is shown on Figure 39 for 2017 through 2021. The average parking revenue per transaction increased from 2017 to 2019, due, in part, to an increase in parking rates. Parking revenue per transaction increased between 2019 and 2021, due to additional parking rate increases in 2019 and the closure of certain economy and long term lots in 2020 and 2021 due to the COVID-19 pandemic.

Figure 39  
**ON-AIRPORT PUBLIC PARKING REVENUE PER TRANSACTION**  
Denver International Airport

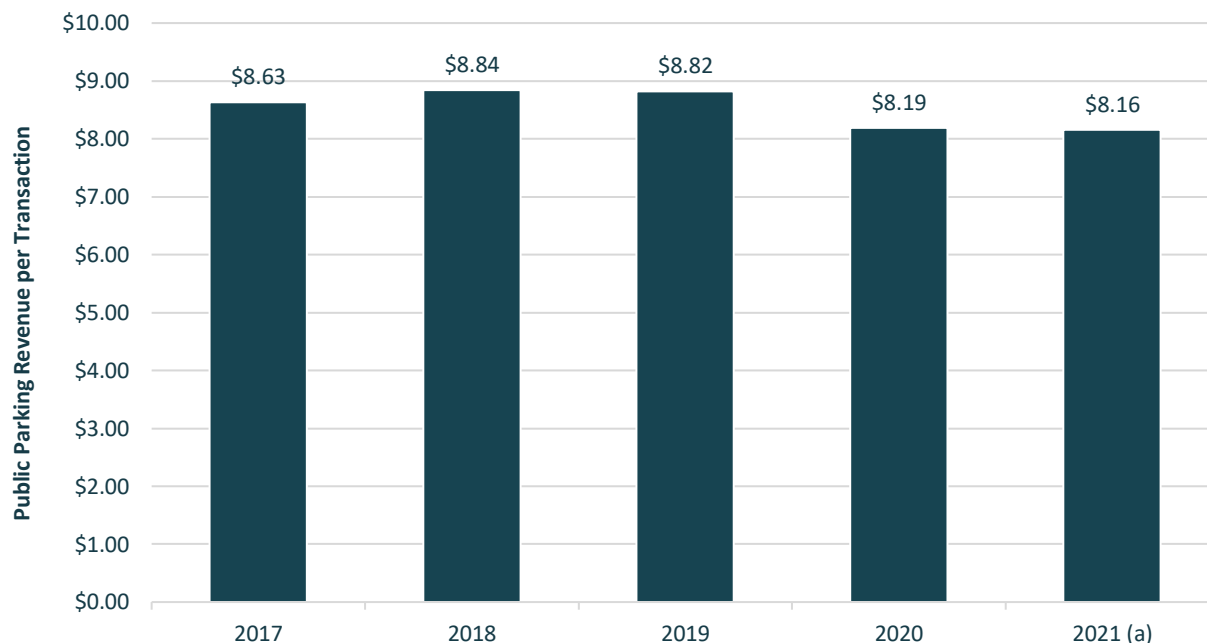


Source: Department management records.  
(a) Reflects unaudited data.

Automobile parking revenues were lower in 2020 due to the reduction in the number of passengers using the Airport caused by the COVID-19 pandemic. As a result of reduced passenger traffic and parking lot closure, public parking revenue in 2020 decreased by \$114.1 million, from \$196.3 million in 2019 to \$82.2 million in 2020. In 2021 (unaudited), automobile parking revenues rebounded to \$141.3 million as originating passengers increased and accounted for 15.6% of Gross Revenues.

Figure 40 shows average automobile parking revenue per originating passenger for 2019, 2020, and 2021 (unaudited). Public parking revenue per originating passenger was \$8.82 in 2019, \$8.19 in 2020 and \$8.16 in 2021.

Figure 40  
**ON-AIRPORT PUBLIC PARKING REVENUE PER ORIGINATING PASSENGER**  
 Denver International Airport



Source: Department management records.

(a) Reflects unaudited data.

As passenger traffic at the Airport has recovered, revenues per originating passenger decreased in 2020 and 2021, likely as a result of shorter parking durations and increased use of other modes of transportation (e.g., taxis).

The forecast of public parking revenue was based on the following:

- The forecast number of originating passengers at the Airport, as shown in Table 17 of this 2022 Report.
- Consideration that Department management is not currently planning to add additional on-Airport public parking spaces during the Forecast Period.
- The average number of transactions per originating passenger returns to pre-COVID-19 pandemic levels over the Forecast Period.
- Public parking rate increases based on assumed rates of inflation starting in 2022 and each year thereafter during the Forecast Period.

**Rental Car Revenues.** Rental car revenues paid to the Department include privilege fees and rentals for service, storage, and building facilities. In 2019, rental car revenues accounted for 7.5% of total Gross Revenues and 16.2% of nonairline revenues. In 2021, rental car revenues accounted for 7.0% of total Gross Revenues and 15.9% of nonairline revenues. The Department has recently executed a new rental car agreement (Agreement) with most of its

on-Airport rental car companies, which became effective on January 1, 2022, and expires on December 31, 2027. As of the date of this 2022 Report, Avis (and its brands Budget and Payless) is still operating under its prior agreement on a month-to-month basis. The Department expects to have a new executed Agreement with Avis shortly after the date of this 2022 Report.

- Privilege fee, which requires each rental car company to pay a privilege fee equal to 10% of its annual gross revenues or a MAG, whichever is higher. The MAG is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest MAG in any previous year since 2021, whichever is greater.
- Ground and facility rentals, which requires each rental car company to pay a (1) ground rental, and a (2) facility rental charge. Each rental car company pays an additional common use service charge for its lease premises to recover the cost of services, which may include, but is not limited to busing, insurance, snow removal, landscape watering and irrigation, law enforcement and/or security officers, industrial waste handling, sewer, drainage, and trash/refuse removal.

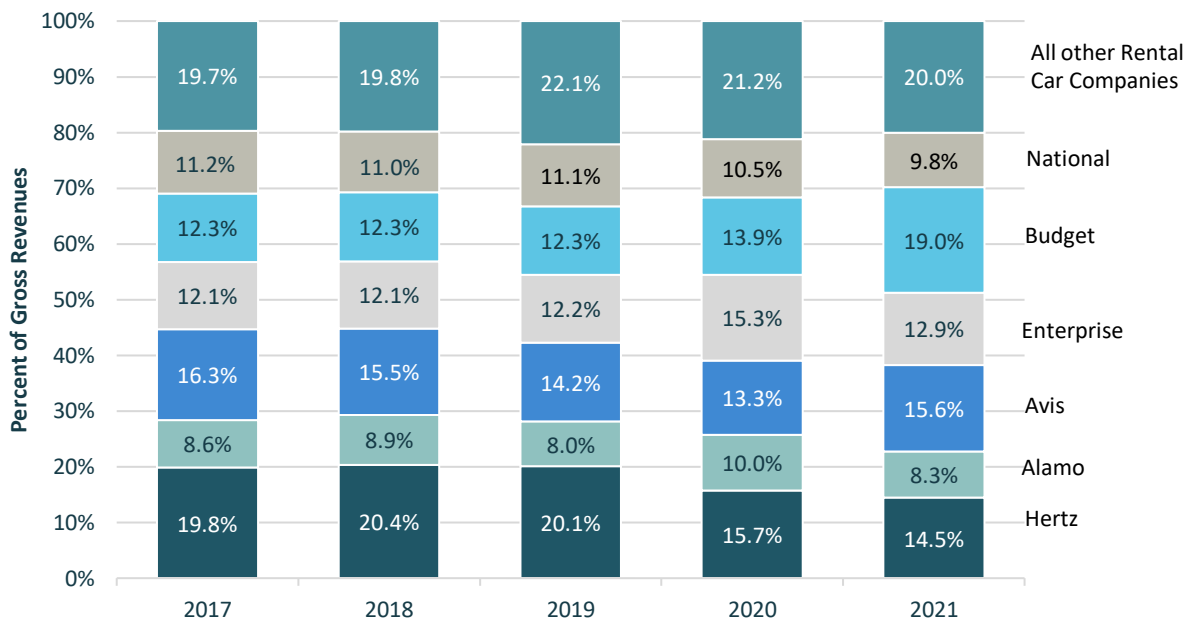
The Department has agreements with five rental car companies that operate eleven rental car brands at the Airport: Alamo Rent A Car, Avis Rent A Car, Budget Rent A Car, Dollar Rent A Car, Enterprise Rent-A-Car, Fox Rent A Car, Hertz, National Car Rental, Payless Car Rental, SIXT Rent a Car, and Thrifty Car Rental.

In reaction to the negative effects of the COVID-19 pandemic on passenger travel, Hertz (and its brands Dollar and Thrifty) and Advantage (and its brand EZ Rent A Car) filed for Chapter 11 bankruptcy protection on May 22, 2020, and May 26, 2020, respectively. Hertz emerged from bankruptcy protection on June 30, 2021, while Advantage ceased all operations at the Airport.

The Department's expectation is that when the existing agreement expires in 2027, the agreements will either be extended, rebid, or renegotiated with terms and conditions that would produce similar or higher revenues to the City. Figure 41 presents the on-Airport rental car company market shares of gross revenue for 2017 through 2021.

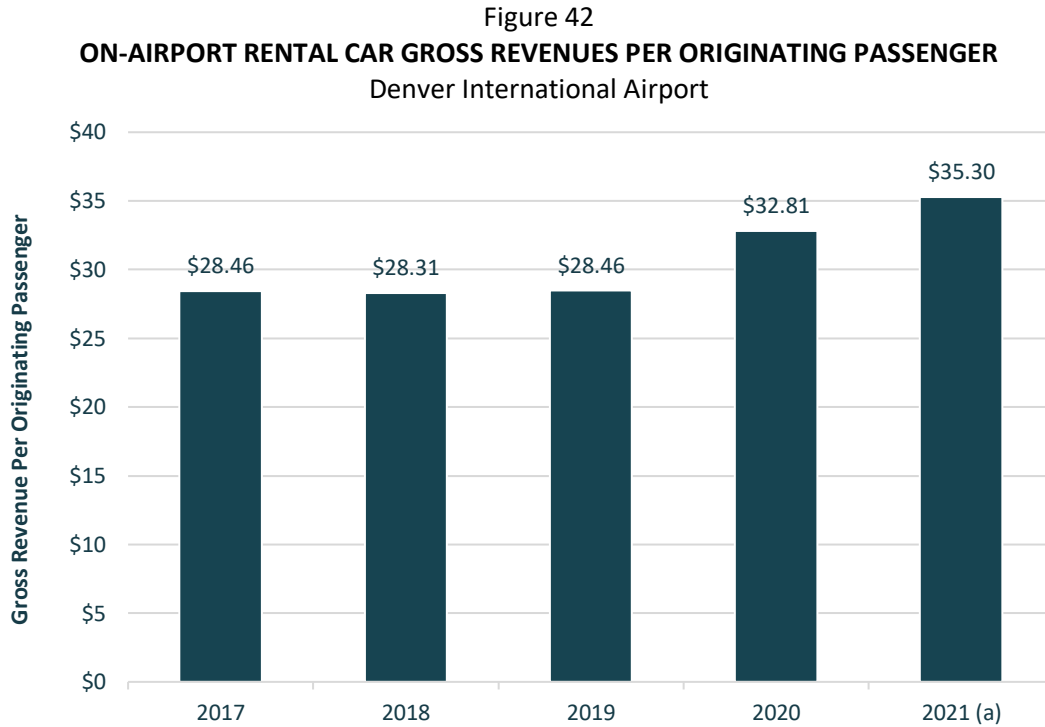
The Department previously had executed two agreements with each on-Airport rental car company, a Concession Agreement and Terminal Building Premise Lease (concession agreement) and a Car rental Facilities and Ground Lease (facilities and ground lease) which became effective on January 1, 2014, expired on December 31, 2020, and was amended through December 31, 2021. With the termination of the special facilities bonds in 2013 associated with the car rental facilities, the two separate agreements were no longer needed and have been combined into one agreement as described above.

Figure 41  
**ON-AIRPORT RENTAL CAR COMPANY SHARES OF GROSS REVENUES**  
 Denver International Airport



Notes: Columns may not total 100% because of rounding. "All other on-Airport companies" include Advantage Rent A Car, Dollar Rent A Car, E-Z Rent-A-Car, Fox Rent A Car, Payless Car Rental, SIXT Rent a Car, and Thrifty Car Rental. Advantage and E-Z Rent-A-Car ceased operations in 2020.  
 Source: Department management records, reflecting final car rental annual statements through 2020, and unaudited car rental information for 2021.

Figure 42 presents the trend in rental car gross revenues per originating passenger at the Airport for 2017 through 2021 (unaudited). Rental car gross revenue per originating passenger remained level at \$28.41 between 2017 and 2019 and increased by 15.3% to \$32.81 in 2020, and 7.6% to \$35.30 in 2021 (unaudited). The increase in rental car gross revenue per originating passenger is largely because the cost of renting a car has increased recently as demand for rental cars has exceeded the supply of cars.



Source: Department management records, reflecting final car rental annual statements through 2020, and unaudited rental car results for 2021.

(a) Reflects unaudited data.

Rental car privilege fee revenues were forecast on the basis of:

- Forecast numbers of originating passengers, as presented earlier in this 2022 Report.
- Department management's expectation that, when the existing Agreement expires in 2027, it will either be extended through the Forecast Period, or be rebid or renegotiated with terms and conditions with the on-Airport rental car companies that would produce similar or higher rental car revenues to the City.
- Revenue per originating passenger is assumed to return to pre-COVID-19 pandemic levels during the Forecast Period.

### Other Outside Concession and Terminal Revenues

Other sources of outside concession and terminal revenues include employee parking fees, ground transportation services, other terminal space rentals, and the Airport hotel. Other terminal revenues accounted for 8.4% of Gross Revenues in 2019, 5.5% in 2020, and 8.8% in 2021.

**Ground Transportation Services.** The Department charges the operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Great Hall roadways and curbside. Access to the Great Hall curbside is controlled by an automatic vehicle identification system that tracks the frequency and duration

of use by each commercial vehicle operator. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies (TNCs), such as Uber and Lyft. In addition, Turo, a private car sharing service, has a pilot program at the Airport.

The number of trips by commercial vehicle operators at the Airport has grown recently, primarily as a result of the increasing number of O&D passengers using the Airport, as well as changes in the types of commercial vehicle operators serving the Airport. Despite the growth in the number of trips, and as shown on Exhibit D, revenues shown in the line-item Ground Transportation Services, including TNCs, remained a relatively small portion of concession revenues in 2019.

TNCs, which started serving the Airport in 2014, have increased their share of total commercial vehicle operator trips from approximately 14.1% in 2015 (the first full year of TNCs operating at the Airport) to approximately 63.4% in 2019 and 64.7% in 2021. Other commercial vehicle operators, such as taxicabs and limousines, have seen corresponding declines in their respective shares of total commercial vehicle trips at the Airport, likely due to the increased use of TNCs, but also the use of train service between the Airport and downtown Denver.

Total ground transportation revenues in 2019 were 15.5% higher than 2018 primarily due to the increased number of trips by TNCs serving the Airport. Total ground transportation revenues decreased by 57.1% in 2020 due to the COVID-19 pandemic, but increased 49.5% from 2020 to 2021 as air traffic recovered at the Airport.

***Employee Parking.*** The Department operates two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the Terminal Complex and in the administration building. Employees of businesses at the Airport (other than City employees) pay a monthly fee to the Department to park at these locations. Shuttle bus service is provided to the employee lots under a new contract with ABM Aviation that was effective in February of 2017 and expires January 31, 2022. The contract has been extended through January 31, 2023.

***Airport Hotel.*** The Department opened a 519-room, full-service hotel in November 2015 that is operated as a Westin Hotel. The hotel is accessed from the Great Hall, the public plaza, and the train station. The hotel is owned by the Department and was financed from the net proceeds of the 2012 Bonds.

The Department has an agreement with Westin Hotels & Resorts for the hotel operation and management (the Hotel Management Agreement). The Hotel Management Agreement expires in 2030. Under the Hotel Management Agreement, Westin receives a management fee and reimbursements from the Department for certain operating expenses.

All the annual revenues, expenses,<sup>24</sup> and Debt Service Requirements associated with the hotel are the responsibility of the City and are reflected in the financial forecasts presented in this

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<sup>24</sup> Some of the hotel expenses are classified as O&M Expenses and other expenses constitute obligations to be paid from the Junior Lien Obligation Fund.

2022 Report. Hotel revenues and expenses are forecast to increase an average of approximately 4.0% per year from 2022 through 2030 based, in part, on the forecast rates of growth in the financial forecasts originally provided by Department management.

For purposes of this 2022 Report, it is assumed that any hotel revenues remaining after hotel-specific O&M Expenses, Debt Service Requirements, and required fund deposits are paid will be deposited in a Redemption Account, which is to be used by the Department in the future to defease the outstanding principal of the 2012 Bonds issued to fund hotel project costs.

***Other Terminal Space.*** The Department also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

### **Airfield Area Revenues**

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, and fuel flowage fees. In 2021, Airfield Area revenues accounted for 0.06% of Gross Revenues.

The Department owns all the mineral rights to all land within the boundaries of the Airport. In addition to the sources of nonairline Airfield Area revenues listed above, the Department also owns oil and gas wells. Revenues from these wells were \$1.2 million in 2018, and there have been no revenues from these oil and gas wells since 2019. For purposes of this 2022 Report, the forecast of oil and gas revenues were not projected in Gross Revenues, as Department management is in the process of evaluating the long-term operation of this program.

### **Building and Ground Rentals**

Building and ground rentals at the Airport include rentals for cargo, airline maintenance, and general aviation facilities. On Exhibit D, these revenues are summarized as follows: United Airlines support facilities, other North Airline Support Area, other South Airline Support Area, South Cargo Area, FedEx and General Aviation Area. Most of the facilities in the North and South Airline Support and Cargo Areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2019, building and ground rentals accounted for 1.2% of Gross Revenues, 1.6% in 2020, and 1.2% in 2021.

The Department has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project in 1995, but then abandoned when cargo operations were established in the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The Department establishes building and ground rentals for the facilities it financed with the proceeds of Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.



In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the building and ground space leased as of the date of this 2022 Report, will be occupied throughout the Forecast Period, (2) the Department will continue to establish ground rentals in a manner consistent with its adopted policy, and (3) cargo building rentals are to be established each year based on the costs included in the calculation of airline rentals, rates, fees, and charges.

**Facilities Financed with Senior Bonds.** The Department owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas at the Airport, which are leased to or used by the following tenants under cargo use and lease agreements: DHL Express (USA), FedEx Corporation, and United Parcel Service. The Department also has an agreement with Air General, which only has cargo handling facilities at the Airport. As these and other agreements expire during the Forecast Period, the Department also expects that it will negotiate new agreements with similar terms and conditions.

The Department had a 25-year agreement with United Airlines for in-flight kitchen, cargo, and ground service equipment (GSE) facilities that were originally financed with Airport Bonds and Department cash. The agreement with United Airlines expired on December 31, 2018. United Airlines has retained space in the cargo and GSE facilities on a holdover basis but has relinquished the in-flight kitchen facility back to the Department. It is anticipated that United Airlines will execute new leases for the cargo and GSE facility with reduced space. Sky Chefs, Inc. leases the in-flight kitchen under a support facilities agreement that expired May 31, 2021, and had the option of two (2) one-year extensions. Sky Chefs has exercised both of its options to extend through May 31, 2023. Additional tenants in the cargo and GSE buildings include Southwest Airlines, Swissport SAUSA, and SkyWest Airlines each of which operate under short-term lease agreements of five years or less.

Frontier Airlines' maintenance hangar lease with the Department expired May 31, 2019, at which time Frontier Airlines executed a new 10-year ground and facility lease that expires May 31, 2029, with two five-year extensions.

**Facilities Financed with Special Facilities Bonds.** In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the Department issued Special Facilities Bonds to finance a line maintenance hangar and other facilities for United Airlines. The Department refunded these bonds for savings in 2017.

United Airlines leases approximately 500,000 square feet of land for facilities that were financed with proceeds from the sale of Special Facilities Bonds. These bonds were refunded in June 2007. United Airlines pays ground rent for the land it leases under its Special Facilities and Ground Lease with the Department, which is scheduled to expire on October 1, 2023, with an option to extend through October 1, 2032.

**New Southwest Airlines Hangar.** In August 2020, Southwest Airlines signed a 32-year agreement with the Department to lease the ground and to construct and operate an aircraft maintenance hangar and related buildings, improvements, fixtures, and equipment. Upon the expiration or early termination of the lease, all buildings, improvements, fixtures, and the

equipment that are constructed on the ground will automatically become, at no cost to the Department, the sole property of the Department.

**Other Existing Facilities.** The U.S. Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the Department, which was scheduled to expire in 2018 and has been extended through 2023, the USPS pays ground rent for the areas of the Airport that it uses.

Southwest Airlines has a lease on a provisioning facility (the former Sky Chef's flight kitchen). The lease began on March 1, 2015 and expired on February 28, 2020. Southwest Airlines continues to lease the facility on a holdover basis.

General aviation area revenues shown on Exhibit D include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the Department, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site at the Airport and provides fixed base operator services for corporate and other aircraft.

**New Commercial Development.** Department management has completed its Strategic Development Plan (the Plan) that establishes the long-term vision, guiding principles as well as land use strategy for development of its real estate asset. The Plan has identified five development districts to generate non-aeronautical revenue from the following but not limited to commercial uses including a hotel, conference space, retail, commercial office, research and development, agribusiness, and manufacturing. The Airport is allowed to develop 1,500 acres as established by the 2015 intergovernmental agreement, however, could eventually develop up to 16,000 acres pending future approvals. Currently, the Airport is procuring its west approach development district which is a mixed-use development opportunity for hospitality, retail and office space on 26 acres. No future commercial development revenues have been included in the financial forecast presented in this 2022 Report.

## **Other Revenues**

The largest portion of other revenues received by the Department is derived from aviation fuel tax proceeds, as shown on Exhibit D. In 2019, other revenues accounted for 3.5% of Gross Revenues, 2.8% in 2020 and 3.7% in 2021.

Under legislation enacted by the State of Colorado, the Department receives approximately 65% of aviation fuel tax proceeds collected by the State. The Department also receives revenues from a tax it imposes on fuel sold at the Airport.

## **Interest Income**

Interest income on the investment of moneys held in funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund of the GBO, and the Subordinate Bond Reserve Fund of the SBO) is defined as Gross Revenues under the GBO. In 2019, interest income accounted for 3.4% of Gross Revenues, 5.7% in 2020 and 3.9% in 2021.

The forecasts of interest income (as shown on Exhibit H) were based on actual average yields earned by the Department. Under the Department's rate-making methodology, interest income earned on moneys in the Bond Reserve Fund and the Bond Fund is applied as a credit to all cost centers (in the same proportion as the allocation of Debt Service Requirements) in calculating rentals, rates, fees, and charges for the passenger airlines under the Airline Agreement and for the cargo airlines under the cargo use and lease agreements.

## **PASSENGER FACILITY CHARGE REVENUES**

The Department imposes a \$4.50 PFC per eligible enplaned passenger at the Airport, as approved by the FAA. Under various FAA approvals, the Department has the authority to collect and use approximately \$3.6 billion in PFC revenues for PFC-eligible project costs at the Airport. Through 2021, the Department had collected and used \$2.4 billion of PFC revenues.

The forecasts of annual PFC revenues are presented on Exhibit E and were based on (1) forecast numbers of enplaned passengers, as presented in the earlier section titled "Airline Traffic Forecasts" and (2) an assumed 88.0% of passengers qualifying to pay the \$4.50 PFC, which was rounded up from the 87.9% of qualifying passengers in 2021. The paragraphs below provide an overview of the treatment of annual PFC revenues under the PFC Supplemental Ordinance, as well as the assumed uses of annual PFC revenues during the Forecast Period.

All annual PFC revenues and PFC interest income are defined as Designated Passenger Facility Charges that are included in Gross Revenues and are used to pay, among other things, PFC-eligible Debt Service Requirements. PFC revenues to be used to pay PFC-eligible Debt Service Requirements are deposited into the Bond Fund.

In forecasting the PFC revenues included in this 2022 Report, it was assumed that PFC revenues would be used to pay PFC-eligible Debt Service Requirements under existing PFC authorizations from the FAA, and to pay PFC-eligible Debt Service Requirements and project costs under a future PFC authorization from the FAA. For purposes of this 2022 Report, it was assumed that the future PFC authorization may include certain reimbursements to the City for amounts the City has already expended on PFC-eligible Debt Service Requirements and project costs.

The assumed use of PFC revenues to pay Debt Service Requirements during the Forecast Period is shown on Exhibit G.

## **OPERATION AND MAINTENANCE EXPENSES**

Exhibit F presents O&M Expenses by object type and by Airport cost center. The amounts for historical years reflect audited financial results for the Airport System.

### **Estimated 2022 Operation and Maintenance Expenses**

O&M Expenses estimated for 2022 are based on the Department's appropriated budget.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services is expected to remain the

largest category of expense at the Airport throughout the Forecast Period. Personnel services include all salaries, wages, and benefits for filled staff positions, as well as all personnel costs for other City agencies providing services at the Airport such as police and fire.

The next largest category of expense at the Airport is professional services, which includes management and other contracts for the provision of services such as shuttle bus service from remote employee and public parking lots to the Terminal Complex, the operation and management of public parking facilities, and guard services at the Airport.

The third largest category of expense is repairs and maintenance, which includes the maintenance of (1) AGTS between the Landside Terminal building and each concourse, (2) computer software and technical equipment, and (3) the elevator/escalator systems. The fourth largest category of expense is cleaning services, which includes janitorial and snow removal services.

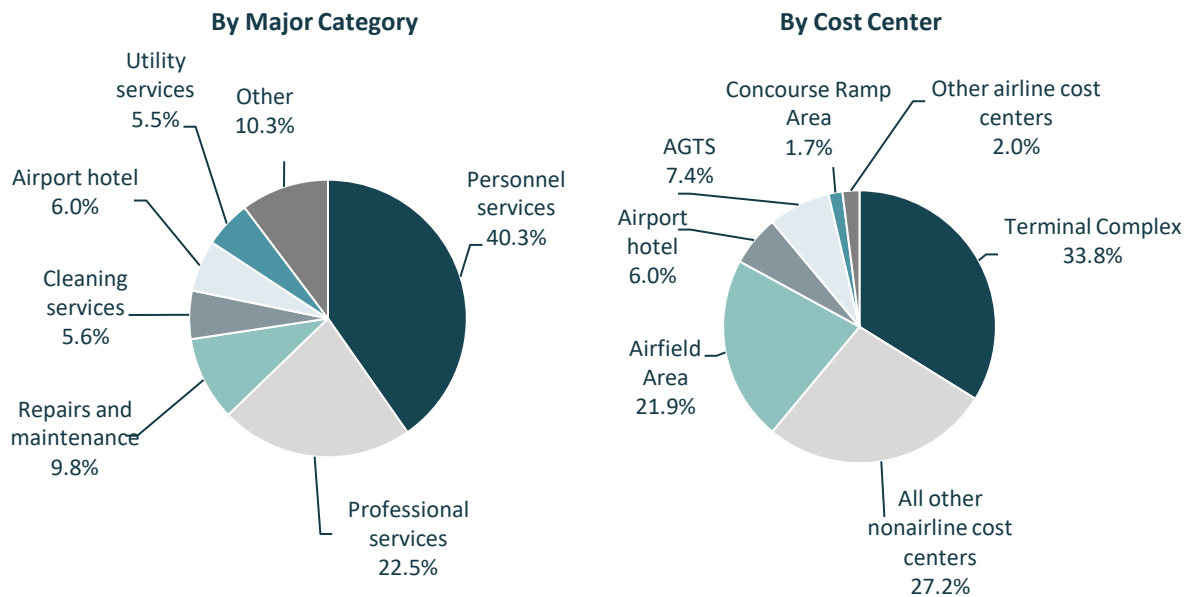
As contracts and agreements expire during the Forecast Period, Department management expects to enter into new contracts or agreements that would provide a similar or better level of service, and similar or lower annual costs to the Department.

As previously mentioned, the Department has a Hotel Management Agreement with Westin Hotels & Resorts that became effective when the hotel opened in November 2015 and is scheduled to expire 15 years from that date. Under the Hotel Management Agreement, Westin receives a management fee and reimbursements from the Department for certain operating expenses. The hotel expenses represent approximately 6.0% of the 2022 estimated O&M Expenses of the Airport.

The fifth largest category of expense excluding the Airport hotel is utilities. Electricity costs for tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to tenants, and are not included in O&M Expenses. Expenses associated with the fueling system—which is owned by the Department—are paid directly by the airlines through a third-party operator. Baggage handling expenses are paid by the Department and passed through to the airlines.

Estimated 2022 O&M Expenses were allocated to Airport cost centers by Department management based on historical Airport operations, airport industry practices, provisions in the Airline Agreement, and other considerations. The major categories of O&M Expenses for 2022 and the distribution of expenses among Airport cost centers are shown on Figure 43.

Figure 43  
**2022 ESTIMATED OPERATION AND MAINTENANCE EXPENSES**  
 Denver International Airport



Note: Totals may not add to 100% because of rounding.  
 Source: Department management records.

### Forecast 2022-2030 Operation and Maintenance Expenses

Department management has established a targeted average annual rate of growth in O&M Expenses of approximately 4.0% per year, which includes O&M Expenses for existing facilities, except for the Airport hotel (discussed below), and additional O&M Expenses associated with projects in the Total Capital Program. O&M Expenses are forecast to increase 8.3% from \$526.3 million (2022 estimate) to \$570.2 million (2023 estimate), before increasing by an average of 4.0% annually to approximately \$750.1 million in 2030.

### DEBT SERVICE REQUIREMENTS

Exhibit G presents annual Debt Service Requirements for Senior Bonds, Subordinate Bonds, and Junior Lien Obligations as applicable, for Outstanding Bonds, Future Planned Bonds, and other obligations as discussed below. Debt Service Requirements for historical years are based on audited financial results provided by the City. Debt Service Requirements are shown net of capitalized interest and Coronavirus Relief Grants for purposes of meeting the Rate Maintenance Covenants of the Bond Ordinances.

There are also certain capital costs (i.e., furniture, fixtures, and equipment costs) associated with the Airport hotel that are also considered to be Junior Lien Obligations of the Airport System.

Forecast revenue from Designated Passenger Facility Charges (discussed earlier in the section of this 2022 Report titled “Passenger Facility Charge Revenues”) were assumed to be used to pay PFC-eligible Debt Service Requirements under the existing PFC authorization from the FAA, and PFC-eligible project costs and eligible Debt Service Requirements under a future PFC authorization from the FAA.

Exhibit G reflects the Designated PFC revenues and Coronavirus Relief Grants expected to be used by the Department each year to pay Debt Service Requirements. The actual amount of PFC revenues and Coronavirus Relief Grants that the Department will use to pay debt service may vary from year to year. The net Debt Service Requirements included in the calculation of airline rentals, rates, fees, and charges are also shown on Exhibit G and on Exhibit G-1.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions.

Under these agreements, the City’s obligation to make payments to the financial institutions is subordinate to the City’s payment of Debt Service Requirements on Senior Bonds, including the proposed Series 2022 Bonds. For purposes of this 2022 Report and given the methodology used to allocate Debt Service Requirements to Airport cost centers, Hedge Facility Agreements payments are included in Debt Service Requirements on Senior Bonds on Exhibit G and Exhibit G-1 of this 2022 Report. As a result, debt service coverage on Senior Bonds would be higher than that presented in this 2022 Report if Hedge Facility Agreement payments were excluded from Debt Service Requirements on Senior Bonds and treated as Subordinate Obligations.

### **The Proposed Series 2022 Bonds**

Senior Debt Service Requirements on the proposed Series 2022 Bonds were estimated by the City’s Financial Consultant based on the following assumptions:

- Series 2022A Bonds with a [\_.\_\_%] fixed interest rate and a final maturity of [DATE].
- Series 2022B Bonds with a [\_.\_\_%] fixed interest rate and a final maturity of [DATE].

### **Future Planned Bonds**

Based on information provided by the City’s Financial Consultant, Debt Service Requirements on Future Planned Bonds are shown on Exhibit G and reflect (1) allowances for future changes in bond interest rates and (2) varying bond terms of primarily 20 years and 30 years [UPDATE].

The Department may refund certain other outstanding Airport System Revenue Bonds during the Forecast Period. Debt service savings, if any, from the refunding of other Senior or Subordinate Bonds are not included in the financial forecasts presented in this 2022 Report.

## **Allocation of Debt Service to Cost Centers**

Exhibit G-1 summarizes the allocation of net Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations to Airport System cost centers in accordance with procedures and formulas specified in the Airline Agreement.

## **APPLICATION OF REVENUES**

Exhibit H presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges, to the various funds and accounts under the GBO, as described below and shown on Figure 44.

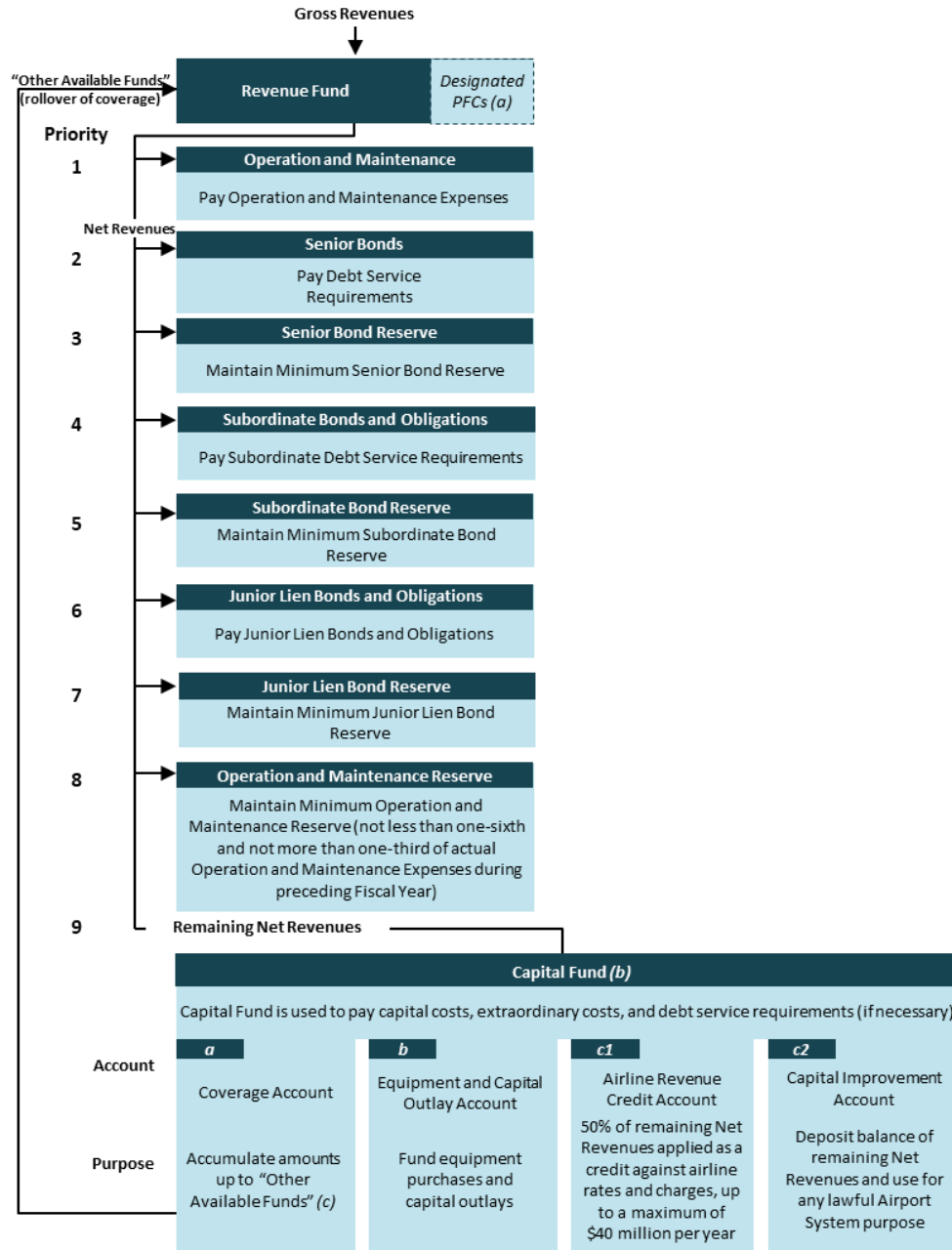
The GBO provides that Gross Revenues of the Airport are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the GBO.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations, and other fund deposit requirements (equal to remaining net revenues) are transferred to the Capital Fund at the end of each year. Under the Airline Agreement, certain accounts were established within the Capital Fund, as also shown on Figure 44.

Figure 44

**STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER  
THE GENERAL BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE, AND  
GENERAL JUNIOR LIEN BOND ORDINANCE**

City and County of Denver



(a) Designated Passenger Facility Charges are included in Gross Revenues under the PFC Supplemental Ordinance.

(b) Account structure for the Capital Fund is used by the Department for accounting purposes. These accounts are not required by the General Bond Ordinance.

(c) Equal to the greater of 25% of Debt Service Requirements on Senior Bonds or 10% of the sum of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds.



Under various City ordinances, master purchase payments to the financing companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for purposes of this 2022 Report that the City will make installment purchase payments to the Financing Companies during the Forecast Period and that the funds to make those payments will come from the Equipment and Capital Outlay Account.

As previously mentioned, Department management has established a concession joint marketing fund, which is intended to assist all concessionaires in achieving increased sales and revenues, and a hotel redemption account that could be used to defease principal outstanding of the 2012 Bonds. Deposits to the hotel redemption account are made after paying hotel-specific O&M Expenses, Debt Service Requirements, and any required fund deposits. In 2021 (unaudited), the City deposited approximately \$8.3 million to the hotel redemption account. These revenues are not included in determining Net Revenues subject to the airline revenue sharing formula under the Airline Agreement.

The balance of the remaining net revenues flow to the Capital Improvement Account to be used for any lawful Airport System purpose.

## **DEBT SERVICE COVERAGE**

Exhibit I shows forecast Net Revenues and Other Available Funds, and the calculation of debt service coverage according to the Rate Maintenance Covenants under the Bonds Ordinances.

**[Table \_\_]** of the Official Statement for the proposed Series 2022 Bonds provides historical debt service coverage for Senior Bonds and Subordinate Bonds.

According to actual 2021 results, the Department had accumulated at least 25% of annual Debt Service Requirements on Senior Bonds and 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds, respectively, in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the GBO and SBO; such funds can be used by the City to meet the Rate Maintenance Covenants on Senior Bonds and Subordinate Bonds in an amount not to exceed the greater of 25% of the Debt Service Requirements on such Senior Bonds or 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds. As required by the Bond Ordinances, the Department intends to deposit additional amounts, if necessary, in the Coverage Account to maintain a balance not to exceed the larger of approximately 25% of the Debt Service Requirements on Senior Bonds, or 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds, and to apply such amounts as Other Available Funds each year of the Forecast Period (through 2030) in calculating compliance with the Rate Maintenance Covenants of the Bond Ordinances.

The amount of Coronavirus Relief Grants is excluded from Debt Service Requirements under the Rate Maintenance Covenants of the Bond Ordinances when calculating debt service coverage.

## Exhibit A

### ESTIMATED PROJECT COSTS AND SOURCES OF FUNDS (2018-2027)

Denver International Airport

(in thousands)

	<b>Estimated project cost</b>
<b>ESTIMATED PROJECT COST</b>	
Existing Capital Program (2018-2022)	\$ 4,303,700
Next Capital Program (2023-2027)	2,943,400
<b>Total estimated project cost</b>	<b>\$ 7,247,100</b>
<b>ANTICIPATED SOURCES OF FUNDS</b>	
Proposed Series 2022 Bonds	\$ 1,568,800
Airport cash	567,000
Federal grants-in-aide	740,400
Prior bond series	2,258,800
Future Planned Bonds	2,112,100
<b>Total anticipated sources of funds</b>	<b>\$ 7,247,100</b>

Notes: Columns may not add to totals shown because of rounding.

Project cost estimates include construction administration costs, contingencies,  
and architectural and engineering fees, as appropriate.

The costs shown above include escalation as provided by Department management.

Source: Department management records.

Exhibit A-1

ESTIMATED COSTS AND SOURCES OF FUNDS  
EXISTING CAPITAL PROGRAM (2018-2022)

Denver International Airport  
(in thousands)

	Estimated project cost	Sources of Funds			
		Airport cash	Federal grants-in-aid	Prior Bonds (a)	Proposed Bonds Series 2022 Senior Bonds (b)
<b>Airfield Area and Concourse Apron</b>					
Runway rehabilitation program	\$ 132,500	\$ -	\$ 82,400	\$ 22,400	\$ 27,700
Concourse Gate Expansion (Airfield and Apron)	116,400	-	2,900	4,300	109,200
Gate apron rehabilitation program	72,900	-	-	36,600	36,300
Concourse A ground loading facility expansion (Airfield and Apron)	51,200	-	-	-	51,200
Taxiway/apron rehabilitation program	22,700	-	17,200	5,300	200
Other	80,900	-	12,600	34,300	34,000
<b>Total Airfield Area and Concourse Apron</b>	<b>\$ 476,600</b>	<b>\$ -</b>	<b>\$ 115,100</b>	<b>\$ 102,900</b>	<b>\$ 258,600</b>
<b>Baggage System and Automated Guideway Transit System (AGTS)</b>					
Checked Bag Resolution Areas (CBRA)	\$ 216,200	\$ -	\$ 3,700	\$ 90,400	\$ 122,100
Level 5.5 Project - modification in Landside Terminal Building	162,900	-	-	76,300	86,600
AGTS car replacement program	97,600	-	-	37,700	59,900
<b>Total Baggage System and AGTS</b>	<b>\$ 476,700</b>	<b>\$ -</b>	<b>\$ 3,700</b>	<b>\$ 204,400</b>	<b>\$ 268,600</b>
<b>Terminal Complex</b>					
Concourse Gate Expansion	\$ 1,359,000	\$ -	\$ 1,400	\$ 1,057,600	\$ 300,000
Great Hall Project	620,000	14,300	-	462,400	143,300
Concourse Renewal Program	504,200	200,000	-	166,100	138,100
Concourse A ground loading facility expansion	127,200	127,200	-	-	-
Conveyance Replacement Program	43,500	-	-	6,400	37,100
HVAC refrigerant replacement program	42,700	-	-	29,200	13,500
Other	233,700	7,400	3,900	73,400	149,000
<b>Total Terminal Complex</b>	<b>\$ 2,930,300</b>	<b>\$ 348,900</b>	<b>\$ 5,300</b>	<b>\$ 1,795,100</b>	<b>\$ 781,000</b>
<b>Roadways, Public Parking, and Ground Transportation</b>					
Pena Boulevard project - terminal reconfiguration	\$ 128,900	\$ -	\$ -	\$ 45,800	\$ 83,100
Public parking program - revenue control replacement	23,800	-	-	12,500	11,300
Concourse Gate Expansion (Roadways)	15,000	-	-	-	15,000
Other	71,700	-	-	31,400	40,300
<b>Total Roadways, Public Parking, and Ground Transportation</b>	<b>\$ 239,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,700</b>	<b>\$ 149,700</b>
<b>Other Airport Areas</b>					
Technology infrastructure improvements	\$ 74,400	\$ 2,000	\$ -	\$ 11,600	\$ 60,800
Other	106,300	1,100	-	55,100	50,100
<b>Total Other Airport Areas</b>	<b>\$ 180,700</b>	<b>\$ 3,100</b>	<b>\$ -</b>	<b>\$ 66,700</b>	<b>\$ 110,900</b>
<b>Total</b>	<b>\$ 4,303,700</b>	<b>\$ 352,000</b>	<b>\$ 124,100</b>	<b>\$ 2,258,800</b>	<b>\$ 1,568,800</b>

Notes: Columns may not add to totals shown because of rounding.

Project cost estimates include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

The costs shown above include escalation as provided by Department management.

Source: Department management records.

(a) Includes certain net proceeds of the 2013 and 2018 Subordinate Bonds.

(b) Amounts shown include funding by the 2021 Interim Note Subordinate Obligation, which will be refunded with the proposed Series 2022 Bonds as referenced in this 2022 Report.

Exhibit A-2

**ESTIMATED COSTS AND SOURCES OF FUNDS**  
**NEXT CAPITAL PROGRAM (2023-2027)**  
Denver International Airport  
(in thousands)

	Estimated project cost	Sources of Funds				
		Airport cash	Federal grants-in-aid	Future Planned Bonds		
				Senior Bonds	Subordinate Bonds	Total
<b>Airfield Area and Concourse Apron</b>						
De-icing capacity program	\$ 151,500	\$ -	\$ 62,500	\$ -	\$ 89,000	\$ 89,000
Runway rehabilitation program	131,000	-	91,000	-	40,000	40,000
7th Runway project (study and design)	121,500	-	56,600	-	64,900	64,900
DS east expansion project	85,000	-	41,600	-	43,400	43,400
Gate apron rehabilitation program	58,600	-	-	-	58,600	58,600
Taxiway/apron rehabilitation program	41,900	-	29,300	-	12,600	12,600
Other	78,500	-	55,400	-	23,100	23,100
<b>Total Airfield Area and Concourse Apron</b>	<b>\$ 668,000</b>	<b>\$ -</b>	<b>\$ 336,400</b>	<b>\$ -</b>	<b>\$ 331,600</b>	<b>\$ 331,600</b>
<b>Baggage System and Automated Guideway Transit System (AGTS)</b>						
Baggage renewal and replacement program	\$ 289,100	\$ -	\$ 202,400	\$ 60,500	\$ 26,200	\$ 86,700
Baggage recap	126,000	-	56,000	-	70,000	70,000
AGTS car replacement program	95,000	-	-	-	95,000	95,000
<b>Total Baggage System and AGTS</b>	<b>\$ 510,100</b>	<b>\$ -</b>	<b>\$ 258,400</b>	<b>\$ 60,500</b>	<b>\$ 191,200</b>	<b>\$ 251,700</b>
<b>Terminal Complex</b>						
Completion phase of the Great Hall Project	\$ 1,050,000	\$ 215,000	\$ -	\$ 835,000	\$ -	\$ 835,000
Concourse Renewal Program	148,400	-	-	148,400	-	148,400
Physical access control system replacement program	78,500	-	-	78,500	-	78,500
Passenger conveyance modernization program	62,200	-	-	62,200	-	62,200
Other	52,800	-	1,500	51,300	-	51,300
<b>Total Terminal Complex</b>	<b>\$ 1,391,900</b>	<b>\$ 215,000</b>	<b>\$ 1,500</b>	<b>\$ 1,175,400</b>	<b>\$ -</b>	<b>\$ 1,175,400</b>
<b>Roadways, Public Parking, and Ground Transportation</b>						
Annual landside pavement rehabilitation	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Roadway program for remote parking area	30,000	-	-	-	30,000	30,000
Pena Boulevard project - terminal reconfiguration	18,500	-	13,000	-	5,500	5,500
Other	47,500	-	-	-	47,500	47,500
<b>Total Roadways, Public Parking, and Ground Transportation</b>	<b>\$ 126,000</b>	<b>\$ -</b>	<b>\$ 13,000</b>	<b>\$ -</b>	<b>\$ 113,000</b>	<b>\$ 113,000</b>
<b>Other Airport Areas</b>						
Technology infrastructure improvements	\$ 148,200	\$ -	\$ -	\$ 119,200	\$ 29,000	\$ 148,200
DEN real estate	36,600	-	-	-	36,600	36,600
Other	62,600	-	7,000	-	55,600	55,600
<b>Total Other Airport Areas</b>	<b>\$ 247,400</b>	<b>\$ -</b>	<b>\$ 7,000</b>	<b>\$ 119,200</b>	<b>\$ 121,200</b>	<b>\$ 240,400</b>
<b>Total</b>	<b>\$ 2,943,400</b>	<b>\$ 215,000</b>	<b>\$ 616,300</b>	<b>\$ 1,355,100</b>	<b>\$ 757,000</b>	<b>\$ 2,112,100</b>

Notes: Columns may not add to totals shown because of rounding.

Project cost estimates include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

The costs shown above include escalation as provided by Department management.

Source: Department management records.

**Exhibit B**

**ESTIMATED PLAN OF FINANCING--FUTURE PLANNED BONDS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Existing Capital Program Proposed 2022 Bonds (a)	Future Planned Bonds							
		Next Capital Program (b)						2028 (c)	Total Future Planned Bonds
		2023	2024	2025	2026	2027	Total		
TOTAL SENIOR AND SUBORDINATE BONDS									
Sources of funds									
Par amount	\$ 1,834,400	\$ 879,800	\$ 528,800	\$ 436,900	\$ 326,800	\$ 429,800	\$ 2,602,100	\$ 311,800	\$ 2,913,900
Interest earnings	13,600	6,300	3,700	3,000	2,300	3,000	18,300	2,300	20,600
Original issue premium	-	-	-	-	-	-	-	-	-
Total sources of funds	\$ 1,848,000	\$ 886,100	\$ 532,500	\$ 439,900	\$ 329,100	\$ 432,800	\$ 2,620,400	\$ 314,100	\$ 2,934,500
Uses of funds									
Project costs	\$ 1,568,800	\$ 727,600	\$ 427,100	\$ 348,900	\$ 261,800	\$ 346,700	\$ 2,112,100	\$ 263,000	\$ 2,375,100
Bond reserve fund	134,100	52,500	38,600	31,600	22,900	27,900	173,500	27,400	200,900
Capitalized interest fund	117,600	92,800	58,900	52,900	39,500	51,700	295,800	19,000	314,800
Cost of issuance	27,500	13,200	7,900	6,500	4,900	6,500	39,000	4,700	43,700
Total uses of funds	\$ 1,848,000	\$ 886,100	\$ 532,500	\$ 439,900	\$ 329,100	\$ 432,800	\$ 2,620,400	\$ 314,100	\$ 2,934,500
SENIOR BONDS									
Sources of funds									
Par amount	\$ 1,834,400	\$ 649,500	\$ 192,600	\$ 242,100	\$ 209,900	\$ 352,800	\$ 1,646,900	\$ -	\$ 1,646,900
Interest earnings	13,600	4,700	1,400	1,700	1,500	2,500	11,800	-	11,800
Original issue premium	-	-	-	-	-	-	-	-	-
Total sources of funds	\$ 1,848,000	\$ 654,200	\$ 194,000	\$ 243,800	\$ 211,400	\$ 355,300	\$ 1,658,700	\$ -	\$ 1,658,700
Uses of funds									
Project costs	\$ 1,568,800	\$ 542,200	\$ 159,300	\$ 196,600	\$ 170,500	\$ 286,500	\$ 1,355,100	\$ -	\$ 1,355,100
Bond reserve fund	134,100	34,100	10,600	14,500	12,600	21,200	93,000	-	93,000
Capitalized interest fund	117,600	68,200	21,200	29,100	25,200	42,300	186,000	-	186,000
Cost of issuance	27,500	9,700	2,900	3,600	3,100	5,300	24,600	-	24,600
Total uses of funds	\$ 1,848,000	\$ 654,200	\$ 194,000	\$ 243,800	\$ 211,400	\$ 355,300	\$ 1,658,700	\$ -	\$ 1,658,700
SUBORDINATE BONDS									
Sources of funds									
Par amount	\$ -	\$ 230,300	\$ 336,200	\$ 194,800	\$ 116,900	\$ 77,000	\$ 955,200	\$ 311,800	\$ 1,267,000
Interest earnings	-	1,600	2,300	1,300	800	500	6,500	2,300	8,800
Original issue premium	-	-	-	-	-	-	-	-	-
Total sources of funds	\$ -	\$ 231,900	\$ 338,500	\$ 196,100	\$ 117,700	\$ 77,500	\$ 961,700	\$ 314,100	\$ 1,275,800
Uses of funds									
Project costs	\$ -	\$ 185,400	\$ 267,800	\$ 152,300	\$ 91,300	\$ 60,200	\$ 757,000	\$ 263,000	\$ 1,020,000
Bond reserve fund	-	18,400	28,000	17,100	10,300	6,700	80,500	27,400	107,900
Capitalized interest fund	-	24,600	37,700	23,800	14,300	9,400	109,800	19,000	128,800
Cost of issuance	-	3,500	5,000	2,900	1,800	1,200	14,400	4,700	19,100
Total uses of funds	\$ -	\$ 231,900	\$ 338,500	\$ 196,100	\$ 117,700	\$ 77,500	\$ 961,700	\$ 314,100	\$ 1,275,800

Notes: Columns may not add to totals shown because of rounding.

The exhibit above presents project costs funded with bond proceeds only, and does not include Airport cash, federal grants-in-aid, or other sources.

- (a) Reflects the issuance of the proposed Series 2022 Bonds, which are expected to fund the remaining project costs in the Existing Capital Program as reflected on Exhibit A-1.  
 (b) Reflects the issuance of Future Planned Bonds, which are expected to fund the remaining project costs in the Next Capital Program as reflected on Exhibit A-2.  
 (c) Reflects the issuance of Future Planned Bonds, which are expected to fund the remaining project costs for the completion phase of the Great Hall Project.

Exhibit C

AIRLINE RENTALS, RATES, FEES, AND CHARGES

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

Exhibit reference	Calculation	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Airline Revenues													
Landing fees		\$ 177,161	\$ 135,343	\$ 153,591	\$ 176,800	\$ 197,600	\$ 226,200	\$ 240,400	\$ 221,600	\$ 230,000	\$ 232,800	\$ 240,700	\$ 258,000
Terminal Complex rentals		74,542	81,280	73,961	114,700	169,100	190,400	203,200	200,200	209,200	215,800	241,300	242,200
Nonpreferential, commuter, and common-use gates (b)		7,692	8,424	9,913	6,500	8,500	9,300	9,800	9,900	10,200	10,600	11,200	11,000
Ticket counter per use fees		438	135	298	400	500	600	600	600	600	700	800	800
Tenant finishes and equipment charges (c)		22,632	22,006	19,018	22,100	21,900	19,800	20,200	14,000	13,500	13,600	13,500	12,700
Conventional baggage system fees		20,052	30,163	22,082	25,600	28,800	49,500	63,600	69,400	72,800	74,300	77,400	79,600
International facility fees		14,753	4,992	11,198	18,000	18,900	20,000	21,100	22,300	23,600	24,900	26,300	27,800
AGTS charges		46,880	48,125	37,094	58,100	57,600	64,200	66,200	66,800	70,500	73,200	75,300	78,200
Baggage claim charges		15,347	16,179	14,077	19,500	25,400	28,700	30,500	30,200	31,500	32,500	36,300	36,500
Concourse ramp fees		13,350	15,829	8,191	19,800	32,700	36,900	40,200	41,000	41,600	42,900	44,100	39,200
Common use system equipment fees		319	344	437	700	400	500	500	500	500	600	600	600
Fueling system charges		10,839	12,533	10,070	11,500	13,900	12,600	14,200	8,600	8,700	8,600	8,700	8,700
Total rentals, rates, fees, and charges		\$ 404,007	\$ 375,355	\$ 359,930	\$ 473,700	\$ 575,300	\$ 658,700	\$ 710,500	\$ 685,100	\$ 712,700	\$ 730,500	\$ 776,200	\$ 795,300
Less: Deposit to Airline Revenue Credit Account	H	(40,000)	(28,375)	(40,000)	(50,000)	(40,000)	(40,000)	(31,900)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Net rentals, rates, fees, and charges		\$ 364,007	\$ 346,979	\$ 319,930	\$ 423,700	\$ 535,300	\$ 618,700	\$ 678,600	\$ 645,100	\$ 672,700	\$ 690,500	\$ 736,200	\$ 755,300
Less: cargo carrier landing and other fees (d)		(7,758)	(9,398)	(8,051)	(8,500)	(9,500)	(10,700)	(11,300)	(10,300)	(10,600)	(10,600)	(10,900)	(11,500)
Net passenger airline rentals, rates, fees & charges	[A]	\$ 356,249	\$ 337,581	\$ 311,879	\$ 415,200	\$ 525,800	\$ 608,000	\$ 667,300	\$ 634,800	\$ 662,100	\$ 679,900	\$ 725,300	\$ 743,800
Enplaned passengers (e)	[B]	34,513	16,874	29,418	34,876	35,922	37,000	38,110	39,253	40,431	41,644	42,893	44,180
Airline cost per enplaned passenger	[A/B]	\$ 10.33	\$ 20.01	\$ 10.60	\$ 11.91	\$ 14.64	\$ 16.43	\$ 17.51	\$ 16.17	\$ 16.38	\$ 16.33	\$ 16.91	\$ 16.84

(a) Source: Department management records based on audited financial results.

(b) Includes the Concourse A ground loading facility and airfield bus access fee.

(c) Includes debt service associated with the Concourse B regional jet facility and LED signage at certain ticket counters.

(d) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average airline cost per enplaned passenger.

(e) See Table 17 of the Report.

**Exhibit C-1**

**LANDING FEES**  
Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operation and Maintenance Expenses	F	\$ 106,937	\$ 98,670	\$ 99,996	\$ 115,300	\$ 125,300	\$ 130,400	\$ 135,500	\$ 141,000	\$ 146,600	\$ 152,500	\$ 158,600	\$ 164,900
Operation and Maintenance Reserve Account replenishment (b)		1,168	-	-	200	4,400	2,500	1,300	1,300	1,400	1,400	1,500	1,500
Equipment and capital outlays		2,227	4,634	204	16,300	13,100	13,400	13,800	14,100	14,500	14,900	15,300	15,700
Debt Service Requirements	G-1	49,461	13,516	34,717	28,300	40,300	66,300	87,000	65,200	67,700	64,400	65,700	76,600
Variable rate bond fees (c)		47	31	4	100	100	100	100	100	100	100	100	100
Amortization charges		19,154	20,538	20,217	18,900	16,800	16,200	5,600	3,800	3,800	3,800	3,800	3,800
Other allocable costs		288	287	257	300	400	500	500	400	500	500	500	500
Capital cost of north site (50%)		1,156	1,082	1,126	1,100	1,100	1,000	1,000	300	300	300	300	300
<b>Total Airfield Area Requirement</b>		<b>\$ 180,439</b>	<b>\$ 138,758</b>	<b>\$ 156,521</b>	<b>\$ 180,500</b>	<b>\$ 201,500</b>	<b>\$ 230,400</b>	<b>\$ 244,800</b>	<b>\$ 226,200</b>	<b>\$ 234,900</b>	<b>\$ 237,900</b>	<b>\$ 245,800</b>	<b>\$ 263,400</b>
Less credits:													
Nonairline revenues	D	\$ (180)	\$ (346)	\$ (542)	\$ (500)	\$ (500)	\$ (500)	\$ (500)	\$ (500)	\$ (700)	\$ (700)	\$ (700)	\$ (700)
Nonsignatory airline landing fees (d)		(783)	(494)	(736)	(500)	(500)	(600)	(600)	(600)	(600)	(600)	(700)	(700)
Costs allocable to specific airline(s) for additional deicing equipment		-	-	-	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)
Interest income (e)		(3,099)	(3,069)	(2,256)	(1,900)	(2,100)	(2,400)	(2,600)	(2,800)	(2,900)	(3,100)	(3,200)	(3,400)
<b>Net Airfield Area Requirement</b>		<b>\$ 176,378</b>	<b>\$ 134,849</b>	<b>\$ 152,987</b>	<b>\$ 176,300</b>	<b>\$ 197,100</b>	<b>\$ 225,600</b>	<b>\$ 239,800</b>	<b>\$ 221,000</b>	<b>\$ 229,400</b>	<b>\$ 232,200</b>	<b>\$ 239,900</b>	<b>\$ 257,300</b>
Signatory Airline landed weight (1,000 pound units) (f)		37,529	26,057	35,502	39,400	40,500	41,700	42,900	44,200	45,500	46,900	48,300	49,700
<b>Signatory Airline landing fee rate</b>		<b>\$ 4.70</b>	<b>\$ 5.18</b>	<b>\$ 4.31</b>	<b>\$ 4.47</b>	<b>\$ 4.87</b>	<b>\$ 5.41</b>	<b>\$ 5.59</b>	<b>\$ 5.00</b>	<b>\$ 5.04</b>	<b>\$ 4.95</b>	<b>\$ 4.97</b>	<b>\$ 5.18</b>
<b>Total Signatory Airline landing fees</b>		<b>\$ 176,378</b>	<b>\$ 134,849</b>	<b>\$ 152,987</b>	<b>\$ 176,300</b>	<b>\$ 197,100</b>	<b>\$ 225,600</b>	<b>\$ 239,800</b>	<b>\$ 221,000</b>	<b>\$ 229,400</b>	<b>\$ 232,200</b>	<b>\$ 239,900</b>	<b>\$ 257,300</b>

(a) Source: Department management records based on audited financial results.

(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.

(c) Source: Department management records; allocated to Airport cost centers based on debt service.

(d) Reflects the calculated Signatory Airline landing fee rate multiplied by a 20% premium and assessed to nonsignatory airline landed weight and includes airfield bus access fee revenues.

(e) Allocated to all Airport cost centers based on Debt Service Requirements on bonds issued to construct the Airport.

(f) The Signatory Airline portion of landed weight was estimated based on historical shares of traffic.

**Exhibit C-2**

**TERMINAL COMPLEX RENTALS**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operation and Maintenance Expenses	F	\$ 138,410	\$ 130,378	\$ 130,568	\$ 178,300	\$ 193,900	\$ 201,200	\$ 209,500	\$ 217,700	\$ 226,600	\$ 235,600	\$ 244,900	\$ 254,600
Less: Loading bridge maintenance expenses (b)		(1,223)	(702)	(661)	(1,000)	(1,100)	(1,100)	(1,200)	(1,200)	(1,200)	(1,300)	(1,300)	(1,400)
Operation and Maintenance Reserve Account replenishment (c)		1,570	-	-	200	6,800	3,900	2,000	2,000	2,100	2,200	2,300	2,300
Equipment and capital outlays		499	416	90	1,900	2,900	3,000	3,100	3,200	3,300	3,300	3,400	3,500
Debt Service Requirements	G-1	42,356	56,695	30,461	64,100	155,000	185,000	222,500	203,000	212,400	215,800	257,900	250,800
Less: Great Hall LED signage (d)		-	-	(36)	(427)	(427)	(427)	(427)	(427)	-	-	-	-
Variable rate bond fees (e)		107	70	9	200	200	200	200	200	200	200	200	200
Amortization charges		9,189	14,651	14,550	14,700	14,400	27,100	26,400	31,400	32,900	35,800	41,600	41,500
Other allocable costs		689	687	615	800	1,100	1,100	1,200	1,000	1,100	1,100	1,200	1,200
<b>Total Terminal Complex Requirement</b>		<b>\$ 191,597</b>	<b>\$ 202,196</b>	<b>\$ 175,597</b>	<b>\$ 258,773</b>	<b>\$ 372,773</b>	<b>\$ 419,973</b>	<b>\$ 463,273</b>	<b>\$ 456,873</b>	<b>\$ 477,400</b>	<b>\$ 492,700</b>	<b>\$ 550,200</b>	<b>\$ 552,700</b>
Less credits: Interest income (f)		(7,413)	(7,342)	(5,398)	(4,600)	(4,900)	(5,800)	(6,300)	(6,700)	(7,000)	(7,300)	(7,600)	(8,100)
Net Terminal Complex Requirement		\$ 184,184	\$ 194,854	\$ 170,199	\$ 254,173	\$ 367,873	\$ 414,173	\$ 456,973	\$ 450,173	\$ 470,400	\$ 485,400	\$ 542,600	\$ 544,600
Rentable space (square feet) (g)		2,084	2,087	2,104	2,357	2,538	2,538	2,627	2,627	2,627	2,627	2,627	2,627
<b>Average rental rate per square foot</b>		<b>\$ 88.39</b>	<b>\$ 93.36</b>	<b>\$ 80.90</b>	<b>\$ 107.82</b>	<b>\$ 144.94</b>	<b>\$ 163.18</b>	<b>\$ 173.95</b>	<b>\$ 171.36</b>	<b>\$ 179.06</b>	<b>\$ 184.77</b>	<b>\$ 206.54</b>	<b>\$ 207.30</b>
Average rental rate per square foot at 100%		\$ 88.39	\$ 93.36	\$ 80.90	\$ 107.82	\$ 144.94	\$ 163.18	\$ 173.95	\$ 171.36	\$ 179.06	\$ 184.77	\$ 206.54	\$ 207.30
Differential rental rate per square foot at 65%		\$ 57.45	\$ 60.68	\$ 52.59	\$ 70.08	\$ 94.21	\$ 106.07	\$ 113.07	\$ 111.38	\$ 116.39	\$ 120.10	\$ 134.25	\$ 134.75
<b>Total airline space rentals (h)</b>		<b>\$ 74,458</b>	<b>\$ 79,544</b>	<b>\$ 72,348</b>	<b>\$ 114,700</b>	<b>\$ 169,100</b>	<b>\$ 190,400</b>	<b>\$ 203,200</b>	<b>\$ 200,200</b>	<b>\$ 209,200</b>	<b>\$ 215,800</b>	<b>\$ 241,300</b>	<b>\$ 242,200</b>

(a) Source: Department management records based on audited financial results.

(b) Allocated expenses recovered through tenant finish charges.

(c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.

(d) Allocated debt service recovered through tenant finish charges.

(e) Source: Department management records; allocated to Airport cost centers based on debt service.

(f) Allocated to all Airport cost centers based on Debt Service Requirements on bonds issued to construct the Airport.

(g) Includes changes in rentable space resulting from the Airport's Capital Program.

(h) Includes exclusive, preferential, and joint-use space rentals.



**Exhibit D**

**REVENUES OTHER THAN  
AIRLINE RENTALS, RATES, FEES, AND CHARGES**  
Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except percentages)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Terminal Complex concession revenues												
Food and beverage	\$ 42,833	\$ 20,192	\$ 36,671	\$ 44,000	\$ 48,300	\$ 51,100	\$ 54,100	\$ 57,200	\$ 60,400	\$ 63,900	\$ 67,600	\$ 71,500
Merchandise	18,000	11,320	18,194	21,800	23,100	24,400	25,800	27,300	28,800	30,500	32,200	34,100
Terminal services (b)	18,067	9,048	12,452	19,100	19,900	20,800	21,800	22,800	23,900	25,000	26,200	27,500
Total Terminal Complex concession revenues	\$ 78,901	\$ 40,561	\$ 67,318	\$ 84,900	\$ 91,300	\$ 96,300	\$ 101,700	\$ 107,300	\$ 113,100	\$ 119,400	\$ 126,000	\$ 133,100
Outside concession revenues												
Public automobile parking	\$ 196,336	\$ 82,164	\$ 141,324	\$ 181,100	\$ 192,100	\$ 202,800	\$ 210,800	\$ 219,100	\$ 227,700	\$ 236,600	\$ 245,900	\$ 255,600
Rental car privilege fees	67,405	32,350	63,258	66,800	69,000	71,300	73,600	76,000	78,500	81,100	83,800	86,500
Ground transportation	19,982	8,569	13,835	16,700	18,300	19,900	21,300	22,800	24,300	25,900	27,700	29,600
Total outside concession revenues	\$ 283,723	\$ 123,083	\$ 218,418	\$ 264,600	\$ 279,400	\$ 294,000	\$ 305,700	\$ 317,900	\$ 330,500	\$ 343,600	\$ 357,400	\$ 371,700
Other outside concessions and terminal revenues												
Employee parking fees	\$ 7,166	\$ 6,094	\$ 6,485	\$ 7,500	\$ 7,700	\$ 7,900	\$ 8,100	\$ 8,300	\$ 8,500	\$ 8,800	\$ 9,000	\$ 9,200
Rental car												
Service and storage rentals (c)	7,586	8,287	9,798	8,500	8,800	9,000	9,200	9,500	9,700	10,000	10,300	10,500
Additional building rentals (d)	5,357	5,357	5,357	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Other terminal space rentals	901	883	948	1,100	1,200	1,200	1,200	1,200	1,300	1,300	1,400	1,400
Hotel	62,088	24,481	43,674	63,000	66,000	69,000	72,000	74,000	77,000	80,000	82,000	85,000
Total other outside concessions and terminal revenues	\$ 83,098	\$ 45,101	\$ 66,261	\$ 85,500	\$ 89,100	\$ 92,500	\$ 95,900	\$ 98,400	\$ 101,900	\$ 105,500	\$ 108,100	\$ 111,500
Airfield												
General aviation landing fees	\$ 121	\$ 148	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 300	\$ 300	\$ 300	\$ 300
Farming income	200	143	245	200	200	200	200	200	300	300	300	300
Oil and gas royalty revenues	(237)	(6)	(2)	-	-	-	-	-	-	-	-	-
Fuel flowage fees	95	61	99	100	100	100	100	100	100	100	100	100
Total Airfield	\$ 180	\$ 346	\$ 542	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 700	\$ 700	\$ 700	\$ 700
Building and ground rentals												
United support facilities	\$ 2,101	\$ 1,374	\$ 823	\$ 800	\$ 800	\$ 800	\$ 800	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Other North Airline Support Area	3,674	2,927	3,641	6,100	6,400	6,400	6,600	5,600	5,800	6,000	6,200	6,400
Other South Airline Support Area	465	1,167	647	2,000	2,100	2,000	2,100	1,300	1,500	1,500	1,500	1,500
South Cargo Area	5,303	5,880	5,485	4,200	4,300	4,100	4,500	3,200	3,300	3,300	3,400	3,500
FedEx	582	582	582	600	600	600	600	600	600	600	600	600
General Aviation Area	531	492	508	500	500	500	500	500	500	500	500	500
Total building and ground rentals	\$ 12,656	\$ 12,422	\$ 11,687	\$ 14,200	\$ 14,700	\$ 14,400	\$ 15,100	\$ 11,700	\$ 12,200	\$ 12,400	\$ 12,700	\$ 13,000
Other revenues												
In-flight catering fees	\$ 1,892	\$ 461	\$ 152	\$ 2,000	\$ 2,100	\$ 2,200	\$ 2,300	\$ 2,500	\$ 2,600	\$ 2,800	\$ 2,900	\$ 3,100
Aviation fuel tax proceeds												
City	9,695	1,975	7,707	9,000	9,200	9,400	9,600	9,700	9,900	10,200	10,400	10,600
State	15,769	7,814	13,920	13,700	14,100	14,300	14,600	14,800	15,200	15,500	15,800	16,200
Miscellaneous revenues	10,122	10,292	11,970	10,000	10,200	10,400	10,600	10,700	11,000	11,200	11,500	11,700
Total other revenues	\$ 37,479	\$ 20,542	\$ 33,748	\$ 34,700	\$ 35,600	\$ 36,300	\$ 37,100	\$ 37,700	\$ 38,700	\$ 39,700	\$ 40,600	\$ 41,600
Total revenues other than airline rentals, rates, fees and charges	\$ 496,036	\$ 242,055	\$ 397,973	\$ 484,400	\$ 510,600	\$ 534,000	\$ 556,000	\$ 573,500	\$ 597,100	\$ 621,300	\$ 645,500	\$ 671,600
Annual rate of growth	6.7%	(51.2%)	64.4%	21.7%	5.4%	4.6%	4.1%	3.1%	4.1%	4.1%	3.9%	4.0%

(a) Source: Department management records based on audited financial results.

(b) Includes, but is not limited to, advertising, baggage cart, other in-terminal concession revenues, off-Airport parking concession privilege fee, and concessions joint marketing fund.

(c) Reflects ground and facility rentals and car-sharing revenues.

(d) Reflects additional rentals payable by the rental car companies to the City.

**Exhibit E**

**PASSENGER FACILITY CHARGE REVENUES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except percentages)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	<b>Actual (a)</b>		<b>Unaudited actual (a)</b>	<b>Estimate</b>	<b>Forecast</b>							
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Enplaned passengers	34,513	16,874	29,418	34,880	35,920	37,000	38,110	39,250	40,430	41,640	42,890	44,180
Percent of eligible enplaned passengers (b)	87.4%	87.6%	87.9%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Eligible enplaned passengers	30,178	14,788	25,854	30,690	31,610	32,560	33,540	34,540	35,580	36,640	37,740	38,880
Passenger Facility Charge (PFC) amount (c)	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Less: airline collection fee (d)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC amount	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
Annual PFC revenues	\$ 132,484	\$ 64,921	\$ 113,500	\$ 134,700	\$ 138,800	\$ 142,900	\$ 147,200	\$ 151,600	\$ 156,200	\$ 160,800	\$ 165,700	\$ 170,700
Plus: interest income on PFC revenues	977	478	205	600	500	600	600	600	600	600	600	700
<b>Total PFC revenues and interest income</b>	<b>\$ 133,460</b>	<b>\$ 65,398</b>	<b>\$ 113,705</b>	<b>\$ 135,300</b>	<b>\$ 139,300</b>	<b>\$ 143,500</b>	<b>\$ 147,800</b>	<b>\$ 152,200</b>	<b>\$ 156,800</b>	<b>\$ 161,400</b>	<b>\$ 166,300</b>	<b>\$ 171,400</b>
<b>Designated Passenger Facility Charges</b>	<b>\$ 133,460</b>	<b>\$ 65,398</b>	<b>\$ 113,705</b>	<b>\$ 135,300</b>	<b>\$ 139,300</b>	<b>\$ 143,500</b>	<b>\$ 147,800</b>	<b>\$ 152,200</b>	<b>\$ 156,800</b>	<b>\$ 161,400</b>	<b>\$ 166,300</b>	<b>\$ 171,400</b>
<b>Total PFC revenues and interest income</b>	<b>\$ 133,460</b>	<b>\$ 65,398</b>	<b>\$ 113,705</b>	<b>\$ 135,300</b>	<b>\$ 139,300</b>	<b>\$ 143,500</b>	<b>\$ 147,800</b>	<b>\$ 152,200</b>	<b>\$ 156,800</b>	<b>\$ 161,400</b>	<b>\$ 166,300</b>	<b>\$ 171,400</b>
Less: Reimbursement to the Capital fund (e)	(1,353)	(1,353)	(1,353)	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)	(1,400)
<b>Total PFCs available to pay debt service</b>	<b>\$ 132,107</b>	<b>\$ 64,046</b>	<b>\$ 112,353</b>	<b>\$ 133,000</b>	<b>\$ 137,000</b>	<b>\$ 141,200</b>	<b>\$ 145,500</b>	<b>\$ 149,900</b>	<b>\$ 154,500</b>	<b>\$ 159,100</b>	<b>\$ 164,000</b>	<b>\$ 170,000</b>

(a) Source: Department management records based on audited financial results.

(b) Certain enplaned passengers are not eligible to pay a PFC, as provided under federal regulations.

(c) The City's authorization to collect the \$4.50 PFC expires on the earlier of either October 1, 2031, or a total collection of \$3.6 billion of PFC revenues.

(d) Under FAA regulations, airlines collecting a PFC are allowed to retain \$0.11 per PFC collected as compensation for collecting and handling PFC revenues.

(e) Includes PFC revenue reimbursement to the Capital Fund for projects included in PFC application #3 and #4, approved by the FAA May 2, 2019 and August 5, 2021, respectively.

**Exhibit F**

**OPERATION AND MAINTENANCE EXPENSES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except percentages)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BY OBJECT TYPE												
Personnel services	\$ 176,946	\$ 177,289	\$ 169,740	\$ 212,000	\$ 220,400	\$ 229,300	\$ 238,400	\$ 248,000	\$ 257,900	\$ 268,200	\$ 278,900	\$ 290,100
Contractual services (b)	231,189	186,484	205,796	257,700	288,900	300,600	312,300	325,000	337,800	351,500	365,400	379,800
Maintenance, supplies, and materials	26,639	18,799	18,178	23,000	25,700	26,800	27,800	28,900	30,100	31,300	32,500	33,800
Concession joint marketing fund	1,953	390	147	3,000	3,400	3,500	3,700	3,800	4,000	4,100	4,300	4,500
Total O&M Expenses without hotel direct expenses	\$ 436,726	\$ 382,963	\$ 393,862	\$ 495,700	\$ 538,400	\$ 560,200	\$ 582,200	\$ 605,700	\$ 629,800	\$ 655,100	\$ 681,100	\$ 708,200
Less: Hotel allocated expenses (c)	-	(116)	(128)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Total O&M Expenses without hotel direct or indirect expenses	\$ 436,726	\$ 382,847	\$ 393,735	\$ 494,800	\$ 537,500	\$ 559,300	\$ 581,300	\$ 604,800	\$ 628,900	\$ 654,200	\$ 680,200	\$ 707,300
Hotel (direct and indirect expenses) (d)	31,628	17,493	22,592	31,500	32,700	34,000	35,300	36,700	38,100	39,600	41,200	42,800
Total O&M Expenses	\$ 468,354	\$ 400,341	\$ 416,327	\$ 526,300	\$ 570,200	\$ 593,300	\$ 616,600	\$ 641,500	\$ 667,000	\$ 693,800	\$ 721,400	\$ 750,100
BY COST CENTER												
Airline Cost Centers												
Terminal Complex (e)	\$ 138,410	\$ 130,378	\$ 130,568	\$ 178,300	\$ 193,900	\$ 201,200	\$ 209,500	\$ 217,700	\$ 226,600	\$ 235,600	\$ 244,900	\$ 254,600
International Facilities	1,688	762	1,591	2,200	2,400	2,500	2,500	2,700	2,800	2,900	3,000	3,100
Conventional Baggage Systems	2,391	4,593	3,237	3,000	3,200	3,400	3,500	3,700	3,800	4,000	4,100	4,300
Automated Guideway Transit System	34,017	33,588	33,513	38,900	42,300	44,000	45,700	47,600	49,500	51,400	53,500	55,600
Common Use System Equipment	308	350	444	500	500	600	600	600	600	700	700	700
Concourse Ramp Area	8,482	7,886	5,329	8,700	9,400	9,800	10,200	10,600	11,000	11,500	11,900	12,400
Concourse A Commuter Facility	347	329	328	400	500	500	500	500	500	500	600	600
Concourse A Ground Loading Facility	808	1,014	941	1,100	1,200	1,300	1,300	1,400	1,400	1,500	1,500	1,600
Concourse B Regional Jet Facility	809	883	816	900	1,000	1,100	1,100	1,100	1,200	1,200	1,300	1,300
Airfield Area	106,937	98,670	99,996	115,300	125,300	130,400	135,500	141,000	146,600	152,500	158,600	164,900
Fueling System	2,057	2,535	2,069	2,400	2,600	2,700	2,800	3,000	3,100	3,200	3,300	3,500
Total Airline Cost Centers	\$ 296,254	\$ 280,988	\$ 278,831	\$ 351,700	\$ 382,300	\$ 397,500	\$ 413,200	\$ 429,900	\$ 447,100	\$ 465,000	\$ 483,400	\$ 502,600
Nonairline Cost Centers	172,100	119,353	137,496	174,600	187,900	195,800	203,400	211,600	219,900	228,800	238,000	247,500
Total O&M Expenses	\$ 468,354	\$ 400,341	\$ 416,327	\$ 526,300	\$ 570,200	\$ 593,300	\$ 616,600	\$ 641,500	\$ 667,000	\$ 693,800	\$ 721,400	\$ 750,100
Annual rate of growth	7.1%	(14.5%)	4.0%	26.4%	8.3%	4.1%	3.9%	4.0%	4.0%	4.0%	4.0%	4.0%

(a) Source: Department management records based on audited financial results.

(b) Excludes maintenance costs of the conventional baggage system.

(c) Includes Fund 81 Airport Operation and Maintenance Fund operating expenses for police, fire and Denver Health to be transferred to Fund 13 Hotel.

(d) Includes direct and indirect expenses including allocated expenses from the Operating Fund - Fund 81.

(e) Includes expenses associated with maintaining the loading bridges, which are recovered through tenant finish charges.

**Exhibit G**

**DEBT SERVICE REQUIREMENTS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)  
(Page 1 of 2)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE REQUIREMENTS (b)												
Senior Bonds												
Series 1992F-G	\$ 3,620	\$ 3,391	\$ 3,420	\$ 3,900	\$ 300	\$ 4,300	\$ 4,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Series 2002C (Current refund 92D)	4,576	3,212	3,285	3,600	500	200	200	2,300	2,300	2,300	2,400	2,400
Series 2007F-G	21,266	14,967	11,512	11,100	13,800	12,500	10,000	9,800	9,900	10,000	10,100	10,300
Series 2008B	8,135	6,761	5,468	6,600	5,900	6,200	6,200	2,100	2,100	2,100	2,200	2,100
Series 2008C1-C3	35,238	10,899	-	-	-	-	-	-	-	-	-	-
Series 2009A	7,863	-	-	-	-	-	-	-	-	-	-	-
Series 2009B	2,813	2,804	2,806	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Series 2009C	19,633	21,178	20,890	12,900	600	600	600	7,700	7,700	7,800	7,900	8,100
Series 2010A	23,481	25,399	-	-	-	-	-	-	-	-	-	-
Series 2011A	54,077	56,458	44,558	32,100	-	-	-	-	-	-	-	-
Series 2011B-C	451	225	-	-	-	-	-	-	-	-	-	-
Series 2012A	13,326	10,199	13,261	20,200	11,300	62,700	13,500	1,100	1,100	1,100	1,100	1,100
Series 2012B	28,974	24,119	19,269	19,100	18,800	19,100	109,700	6,500	6,500	6,500	6,500	6,500
Series 2012C	1,088	1,088	1,088	1,100	1,100	1,100	1,100	31,300	-	-	-	-
Series 2016A	15,033	20,041	13,776	10,300	90,800	37,200	40,000	-	-	-	-	-
Series 2016B	16,479	-	-	-	-	-	-	3,000	3,000	3,000	3,000	3,000
Series 2017A	34,369	34,371	22,465	22,500	22,500	21,800	6,500	25,200	25,200	33,700	33,700	32,800
Series 2017B	1,064	1,064	1,064	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Series 2019C	-	6,000	6,000	6,000	6,000	6,000	6,000	14,800	14,800	14,800	14,800	14,800
Series 2019D	-	4,186	4,186	4,200	1,500	1,500	1,500	17,400	17,100	17,100	16,900	15,100
Series 2020A1	-	-	9,532	52,900	15,200	6,500	1,100	2,100	1,000	1,000	2,100	900
Series 2020A2	-	-	16,754	12,600	20,400	6,800	12,800	-	-	-	-	-
Series 2020B1-B2	-	-	12,267	12,100	4,000	10,300	10,400	4,100	4,200	4,200	4,300	4,400
Series 2020C	-	-	9,071	9,500	31,900	23,100	13,700	31,600	59,200	59,400	59,100	59,400
Proposed Series 2022 (c)	-	-	-	-	100,100	146,000	147,800	148,400	148,400	127,000	127,000	127,000
Future Planned Bonds (d)	-	-	-	-	-	-	34,100	44,700	59,200	71,800	93,000	109,300
Total Debt Service Requirements -- Senior Bonds	\$ 291,484	\$ 246,361	\$ 220,671	\$ 244,500	\$ 348,500	\$ 369,700	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Subordinate Bonds												
Series 2013 Bonds	\$ 45,653	\$ 45,655	\$ 45,651	\$ 45,700	\$ 45,700	\$ 44,400	\$ 43,800	\$ 70,500	\$ 70,500	\$ 70,500	\$ 66,300	\$ 59,100
Series 2015 Bonds	19,609	17,127	20,727	2,200	34,200	36,800	32,900	-	-	-	-	-
Series 2018A (AMT)	11,213	38,616	69,263	128,300	145,500	144,500	141,100	169,300	169,300	169,300	169,300	164,300
Series 2018B (Non-AMT)	1,609	3,124	9,056	9,100	9,100	9,100	9,100	13,300	13,300	13,300	13,300	13,300
Series 2019A	433	14,603	30,706	29,500	1,000	23,600	28,500	5,300	5,400	5,500	5,500	5,600
Series 2019B	6,264	16,901	-	-	-	-	-	-	-	-	-	-
Future Planned Bonds (d)	-	-	-	-	-	-	12,300	31,100	43,000	50,200	82,200	88,300
Total Debt Service Requirements -- Subordinate Bonds	\$ 84,782	\$ 136,027	\$ 175,403	\$ 214,800	\$ 235,500	\$ 258,400	\$ 267,700	\$ 289,500	\$ 301,500	\$ 308,800	\$ 336,600	\$ 330,600
Junior Lien Obligations												
Hotel (e)	1,858	967	2,771	1,300	1,300	1,400	1,400	1,500	1,500	1,600	1,600	1,700
Total Debt Service Requirements -- Junior Lien Obligations	\$ 1,858	\$ 967	\$ 2,771	\$ 1,300	\$ 1,300	\$ 1,400	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600	\$ 1,600	\$ 1,700
Total Debt Service Requirements	\$ 378,123	\$ 383,355	\$ 398,844	\$ 460,600	\$ 585,300	\$ 629,500	\$ 692,100	\$ 649,400	\$ 671,000	\$ 678,500	\$ 728,600	\$ 735,800

**Exhibit G**

**DEBT SERVICE REQUIREMENTS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except percentages)  
(Page 2 of 2)

	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE REQUIREMENTS												
To Determine Debt Service Coverage												
Senior Bonds	\$ 291,484	\$ 246,361	\$ 220,671	\$ 244,500	\$ 348,500	\$ 369,700	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Subordinate Bonds	84,782	136,027	175,403	214,800	235,500	258,400	267,700	289,500	301,500	308,800	336,600	330,600
Junior Lien Obligations (e)	1,858	967	2,771	1,300	1,300	1,400	1,400	1,500	1,500	1,600	1,600	1,700
Total for Rate Maintenance Covenant	\$ 378,123	\$ 383,355	\$ 398,844	\$ 460,600	\$ 585,300	\$ 629,500	\$ 692,100	\$ 649,400	\$ 671,000	\$ 678,500	\$ 728,600	\$ 735,800
To Calculate Airline Rentals, Rates, Fees and Charges												
Senior Bonds	\$ 376,265	\$ 246,361	\$ 220,671	\$ 244,500	\$ 348,500	\$ 369,700	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Less: Designated Passenger Facility Charges (f)	(132,107)	(64,046)	(112,353)	(133,000)	(137,100)	(141,200)	(145,500)	(149,900)	(154,500)	(159,100)	(164,000)	(170,000)
Coronavirus Relief Grants to pay debt service	-	(67,844)	(70,769)	(50,600)	(50,600)	(25,100)	-	-	-	-	-	-
	\$ 244,158	\$ 114,471	\$ 37,549	\$ 60,900	\$ 160,800	\$ 203,400	\$ 277,500	\$ 208,500	\$ 213,500	\$ 209,000	\$ 226,400	\$ 233,500
Subordinate Bonds, and Junior Lien Obligations	86,640	136,994	178,174	216,100	236,800	259,800	269,100	291,000	303,000	310,400	338,200	332,300
Less: Coronavirus Relief Grants to pay debt service	-	(62,156)	(68,314)	(50,600)	(50,600)	(25,100)	-	-	-	-	-	-
Total for Airline Rentals, Rates, Fees, and Charges	\$ 330,797	\$ 189,310	\$ 147,408	\$ 226,400	\$ 347,000	\$ 438,100	\$ 546,600	\$ 499,500	\$ 516,500	\$ 519,400	\$ 564,600	\$ 565,800
To Determine Other Available Funds												
Senior Bonds	\$ 291,484	\$ 246,361	\$ 220,671	\$ 244,500	\$ 348,500	\$ 369,700	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Less: Coronavirus Relief Grants to pay debt service	-	(67,844)	(70,769)	(50,600)	(50,600)	(25,100)	-	-	-	-	-	-
	\$ 291,484	\$ 178,517	\$ 149,902	\$ 193,900	\$ 297,900	\$ 344,600	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Total--Other Available Funds	\$ 72,871	\$ 44,629	\$ 37,475	\$ 48,500	\$ 74,500	\$ 86,200	\$ 105,800	\$ 89,600	\$ 92,000	\$ 92,000	\$ 97,600	\$ 100,900

- 
- (a) Source: Department management records based on audited financial results. Sources for Debt Service Requirements: Financial Advisor.
- (b) Net of capitalized interest. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
- (c) Includes the Debt Service Requirements for funding the remaining project costs in the Existing Capital Program (2018-2022).
- (d) Includes Debt Service Requirements associated with funding the Next Capital Program (2023-2027).
- (e) Reflects Junior Lien Obligations of the hotel, including the furniture, fixture and equipment expenses.
- (f) See Exhibit E and the Report for additional information about PFC revenues.

**Exhibit G-1**

**DEBT SERVICE USED TO CALCULATE AIRLINE RENTALS, RATES, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Unaudited actual (a)	Estimate	Forecast							
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>DEBT SERVICE REQUIREMENTS (b)</b>												
Total Debt Service Requirements (c)	\$378,123	\$382,388	\$396,073	\$460,600	\$585,300	\$629,500	\$692,100	\$649,400	\$671,000	\$678,500	\$728,600	\$735,800
Less: Designated Passenger Facility Charges (b)	(132,107)	(64,046)	(112,353)	(133,000)	(137,100)	(141,200)	(145,500)	(149,900)	(154,500)	(159,100)	(164,000)	(170,000)
Coronavirus Relief Grants to pay debt service	-	(130,000)	(139,083)	(101,200)	(101,200)	(50,200)	-	-	-	-	-	-
<b>Total Debt Service Requirements allocated to Cost Centers</b>	<b>\$246,016</b>	<b>\$188,342</b>	<b>\$144,637</b>	<b>\$226,400</b>	<b>\$347,000</b>	<b>\$438,100</b>	<b>\$546,600</b>	<b>\$499,500</b>	<b>\$516,500</b>	<b>\$519,400</b>	<b>\$564,600</b>	<b>\$565,800</b>
<b>ALLOCATION TO COST CENTERS</b>												
<b>Airline Cost Centers</b>												
Terminal Complex	\$42,356	\$56,695	\$30,461	\$64,100	\$155,000	\$185,000	\$222,500	\$203,000	\$212,400	\$215,800	\$257,900	\$250,800
Tenant Finishes and Equipment												
Landside Terminal	2,890	2,712	2,504	2,800	2,500	2,400	2,700	1,200	1,100	1,100	1,200	1,100
Concourse A	5,699	5,348	4,882	5,300	5,100	4,400	5,400	2,000	2,000	2,000	2,000	1,900
Concourse B	11,844	11,152	10,234	11,100	10,700	9,200	11,100	4,900	4,800	4,900	4,700	4,300
Concourse C	1,733	1,634	1,502	1,600	1,600	1,300	1,600	800	800	800	800	700
International Facilities	1,307	1,226	119	200	200	-	1,200	400	400	400	400	400
Loading Bridges	2,078	2,268	1,653	1,800	1,500	1,300	900	2,400	2,400	2,500	2,400	2,300
Common Use System Equipment	285	280	175	200	100	100	-	100	100	100	100	100
Concourse A Commuter Facility	178	162	149	200	200	200	200	100	200	100	100	100
Concourse B Regional Jet Facility	1,794	1,754	1,509	1,500	2,900	4,200	1,400	5,700	5,600	7,100	7,200	7,000
Baggage Claim	85	85	74	600	100	200	100	300	300	300	300	300
Conventional Baggage Systems												
United	1,839	5,246	2,265	2,000	200	6,200	12,000	16,600	17,300	17,500	17,500	18,200
Other carriers	2,959	7,058	5,029	6,400	6,100	17,500	24,500	25,400	26,800	27,200	27,300	28,400
FIS	92	74	56	200	200	1,400	1,700	2,300	2,500	2,500	2,500	2,700
International Facilities	726	1,848	56	900	100	1,100	1,600	600	500	500	500	500
Automated Guideway Transit System	11,863	13,601	2,286	17,800	13,300	19,000	20,100	18,900	20,700	21,500	21,500	22,300
Airfield Area	49,461	13,516	34,717	28,300	40,300	66,300	87,000	65,200	67,700	64,400	65,700	76,600
Concourse Ramp Area	5,601	7,567	872	6,700	19,700	24,200	27,800	28,300	28,500	29,400	30,300	24,400
Fueling System	8,940	9,979	7,801	8,600	10,800	9,600	11,600	5,900	5,900	5,700	5,700	5,600
<b>Total Airline Cost Centers</b>	<b>\$151,732</b>	<b>\$142,206</b>	<b>\$106,342</b>	<b>\$160,300</b>	<b>\$270,600</b>	<b>\$353,600</b>	<b>\$433,400</b>	<b>\$384,100</b>	<b>\$400,000</b>	<b>\$403,800</b>	<b>\$448,100</b>	<b>\$447,700</b>
Nonairline cost centers	94,284	46,136	38,295	66,100	76,400	84,500	113,200	115,400	116,500	115,600	116,500	118,100
<b>Total Debt Service Requirements allocated to Cost Centers</b>	<b>\$246,016</b>	<b>\$188,342</b>	<b>\$144,637</b>	<b>\$226,400</b>	<b>\$347,000</b>	<b>\$438,100</b>	<b>\$546,600</b>	<b>\$499,500</b>	<b>\$516,500</b>	<b>\$519,400</b>	<b>\$564,600</b>	<b>\$565,800</b>

(a) Source: Department management records based on audited financial results.

(b) See Exhibit G.

(c) Excludes Junior Lien Obligations

**Exhibit H**

**APPLICATION OF GROSS REVENUES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	Estimate 2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Gross Revenues</b>										
Airline rentals, rates, fees, and charges	C	\$ 473,700	\$ 575,300	\$ 658,700	\$ 710,500	\$ 685,100	\$ 712,700	\$ 730,500	\$ 776,200	\$ 795,300
Other Airport revenues	D	484,400	510,600	534,000	556,000	573,500	597,100	621,300	645,500	671,600
Interest income		31,100	27,400	30,600	32,600	34,300	35,900	37,500	39,100	41,900
Designated Passenger Facility Charges	E	135,300	139,400	143,500	147,800	152,200	156,800	161,400	166,300	171,400
<b>Total Gross Revenues</b>		<b>\$ 1,124,500</b>	<b>\$ 1,252,700</b>	<b>\$ 1,366,800</b>	<b>\$ 1,446,900</b>	<b>\$ 1,445,100</b>	<b>\$ 1,502,500</b>	<b>\$ 1,550,700</b>	<b>\$ 1,627,100</b>	<b>\$ 1,680,200</b>
<b>Operation and Maintenance Expenses</b>										
Operating expenses	F	\$ 526,300	\$ 570,200	\$ 593,300	\$ 616,600	\$ 641,500	\$ 667,000	\$ 693,800	\$ 721,400	\$ 750,100
Variable rate bond fees		400	400	400	400	400	400	400	400	400
<b>Total Operation and Maintenance Expenses</b>		<b>\$ 526,700</b>	<b>\$ 570,600</b>	<b>\$ 593,700</b>	<b>\$ 617,000</b>	<b>\$ 641,900</b>	<b>\$ 667,400</b>	<b>\$ 694,200</b>	<b>\$ 721,800</b>	<b>\$ 750,500</b>
<b>Net Revenues</b>		<b>\$ 597,800</b>	<b>\$ 682,100</b>	<b>\$ 773,100</b>	<b>\$ 829,900</b>	<b>\$ 803,200</b>	<b>\$ 835,100</b>	<b>\$ 856,500</b>	<b>\$ 905,300</b>	<b>\$ 929,700</b>
Other Available Funds (coverage requirement)	G	48,500	74,500	86,200	105,800	89,600	92,000	92,000	97,600	100,900
<b>Net Revenues plus Other Available Funds</b>		<b>\$ 646,300</b>	<b>\$ 756,600</b>	<b>\$ 859,300</b>	<b>\$ 935,700</b>	<b>\$ 892,800</b>	<b>\$ 927,100</b>	<b>\$ 948,500</b>	<b>\$ 1,002,900</b>	<b>\$ 1,030,600</b>
<b>Less transfers to:</b>										
Bond Fund										
Designated Passenger Facility Charges		\$ 133,000	\$ 137,100	\$ 141,200	\$ 145,500	\$ 149,900	\$ 154,500	\$ 159,100	\$ 164,000	\$ 170,000
Other Gross Revenues		111,500	211,400	228,500	277,500	208,500	213,500	209,000	226,400	233,500
Reserve account for other outstanding bonds (a)		21,700	20,900	21,900	24,900	24,200	25,100	26,100	27,300	28,200
Coronavirus Relief Grants to pay debt service		(101,200)	(101,200)	(50,200)	-	-	-	-	-	-
Subordinate Bond Fund										
Subordinate Bonds		214,800	235,500	258,400	267,700	289,500	301,500	308,800	336,600	330,600
Junior Lien Obligations Fund (b)										
Hotel		1,300	1,300	1,400	1,400	1,500	1,500	1,600	1,600	1,700
Operation and Maintenance Reserve Account		600	18,800	10,700	5,500	5,500	5,900	6,000	6,300	6,800
<b>Transfer to Capital Fund</b>		<b>\$ 264,600</b>	<b>\$ 232,800</b>	<b>\$ 247,400</b>	<b>\$ 213,200</b>	<b>\$ 213,700</b>	<b>\$ 225,100</b>	<b>\$ 237,900</b>	<b>\$ 240,700</b>	<b>\$ 259,800</b>
Adjustment for hotel performance (c)		-	-	-	-	-	-	-	-	-
<b>Adjusted transfer to Capital Fund</b>		<b>\$ 264,600</b>	<b>\$ 232,800</b>	<b>\$ 247,400</b>	<b>\$ 213,200</b>	<b>\$ 213,700</b>	<b>\$ 225,100</b>	<b>\$ 237,900</b>	<b>\$ 240,700</b>	<b>\$ 259,800</b>
<b>Allocation of Capital Fund transfer</b>										
Rollover to Coverage Account	G	\$ 48,500	\$ 74,500	\$ 86,200	\$ 105,800	\$ 89,600	\$ 92,000	\$ 92,000	\$ 97,600	\$ 100,900
Addition to Coverage Account (Airport portion)		-	8,700	11,700	19,600	-	-	-	-	-
Reimbursement to the Capital Fund (d)		2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	1,400
Equipment and Capital Outlay Account										
Other equipment purchases		20,600	21,100	21,700	22,300	22,900	23,500	24,100	24,700	25,400
Set-aside for installment purchase equipment payments (e)		3,100	100	-	-	-	-	-	-	-
Concession joint marketing fund		200	(100)	(300)	(500)	(600)	(800)	(1,000)	(1,200)	(1,400)
Capital Improvement Account										
Remaining balance deposit for Airport Improvements (f)		139,900	86,200	85,800	31,900	59,500	68,100	80,500	77,100	93,500
Adjustment for hotel performance (c)		-	-	-	-	-	-	-	-	-
Airline Revenue Credit Account (f)		50,000	40,000	40,000	31,900	40,000	40,000	40,000	40,000	40,000
<b>Total allocation of Capital Fund transfer</b>		<b>\$ 264,600</b>	<b>\$ 232,800</b>	<b>\$ 247,400</b>	<b>\$ 213,200</b>	<b>\$ 213,700</b>	<b>\$ 225,100</b>	<b>\$ 237,900</b>	<b>\$ 240,300</b>	<b>\$ 259,800</b>

- (a) Reflects the deposit to be made in excess of actual debt service allocable to the Concourse B Regional Jet facility to be used to fund future debt service payments and also reflects net revenues associated with the hotel to redeem bonds.
- (b) Reflects Junior Lien Obligations of the hotel for furniture, fixture and equipment expenses.
- (c) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel from the Net Revenues available for revenue sharing.
- (d) Includes PFC revenue reimbursement to the Capital Fund for projects included in PFC application #3 and #4, approved by the FAA May 2, 2019 and August 5, 2021, respectively.
- (e) Equipment funded by certain companies described in the Report and leased by the City.
- (f) Remaining net revenues are allocated 50% to Signatory Airlines and 50% to the Airport. The Airline Revenue Credit is capped at \$40 million with the exception of the years 2022-2026 whereby the airlines receive an additional \$10M if the total revenue share amount exceeds the 2019 amount of \$183M; the remaining amount is deposited into the Capital Improvement Account.

**Exhibit I**

**NET REVENUES AND DEBT SERVICE COVERAGE**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except coverage)

	Exhibit reference	Calculation	Estimate 2022	2023	2024	2025	Forecast 2026 2027 2028 2029 2030				
GENERAL BOND ORDINANCE											
Net revenues and Other Available Funds											
Gross Revenues	H		\$ 1,124,500	\$ 1,252,700	\$ 1,366,800	\$ 1,446,900	\$ 1,445,100	\$ 1,502,500	\$ 1,550,700	\$ 1,627,100	\$ 1,680,200
Operation and Maintenance Expenses	H		526,700	570,600	593,700	617,000	641,900	667,400	694,200	721,800	750,500
Net revenues			\$ 597,800	\$ 682,100	\$ 773,100	\$ 829,900	\$ 803,200	\$ 835,100	\$ 856,500	\$ 905,300	\$ 929,700
Other Available Funds	H		48,500	74,500	86,200	105,800	89,600	92,000	92,000	97,600	100,900
Total net revenues and Other Available Funds		[A]	\$ 646,300	\$ 756,600	\$ 859,300	\$ 935,700	\$ 892,800	\$ 927,100	\$ 948,500	\$ 1,002,900	\$ 1,030,600
Debt Service Requirements											
Senior Bonds	G		\$ 244,500	\$ 348,500	\$ 369,700	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Less: Coronavirus Relief Grants to pay debt service			(50,583)	(50,583)	(25,084)	-	-	-			
Total Senior Bonds		[B]	\$ 193,917	\$ 297,917	\$ 344,616	\$ 423,000	\$ 358,400	\$ 368,000	\$ 368,100	\$ 390,400	\$ 403,500
Subordinate Bonds			214,800	235,500	258,400	267,700	289,500	301,500	308,800	336,600	330,600
Less: Coronavirus Relief Grants to pay debt service			(50,583)	(50,583)	(25,084)	-	-	-			
		[C]	\$ 164,217	\$ 184,917	\$ 233,316	\$ 267,700	\$ 289,500	\$ 301,500	\$ 308,800	\$ 336,600	\$ 330,600
Junior Lien Obligations (a)			1,300	1,300	1,400	1,400	1,500	1,500	1,600	1,600	1,700
Total Debt Service Requirements		[D]	\$ 359,434	\$ 484,134	\$ 579,332	\$ 692,100	\$ 649,400	\$ 671,000	\$ 678,500	\$ 728,600	\$ 735,800
Debt service coverage on Senior Bonds		[A/B]	333%	254%	249%	221%	249%	252%	258%	257%	255%
Debt service coverage on Senior Bonds and Subordinate Bonds		[A/(B+C)]	180%	157%	149%	135%	138%	138%	140%	138%	140%
Debt service coverage on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations		[A/D]	180%	156%	148%	135%	137%	138%	140%	138%	140%

(a) Reflects Junior Lien Obligations of the hotel, including the furniture, fixture and equipment expenses.



**APPENDIX B-1**

**AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE**

**APPENDIX B-2**

**THE SERIES 2022 SUPPLEMENTAL ORDINANCE**

**APPENDIX C-1**

**AMENDED AND RESTATED GENERAL SUBORDINATE BOND ORDINANCE**

**APPENDIX C-2**

**THE SERIES 2022 SUPPLEMENTAL SUBORDINATE ORDINANCE**

## APPENDIX D

### DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set forth in this APPENDIX D is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (DTC, Euroclear and Clearstream together, the “Clearing Systems”) currently in effect. The information in this APPENDIX D concerning the Clearing Systems has been obtained from sources believed to be reliable, but none of the City, the Department, the Paying Agent, the Registrar or the Underwriters takes any responsibility for the accuracy, completeness or adequacy of the information in this APPENDIX D. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.

*None of the City, the Department, the Paying Agent, the Registrar or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC, any DTC Participant or any Clearing System, (2) the distribution by DTC, a DTC Participant or any Clearing System of any notice that is permitted or required to be given to the Owners of the Series 2022A-[\_] Bonds under the Senior Bond Ordinance, (3) the payment by DTC, a DTC Participant or any Clearing System of any amount received under the Senior Bond Ordinance with respect to the Series 2022A-[\_] Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2022A-[\_] Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2022A-[\_] Bonds. The Series 2022A-[\_] Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s nominee). One fully registered bond certificate will be issued for each maturity of the Series 2022A-[\_] Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2022A-[\_] Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such

websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2022A-[ ] Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022A-[ ] Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022A-[ ] Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022A-[ ] Bonds except in the event that use of the book-entry system for the Series 2022A-[ ] Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022A-[ ] Bonds deposited by Direct Participants with DTC are registered in the name of DTC's nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022A-[ ] Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022A-[ ] Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022A-[ ] Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022A-[ ] Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022A-[ ] Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2022A-[ ] Bonds may wish to ascertain that the nominee holding the Series 2022A-[ ] Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2022A-[ ] Bonds within a maturity of the Series 2022A-[ ] Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consider or vote with respect to the Series 2022A-[ ] Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022A-[ ] Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2022A-[ ] Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and

customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2022A-[ ] Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative to 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.

A Beneficial Owner must give notice to elect to have its Series 2022A-[ ] Bonds purchased or tendered through its Participant to the Remarketing Agent, and will effect delivery of such Series 2022A-[ ] Bonds by causing the Direct Participant to transfer the Participant’s interest in the Series 2022A-[ ] Bonds on DTC’s records to the Remarketing Agent. The requirement for physical delivery of Series 2022A-[ ] Bonds in connection with a mandatory tender or mandatory purchase will be deemed satisfied when the ownership rights of the Series 2022A-[ ] Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Series 2022A-[ ] Bonds to the Remarketing Agent’s DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2022A-[ ] Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the Series 2022A-[ ] Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2022A-[ ] Bonds. In that event, certificates representing the Series 2022A-[ ] Bonds will be printed and delivered to DTC.

### **Global Clearance Procedures**

Beneficial interests in the Series 2022A-[ ] Bonds may be held through DTC, Clearstream Banking, S.A. (“Clearstream”) or Euroclear Bank SA/NV (“Euroclear”) as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system.

*Euroclear and Clearstream.* Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

*Clearing and Settlement Procedures.* The Series 2022A-[ ] Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are

participants in the systems. For any of such Series 2022A-[\_] Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

*Transfer Procedures.* Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The City will not impose any fees in respect of holding the Series 2022A-[\_] Bonds; however, holders of book-entry interests in the Series 2022A-[\_] Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and Clearstream.

*Initial Settlement.* Interests in the Series 2022A-[\_] Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Series 2022A-[\_] Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Series 2022A-[\_] Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Series 2022A-[\_] Bonds against payment (value as on the date of delivery of the Series 2022A-[\_] Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2022A-[\_] Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Series 2022A-[\_] Bonds following confirmation of receipt of payment to the City on the date of delivery of the Series 2022A-[\_] Bonds.

*Secondary Market Trading.* Secondary market trades in the Series 2022A-[\_] Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be.



Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2022A-[ ] Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Series 2022A-[ ] Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2022A-[ ] Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

*Special Timing Considerations.* Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Series 2022A-[ ] Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Series 2022A-[ ] Bonds, or to receive or make a payment or delivery of the Series 2022A-[ ] Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

*Clearing Information.* It is expected that the Series 2022A-[ ] Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The CUSIP numbers for the Series 2022A-[ ] Bonds are set forth on the inside cover of the Official Statement.

*General.* Neither Euroclear nor Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

NONE OF THE CITY, THE DEPARTMENT, THE PAYING AGENT, THE REGISTRAR OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY FOR THE PERFORMANCE BY EUROCLEAR OR CLEARSTREAM OR THEIR RESPECTIVE DIRECT OR INDIRECT PARTICIPANTS OR ACCOUNT HOLDERS OF THEIR RESPECTIVE OBLIGATIONS UNDER THE RULES AND PROCEDURES GOVERNING THEIR OPERATIONS OR THE ARRANGEMENTS REFERRED TO ABOVE.

\* \* \*

**APPENDIX E**

**ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS  
2021 AND [2020]**

**APPENDIX F**

**UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR  
THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021**

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “**Disclosure Undertaking**”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “**City**”), in connection with the issuance of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2022[A]” in the aggregate principal amount of \$[ ] (the “**Series 2022[A] Bonds**”), [“City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2022[ ]” in the aggregate principal amount of \$[ ] (the “**Series 2022[ ] Bonds**”), and City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2022[ ] ([Taxable])” in the aggregate principal amount of \$[ ] (the “**Series 2022[ ] Subordinate Bonds**” and, together with the Series 2022[A] Bonds and the Series 2022[ ] Bonds, the “**Bonds**”) by the City, for and on behalf of its Department of Aviation (the “**Department**”). The Series 2022[A] Bonds [and the Series 2022[ ] Bonds are being issued pursuant to the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of the 2018 Amended and Restated Airport System General Bond Ordinance, enacted as Ordinance No. 0777, Series of 2018, and Ordinance No. 20-[ ], Series of 2022, adopted by the City Council of the City (collectively, the “**Senior Bond Ordinance**”). The Series 2022[ ] Subordinate Bonds are being issued pursuant to the General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented, and Ordinance No. [ ], Series of 2022, adopted by the City Council of the City (the “**Subordinate Bond Ordinance**” and together with the Senior Bond Ordinance, the “**Ordinance**”).

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

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

“*Annual Financial Information*” means (a) with respect to the City, the financial information or operating data with respect to the City and the Airport System, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto and (b) with respect to each Obligated Person other than the City, the SEC Reports, provided that if such Obligated Person is no longer required to file the SEC Reports, information substantially equivalent to that required to be contained in the SEC Reports. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

“*Audited Financial Statements*” means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds identified to the satisfaction of the City.

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

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

“*Financial Obligation*” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at <http://emma.msrb.org>. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*Obligated Person*” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of Gross Revenues of the Airport System for each of the prior two Fiscal Years of the City.

“*Official Statement*” means the final Official Statement dated [\_\_\_\_\_] , 2022, together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

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

“*SEC Reports*” means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with respect to the Fiscal Year ended December 31, 2022, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial

Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

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

### **Section 3. Reporting of Events.**

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

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (6) defeasances;
- (7) rating changes;
- (8) tender offers;
- (9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person; and

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

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

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

- (1) non-payment related defaults;
- (2) modifications to the rights of the beneficial owners of the Bonds;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) appointment of a successor or additional trustee or a change in the name of a trustee; and
- (7) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders.

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

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

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

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and

delivery of the Bonds and the Participating Underwriters consent thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the applicable Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

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

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least thirty (30) days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have thirty (30) days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the applicable Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

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

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

**Section 10. Obligated Persons.** The City is currently the only Obligated Person. If any future Obligated Person is required by federal law to file SEC Reports with the Commission, the City and the Treasurer take no responsibility for the accuracy or completeness of such SEC Reports or other financial or operating information disseminated by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause any future Obligated Person (to the extent such future Obligated Person is not otherwise required under federal law to file SEC Reports), to disseminate Annual Financial Information as contemplated by Section 2 hereof and notice of certain events related to such Obligated Person as contemplated by Section 3 hereof, substantially equivalent to that contained in the SEC Reports to the MSRB, through EMMA, as contemplated by this Disclosure Undertaking. Any change in Obligated Persons shall be reported by the



Treasurer in connection with the Annual Financial Information. The City and the Treasurer have no obligation to file or disseminate any SEC Reports relating to any future Obligated Person.

**[Date and Signatures]**

## **Schedule 1**

“Annual Financial Information” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the following portions of the Official Statement [(i) fund balances of the Capital Fund under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A-[\_] BONDS—Capital Fund,” (ii) Tables 2-A and 2-B (Capital Program Total Cost) under the heading “CAPITAL PROGRAM,” (iii) Tables 3 (History of Enplaned Passengers at the Airport by Traffic Type), 4 (Enplaned Passengers by Airline Type), 5 (Percentage of Enplaned Passengers by Airline), and 6 (Summary of Selected Aviation Activity) under the heading “AVIATION ACTIVITY AND AIRLINES—Aviation Activity,” and (iv) Tables 8-A (City and County of Denver Airport System Statement of Revenues, Expenses and Changes in Net Assets), 9 (Outstanding Senior Bonds), 10 (Credit Facility Obligations Related to Senior Bonds), 11 (Outstanding Subordinate Bonds), and 14 (PFC Revenues) under the heading “FINANCIAL INFORMATION.”]

**APPENDIX H**  
**FORMS OF OPINIONS OF BOND COUNSEL**  
**[BOND COUNSEL TO PROVIDE]**