

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

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

\$115,000,000*

**CITY AND COUNTY OF DENVER, COLORADO,
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2016**

Dated: Date of Delivery**Due: November 1, as shown below**

The Wastewater Enterprise Revenue Bonds, Series 2016 (the "Bonds") are issued by the City and County of Denver, Colorado (the "City") for and on behalf of the Wastewater Management Division of its Department of Public Works (the "Enterprise") as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as securities depository for the Bonds. Purchases by beneficial owners of the Bonds are to be made in book-entry form only. Beneficial owners are not to receive certificates evidencing their interests in the Bonds. See "THE BONDS—Book-Entry Form."

The Bonds bear interest at the rates set forth below and are payable on May 1, 2017, and semiannually thereafter on May 1 and November 1, to and including the maturity dates shown below (unless the applicable Bonds are redeemed earlier). The principal of, interest on, and premium, if any, the Bonds are payable by ZionsBank, a division of ZB, National Association, Denver, Colorado, as paying agent, to DTC. DTC is required to remit such principal, premium and interest payments to the beneficial owners of the Bonds, as more fully described herein. See "THE BONDS—Book-Entry Form."

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

**MATURITY SCHEDULE
(CUSIP* 6-digit issuer number: 249176)**

**Wastewater Enterprise Revenue Bonds
Series 2016**

<u>Maturing (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price¹</u>	<u>CUSIP® Issue Number²</u>	<u>Maturing (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price¹</u>	<u>CUSIP® Issue Number²</u>
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¹ This information is not provided by the City.

² Neither the City nor the Underwriters takes responsibility for the accuracy of CUSIP numbers which are included solely for the convenience of the owners of the Bonds. The Bonds are being issued for the purpose of (a) financing storm drainage and sanitary sewerage facilities for the City; and (b) paying the costs of issuing the Bonds. See "USE OF PROCEEDS."

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

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

The Bonds are offered pursuant to a public sale when, as and if issued, subject to the approval of legality and certain other legal matters by Kutak Rock LLP, Denver, Colorado and Kline Alvarado Veio, P.C., Denver, Colorado, as Co-Bond Counsel, and certain other conditions. It is expected that the Bonds in book-entry form will be available for deposit with The Depository Trust Company and delivery in New York, New York, on or about November [9], 2016.

The date of this Official Statement is _____, 2016.

*Preliminary; Subject to change

¹ Copyright 2015 American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc.

**CITY AND COUNTY OF DENVER
CITY OFFICIALS**

MAYOR

Michael B. Hancock

City Council

Albus Brooks, President

Kendra Black
Jolon Clark
Rafael Espinoza
Kevin Flynn
Stacie Gilmore
Christopher Herndon

Paul Kashmann
Robin Kniech
Paul D. López
Wayne New
Deborah Ortega
Mary Beth Susman

Auditor

Timothy M. O'Brien, CPA

Cabinet Officials

Donald J. Mares

Deputy Mayor, Executive Director of the Department of
Human Services

Brendan J. Hanlon

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

Brad Buchanan

Executive Director of Community Planning and Development

Jose Cornejo

Executive Director of the Department of Public Works

Kim Day

Chief Executive Officer of the Department of Aviation

[Cristal DeHerrera, Esq.]

City Attorney

Allegra "Happy" Haynes

Executive Director of the Department of Parks and Recreation

Penny May

Executive Director of the Department of General Services

Robert M. McDonald

Executive Director of the Department of Environmental
Health

Stephanie O'Malley

Executive Director of the Department of Safety

Clerk and Recorder

Debra Johnson

Co-Bond Counsel

Kutak Rock LLP
Denver, Colorado

Financial Advisor

FirstSouthwest, A Division of
Hilltop Securities Inc.
Denver, Colorado

Kline Alvarado Veio, P.C.
Denver, Colorado

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

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

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

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

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

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OFFICIAL STATEMENT

\$115,000,000*
City and County of Denver, Colorado,
for and on Behalf of the
Wastewater Management Division of Its
Department of Public Works,
Wastewater Enterprise Revenue Bonds
Series 2016

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information in connection with the issuance by the City and County of Denver, Colorado (the "City"), a municipal corporation and political subdivision of the State of Colorado (the "State"), organized and existing as a home rule city under the provisions of article XX of the State Constitution and the home rule charter of the City (the "City Charter"), for and on behalf of the Wastewater Management Division of its Department of Public Works (the "Enterprise"), of its \$115,000,000* Wastewater Enterprise Revenue Bonds, Series 2016 (the "Bonds").

The Bonds are issued pursuant to Ordinance No. 16-0757, Series of 2016 (the "Bond Ordinance") adopted by the City Council (the "Council") on or about [September 26, 2016] for the purpose of (a) financing storm drainage and sewerage facilities; and (b) paying the costs of issuance of the Bonds. See "USE OF PROCEEDS." Capitalized terms used in this Official Statement and not otherwise defined have the meaning assigned to them in the Bond Ordinance.

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

In April of 2002, the City, on behalf of the Wastewater Management Division of its Department of Public Works, issued enterprise revenue bonds in the aggregate principal amount of \$30,700,000 (the "2002 Bonds"). Proceeds from the 2002 Bonds were used to finance certain projects identified in the Enterprise's six-year needs assessment for its Storm Drainage Facilities. The 2002 Bonds were refunded, paid and discharged with a portion of the City and County of Denver, Colorado, for and on behalf of the Wastewater Management Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2012, originally issued in the aggregate principal amount of \$50,425,000 (the "Series 2012 Bonds"). The remaining proceeds from the Series 2012 Bonds were used by the City to acquire, improve and equip the storm drainage facilities of the City. The Series 2012 Bonds are considered Parity Securities under the Bond Ordinance. The Series 2012 Bonds are currently outstanding in the approximate principal amount of \$40,710,000.¹ The Bonds are being issued on a parity with and are secured by the same pledge of revenue as the Series 2012 Bonds.

This Official Statement includes financial and other information about the City and the Enterprise and also contains descriptions of the Bonds and related documents. None of such information or descriptions purports to be complete. Except for any updated financial information provided herein, all references to financial and other information about the City and the Enterprise are qualified in their entirety

*Preliminary; subject to change

¹ This amount includes \$2,850,000 scheduled to mature on November 1, 2016.

by reference to “APPENDIX A—Basic Financial Statements of the City for the Fiscal Year Ended December 31, 2015.” All references to the Bonds and related documents are qualified in their entirety by reference to the approved form of the Bonds and such related documents.

Attached to this Official Statement is the Report of the Wastewater Consultant, which contains a discussion of the feasibility of the rates, fees and charges imposed by the City to pay for the operation, maintenance, improvement and replacement of the Storm Drainage Facilities and the Sanitary Sewerage Facilities (as defined below). See “APPENDIX B—Report of the Wastewater Consultant.” This Official Statement contains economic and demographic information as of August 2016 about the City and its metropolitan area prepared by the Development Research Partners for use by the City. See “APPENDIX C—An Economic and Demographic Overview of the Denver Metropolitan Region.”

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

THE BONDS

Authority

The Bonds are issued pursuant to the Bond Ordinance, art. XX, § 6 of the State Constitution, the City Charter, the ordinance of the City establishing the Enterprise as an enterprise of the City and authorizing the Enterprise to have and exercise certain powers in furtherance of its purposes (the “Enterprise Ordinance”), a resolution adopted by the Manager of the Department of Public Works of the City, part 4 of article 35 of title 31, Colorado Revised Statutes, as amended, and the Supplemental Public Securities Act (part 2 of article 57 of title 11, Colorado Revised Statutes, as amended). As revenue bonds issued for and on behalf of an enterprise, the Bonds may be issued without voter approval in advance under art. X, § 20 of the State Constitution. See “LEGAL MATTERS—Constitutional Revenue, Spending and Debt Limitations.” The City’s covenants with the owners of the Bonds are set forth in the Bond Ordinance and generally described in this Official Statement. See “SECURITY FOR THE BONDS.”

Description

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

Security

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

Payment of Principal and Interest; Record Date

The principal of, interest on and any premium due in connection with the redemption of the Bonds shall be payable in lawful money of the United States of America to the registered owners of the Bonds by Zions Bank, a division of ZB, National Association, Denver, Colorado, or its successor, as paying agent (the "Paying Agent"). Interest on the Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on May 1 and November 1, commencing May 1, 2017. The principal and the final installment of interest shall be payable to the owner of each Bond upon presentation and surrender thereof at maturity or upon prior redemption by check or draft sent to the owner at the address appearing on the registration books of the City maintained by Zions Bank, a division of ZB, National Association, Denver, Colorado, or its successor, as registrar (the "Registrar") or by wire transfer to such bank or other depository as the owner shall designate in writing to the Paying Agent. Except as hereinbefore and hereinafter provided, the interest shall be payable to the owner of each Bond determined as of the close of business on the fifteenth day (whether or not a business day) of the calendar month immediately preceding such interest payment date (the "Record Date") irrespective of any transfer of ownership of the Bond subsequent to the Record Date and prior to such interest payment date by check or draft or wire transfer directed to such owner as aforesaid. Any principal or interest not paid when due and any interest accruing after maturity shall be payable to the owner of each Bond entitled to receive such principal or interest determined as of the close of business on a Special Record Date, irrespective of any transfer of ownership of the Bond subsequent to the Special Record Date and prior to the date fixed by the Paying Agent for the payment of such principal or interest, by check or draft or wire transfer directed to such owner as aforesaid. Notice of the Special Record Date and of the date fixed for the payment of such interest shall be given by sending a copy thereof by first-class postage prepaid mail at least 15 days prior to the Special Record Date to the owner of each Bond upon which principal or interest will be paid determined as of the close of business on the day preceding such mailing at the address appearing on the registration books of the City. Any premium shall be payable to the owner of each Bond being redeemed upon presentation and surrender thereof upon prior redemption by check or draft or wire transfer directed to such owner as aforesaid. So long as the owner of any Bond is the Securities Depository or a nominee therefor, the Securities Depository shall disburse any payments received, through Participants or otherwise, to the Beneficial Owners. If the date for making any payment or giving notice is not a business day, such payment or notice shall be made or given on the next succeeding business day.

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

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

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

Redemption

Optional Redemption. The Bonds maturing on or prior to November 1, 2026 are not subject to optional redemption prior to their respective maturity dates. The Bonds maturing on and after November 1, 2027, are subject to redemption prior to their respective maturities, at the option of the City, in whole or

in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the Bonds of a maturity are to be redeemed, by lot within a maturity, on November 1, 2026, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

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

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

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

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

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may: (a) deliver to the Paying Agent.

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

* Preliminary; subject to change.

Debt Service Requirements

Table I sets forth the debt service requirements to maturity of the Bonds and the Series 2012 Bonds.

TABLE I

Year	Principal ^{1,*} (Series 2016 Bonds):	Interest* (Series 2016 Bonds):	Series 2012 Bonds Debt Service ¹ :	Total Debt Service:
2016	n/a	n/a	\$4,328,425 ²	\$4,328,425 ²
2017	\$	\$	4,330,925	
2018			4,321,125	
2019			4,316,925	
2020			4,302,925	
2021			4,304,325	
2022			4,305,325	
2023			2,125,725	
2024			2,123,325	
2025			2,124,575	
2026			2,124,325	
2027			2,127,575	
2028			2,124,175	
2029			2,124,275	
2030			2,127,725	
2031			2,124,375	
2032			2,124,375	
2033			--	
2034			--	
2035			--	
2036			--	
2037			--	
2038			--	
2039			--	
2040			--	
2041			--	
2042			--	
2043			--	
2044			--	
2045			--	
2046			--	
Total			<u>\$51,460,425</u>	\$

* Preliminary; subject to change.

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

² Amount includes an interest payment in the amount of \$739,212.50 that was paid on May 1, 2016.

Source: The Financial Advisor

Transfer and Exchange

The Bonds are transferable only upon the registration books of the City by Zions Bank, a division of ZB, National Association, Denver, Colorado, or its successor, as transfer agent (the "Transfer Agent"),

at the request of the registered owner or his, her or its duly authorized attorney-in-fact or legal representative. The Transfer Agent is not required to transfer ownership of any Bond during the 15 days prior to the first mailing of any notice of redemption for any Bond or to transfer ownership of any Bond selected for redemption on or after the date of such mailing. The registered owner of any Bonds may also exchange such Bonds for another Bond or Bonds of authorized denominations. Transfers and exchanges are to be made without charge, except that the Transfer Agent may require payment of a sum sufficient to defray any tax or other governmental charge that may hereafter be imposed in connection with any transfer or exchange of Bonds. No transfer of any Bond shall be effective until entered on the registration books of the City. In the case of every transfer or exchange, the Registrar is to authenticate and the Transfer Agent is to deliver to the new registered owner a new Bond or Bonds of the same aggregate principal amount, maturing in the same year and bearing interest at the same per annum rate as the Bonds surrendered. Transfers by Beneficial Owners are to be made as described under "THE BONDS—Book-Entry Form."

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

Book-Entry Form

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

DTC acts as securities depository for the Bonds. The Bonds are to be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 130 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Interest Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participant"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the underlying documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds are to be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and are the responsibility of such Participants and not of DTC (or its nominee), the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying

Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

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

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

SECURITY FOR THE BONDS

Pledge and Flow of Funds

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

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

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

Operation and Maintenance Fund. As a first charge on the Wastewater Management Enterprise Fund, there are to be credited from time to time to the Operation and Maintenance Fund heretofore created

within the Wastewater Management Enterprise Fund moneys sufficient to pay the Operation and Maintenance Expenses of the Storm Drainage Facilities and the Sanitary Sewerage Facilities as they become due and payable.

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

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

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

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

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

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

Reserve Fund. Moneys in the Reserve Fund are not pledged to pay the principal of, interest on, or premium, if any, on the Bonds. There is a separate reserve account established within the Reserve Fund with respect to the Series 2012 Bonds. There are to be credited to any reserve accounts, from any moneys remaining in the Wastewater Management Enterprise Fund after the payment of Operation and Maintenance Expenses and after the monthly payments have been made to the Debt Service Reserve Fund, as set forth above, sums sufficient to accumulate and maintain in any reserve accounts any reserve requirement and, if any separate reserve accounts are established in connection with the issuance of any Additional Parity Bonds, there is to be credited or deposited, on a pari passu basis, any amounts necessary to fund or replenish

any such reserve accounts in accordance with the ordinances or other instruments authorizing such Additional Parity Bonds. The moneys credited to any reserve accounts are to be held as a continuing reserve for the prevention of deficiencies in the payment of the principal of or interest on any outstanding parity securities to which the reserve account is pledged. In the alternative, the City may substitute for such cash deposit a letter of credit, surety bond, insurance policy, agreement guaranteeing payment, or other undertaking by a financial institution.

Construction Fund. Proceeds of the Bonds deposited in the Construction Fund are to be used to pay debt service requirements on the Bonds to the extent moneys in the Debt Service Fund or other moneys are insufficient to make such payments, unless such proceeds are needed to defray obligations accrued and to accrue under contracts then existing pertaining to the "2016 Project," as defined under "USE OF PROCEEDS—The 2016 Project." After fully providing for the foregoing monthly payments, any remaining Net Pledged Revenues are to be deposited by the City in the Construction Fund in order to restore any amounts to the Bond Proceed Fund that have been applied to the payment of the debt service requirements on the Bonds.

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

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

Rate Maintenance

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

Additional Bonds

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

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

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

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

Bond Owners' Remedies

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

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

USE OF PROCEEDS

Generally

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

Table II

Sources and Uses of Funds*

Sources of Funds:	
Principal Amount of Bonds	\$
Net Premium	
Total	\$
Use of Funds:	
Construction Fund Deposit	\$
Costs of Issuance ¹	
Total	\$

¹ Includes Underwriter's compensation.
Source: Financial Advisor

The 2016 Project

The City expects to use a portion of the net proceeds of the Bonds to finance improvements to the Storm Drainage Facilities, including, but not limited to, certain aspects of the Platte to Park Hill: Stormwater Systems Project ("Platte to Park Hill") (the "2016 Project"). The following paragraphs provide a general description.

Platte to Park Hill is being conducted in coordination with the Six-Year Capital Needs Assessment. See "THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage Facilities—Planning." The City, through Platte to Park Hill, currently expects to construct and finance improvements to the Storm Drainage Facilities including but not limited to the designing, equipping, acquiring, constructing and rehabilitating of certain major drainageways, major outfall systems, open channels, detention, water quality, relocation of utilities, landscaping, lighting, maintenance trails and local storm sewers, as well as the renovation and replacement of roadways, bridges, curbs, gutters and cross-pans. The City anticipates that Platte to Park Hill will increase protection against flooding while also improving water quality and enhancing public spaces. Current plans for Platte to Park Hill focus in particular on the northern City neighborhoods of Elyria, Swansea, Cole, Clayton, Skyland, Whittier, Five Points, Northwest Park Hill and City Park. As currently planned, and the City reserves the right to modify or change its plans as and when it desires, Platte to Park Hill consists of four sub-projects, consisting of:

- Redesigning of Globeville Landing Outfall and Globeville Landing Park adjacent to the South Platte River, including open channels and associated pipes, in order to address drainage needs as well as to enhance park amenities;
- Construction of an open channel along 39th Avenue and associated pipes in order to reduce flood risk and add water quality, which is also anticipated to include create new recreational open space in

* Preliminary; subject to change.

the form of a multi-use trail (maintenance trail) between Franklin and Steele streets. This sub-project is also expected to include conduit installation from Franklin Street to Blake Street, Steele Street to Jackson Street, Clayton Street to 40th Avenue and Monroe/Madison Street to 39th Avenue;

- Redesigning of City Park Golf Course in order to upgrade its stormwater detention facilities as well as provide water quality and course mitigation; and
- Construction of additional stormwater detention in the Park Hill Golf Course and associated pipes connecting into Holly Pond in order to improve water quality and address drainage needs.

The City currently expects to complete Platte to Park Hill by 2020. The City considers Platte to Park Hill an essential project being undertaken in accordance with its 100-year flood protection planning. In addition to proceeds from the Bonds, the City anticipates contributions from the Colorado Department of Transportation, the City's Department of Environmental Health and the Urban Drainage Flood Control District. Due to the essentiality of these improvements, the City anticipates completing Platte to Park Hill notwithstanding the receipt of these contributions. The Enterprise currently expects to issue additional Wastewater Enterprise Revenue Bonds in 2018 to complete Platte to Park Hill. See "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management's Comments Concerning Financial Performance of the Enterprise—Capital Improvement Plan."

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

THE ENTERPRISE

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

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

THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES

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

Storm Drainage Facilities

General. The purpose of the City's Storm Drainage Facilities is to ameliorate City water quality and promote the general public health, safety and welfare by assuring that the movement of emergency

vehicles is not prohibited or inhibited during storm or flooding periods and by minimizing storm and flood losses, inconvenience and damage resulting from uncontrolled storm runoff in the City.

The City began charging a fee for managing stormwater runoff in 1981. The Storm Drainage Facilities serve the entire City, and, as of December 31, 2015, the Enterprise billed 164,681 accounts for storm drainage service.

The existing Storm Drainage Facilities include more than 812 miles of storm drainage lines of various compositions, over 538 siphon sets, over 23,000 catch basins, 25 detention ponds as well as over 48 miles of regional channels and 18 miles of other ditches and channels. No principal portion of Storm Drainage Facilities are leased, held subject to significant encumbrances or otherwise not held in fee.

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

Planning. The Manager of the Department has developed a master drainage plan to coordinate capital improvements and manage the operation and maintenance of the Storm Drainage Facilities. The projects identified in the master drainage plan are annually prioritized and programmed by the Manager of the Department and the Wastewater Improvement Team, comprised of several subject matter experts, into a capital needs assessment relating to the Enterprise for the following six years (the "Six-Year Capital Needs Assessment"). The Six-Year Capital Needs Assessment is submitted to the City Council which considers it, as well as revenue projections, in adopting a six-year capital improvement plan (the "Six-Year Capital Improvement Program"). The City continues to improve the current level of service of the Storm Drainage Facilities by planning, designing and constructing the projects identified in the master drainage plan.

The portion of the Six-Year Capital Improvement Program concerning the Storm Drainage Facilities is coordinated with the master drainage plan and forms the basis for the 2016 Project. For additional information concerning capital improvement needs and Planning, see "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management's Comments Concerning Performance of the Enterprise—Capital Improvement Plan."

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

Regulation. The water contained in the Storm Drainage Facilities is either absorbed into the ground, evaporated or discharged into the South Platte River and its tributaries through the City's municipal storm system. In order to discharge storm water into the South Platte River and its tributaries, the City is required under provisions of the federal Clean Water Act and the Colorado Water Quality Control Act to maintain a discharge permit. The City's current five-year discharge permit was issued by the State January 30, 2009 to be effective as of March 1, 2009 and is currently under administrative extension at the request of the State of Colorado. The discharge permit requires the City to undertake and enforce a Stormwater

Management Program to reduce pollutants and protect water quality requirements under the Colorado Water Quality Control Act and the Colorado Discharge Permit Regulations, which requirements may be subject to change in the future based on the federal and state regulatory climate.

Sanitary Sewerage Facilities

General. The City operates Sanitary Sewerage Facilities for public health and environmental quality purposes. The City began charging a fee for these services in 1966. As of December 31, 2015 the Sanitary Sewerage Facilities served approximately 158,956 accounts.

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

The existing Sanitary Sewerage Facilities consist entirely of facilities used for the collection and carriage of sewage because the City's sewage is treated pursuant to an intergovernmental agreement with the Metro Wastewater Reclamation District. The existing Sanitary Sewerage Facilities include nearly 1,500 miles of conduit ranging in size from eight inches to more than 48 inches in diameter. Sewage is collected and transported through gravity-flow lines operated together with five lift stations. The average age of the Sanitary Sewerage Facilities is approximately 60 years. The oldest Sanitary Sewerage Facilities still in service are over 100 years old. The City Engineer represents that the condition of the Sanitary Sewerage Facilities is generally good. No principal portion of the Sanitary Sewerage Facilities are leased, held subject to significant encumbrances or otherwise not held in fee.

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

Metro Wastewater Reclamation District. The sewage carried by the Sanitary Sewerage Facilities is delivered to Metro Wastewater Reclamation District ("Metro"), a political subdivision of the State organized to manage and finance facilities for the carriage, treatment and disposal of wastewater throughout the metropolitan Denver area. The City entered into a Sewage Treatment and Disposal Agreement (the "Metro Agreement") with Metro in March, 1964. The Metro Agreement has subsequently been republished to include prior amendments most currently in June 2008 with further amendments to Metro's Rules and Regulations, most recently in August of 2014. There are currently over 40 other municipalities, districts and industrial entities contracting with Metro for sewage treatment and disposal services. Under the Metro Agreement, Metro promulgates an annual charge to each signatory, which annual charge is payable quarterly. The annual charge is required by the terms of the Metro Agreement to be reasonable and in an amount adequate to fund Metro's operation and maintenance expenses as well as debt service on Metro's outstanding debt obligations and certain other obligations. The annual charge is calculated with the intention that each signatory pays in proportion to its use of Metro's services. The Metro Agreement may not be terminated until such time as all Metro debt obligations are no longer outstanding (currently April 2041). At such time, the Metro Agreement will be extended to the extent permitted by law from year to year until the City or Metro elects to terminate the Metro Agreement.

The following table presents historical data between 2010 and 2015 relating to Metro's total annual charges to the Enterprise (the "Metro Annual Charge"), the Metro Annual Charge as a percentage of the Enterprise's total operating expenses and the annual increase (decrease) in the Metro Annual Charge.

Table III
Historical Metro Annual Charges

	2011	2012	2013	2014	2015
Total Enterprise Operating Expense ¹	\$96,069,624	\$97,853,113	\$104,064,242	\$101,801,603	\$111,330,996
Metro Annual Charge	45,010,602	44,367,414	44,859,512	44,200,243	48,872,825
Metro Annual Charge as a Percentage of Total Operating Expense	46.85%	45.34%	43.11%	43.42%	43.90%
Year-to-Year Metro Annual Charge Increase (Decrease)	34.09%	(1.43)%	1.11%	(1.47)%	10.57%

¹ These figures do not reflect the amounts paid to other sewage treatment and disposal districts.
Source: Enterprise Department of Finance

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

Management

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

Jose Cornejo was appointed Manager of Public Works in 2012. Mr. Cornejo is an engineer with over 30 years of experience in successfully managing a wide range of infrastructure projects for the private and public sectors. He has extensive experience in large-scale sustainable and retrofit design, transportation projects, and infrastructure development such as heavy and light industrial complexes and multi-use and recreational facilities. Mr. Cornejo most recently served as the President and Chief Executive Officer of J.F. Sato and Associates (JFSA), a medium-sized engineering firm in Littleton. He began his tenure in 1983, working his way up to becoming the President and CEO in 2008. He was responsible for the administrative, financial and technical operation of the firm, including strategic planning and implementation for the company as well as for each department. Prior to working at J.F. Sato, Mr. Cornejo worked as a structural engineer at Michael Vanek & Associates and as a geotechnical engineer at FM Fox. He is bilingual and biliterate in English and Spanish.

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

Lesley B. Thomas is the Deputy Manager of Public Works for Engineering/City Engineer. Ms. Thomas has been employed by the City for 25 years, serving 15 years as City Engineer. She has also served as a Director and Supervisor for the Department. Prior to her work at the City, Ms. Thomas was employed for nine years by a local civil engineering consulting firm. Ms. Thomas is a State-registered professional engineer.

The day-to-day operations of the Enterprise and capital projects management are conducted by the Enterprise and other employees of the Department. As of August 21, 2016, 238 City employees worked almost exclusively for the Enterprise. Additional City employees also fulfill certain functions within the Enterprise on an as-needed basis.

Account Information

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

Table IV
Historical Account Information

Years (December 31)	Storm Drainage Accounts	Sanitary Sewerage Accounts
2006	154,605	150,304
2007	156,795	150,637
2008	158,176	153,720
2009	158,955	154,230
2010	159,932	155,482
2011	160,482	156,392
2012	161,420	156,374
2013	162,192	156,884
2014	163,143	157,939
2015	164,681	158,956
2016 ¹	165,769	160,522

¹ As of August 31, 2016.

Source: Enterprise Department of Finance

In 2015 approximately 94% of storm drainage accounts were attributable to residential lots or parcels, with the remaining 6% attributable to non-residential lots or parcels. The average customer paid an annual storm drainage service charge of approximately \$246 in 2015. Of the total dollars billed in 2015, residential accounts accounted for 51.4% of the total amount of storm drainage service charges and non-residential accounts accounted for the remaining 48.6%. In 2015, the City paid to the Enterprise 3.1% of the total storm drainage service charges billed for such year. No other entity accounted for more than 3% of the total amount of storm drainage service charges billed in 2015. See "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Storm Drainage Fee Structure."

In 2015 approximately 90% of the sanitary sewerage accounts were residential and the remaining 10% were non-residential. Of the total dollars billed in 2015, residential accounts accounted for approximately 38% of the total amount of sanitary sewage service charges billed for that year and non-residential accounts accounted for the remaining 62%. In 2015, the City paid to the Enterprise 4% of the total sanitary sewage service charges billed for such year. No other entity accounted for more than 1% of

the total amount of sanitary sewer service charges billed in 2015. See "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Sanitary Sewage Fee Structures."

FINANCIAL INFORMATION CONCERNING THE ENTERPRISE

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

Storm Drainage Fee Structure

The storm drainage service charges imposed by the City are included in Income. The City is also authorized to impose a storm drainage impact fee with regard to the Gateway development area. This impact fee, if collected, is not included in Income.

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

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

Table V
Current and Future Stormwater Rates

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

Source: Enterprise Department of Finance

The rate for the lot or parcel's ratio group is multiplied by the square footage of the lot or parcel's impervious area and then divided by 100. The resulting quotient is equal to the annual storm drainage service charge. For example, on January 1, 2017, a 5,000 square foot lot with 3,000 square feet of impervious area would be included in the .51 to .60 ratio group and therefore would be charged an annual storm drainage service charge of \$153.60 ($\$5.12 \times 3,000/100$). However, the minimum annual storm drainage service charge will not be less than \$15.02, \$16.67, \$18.50, \$20.35 and \$22.39 for the rate periods effective July 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020, respectively. Thereafter, the minimum charge will increase according to the percentage change from the previous year in the United States Consumer Price Index. The power and authority of home rule municipalities such as the City to impose storm drainage service charges computed as described above has been affirmed by the State Supreme Court.

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

Sanitary Sewerage Fee Structures

The City imposes the following fees and charges in connection with its Sanitary Sewerage Facilities: a sanitary sewage service charge (and an additional industrial waste surcharge for certain industrial users located within the City); a carriage, treatment and disposal charge for users located outside the City (and an additional industrial waste surcharge for certain industrial users located outside the City); and a sanitary sewer services availability fee. These fees and charges, with the exception of the sanitary sewer services availability fee, are included in Income.

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

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

Table VI
Current and Future Sewage Rates

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

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

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

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

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

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

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

Source: Enterprise Department of Finance

Carriage, Treatment and Disposal Agreements. The City is authorized to enter into contracts for the carriage, treatment and disposal of sewage by the Sanitary Sewerage Facilities with persons and various municipal districts outside the geographical limits of the City. The carriage, treatment and disposal charge is 150% of the amount that would be charged for areas inside the boundaries of the City per residential connection or residential equivalent. In addition to the carriage, treatment and disposal charge, a sewer surcharge calculated in accordance with the formula applicable to industrial sewage users within the City is to be billed to customers outside the City in the same frequency as the carriage, treatment and disposal charge. In 2015, these carriage, treatment and disposal services agreements contributed less than 0.3% of the total revenues deposited in the Wastewater Management Enterprise Fund.

Sanitary Sewer Service Availability Fee. The sanitary sewer services availability fee is a one-time charge required for new or altered connections to the Sanitary Sewerage Facilities. The City Code fixes this fee at \$410 for each single family residence. The City charges residential duplexes and multi-tenant residential housing facilities the fee based on a methodology whereby the particular residential attributes of the facility are used to approximate an equivalent number of single family residences. This number is then multiplied by \$410. The City charges non-residential users the fee based on the size of the non-

residential facility's water utility service tap line or, in the case of large water users, certain specified criteria of the individual user's sewage output is used to approximate an equivalent number of single family residences. This number is then multiplied by \$410. Receipts from the sanitary sewer services availability fee are committed pursuant to the City Code to a segregated account within the Construction Fund and are not included in Income. See "SECURITY FOR THE BONDS—Pledge and Flow of Funds." Such funds are, however, available at the discretion of the Enterprise to pay for Sanitary Sewerage Facilities or Storm Drainage Facilities capital improvements and for debt service on any debt obligations issued to finance Sanitary Sewerage Facilities or Storm Drainage Facilities, including the Bonds. See "FINANCIAL INFORMATION CONCERNING THE ENTERPRISE—Management's Comments Concerning Financial Performance of the Enterprise—Capital Improvement Plan."

Billing and Collections

Historically, the storm drainage service charge is billed and collected annually by the Manager of Public Works. These charges may be billed more frequently to ease the impact of the 2016 fee increases adopted by City Council. Accounts are billed on a cyclical basis which results in revenues from annual storm drainage service charges being collected by the Enterprise throughout the year. The Enterprise's collection of storm drainage service charges historically has been in excess of 99% of all storm drainage service charges billed.

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

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

Wastewater Management Enterprise Fund Budget

The following table sets forth the major items of revenues and expenditures included in the 2015 and 2016 budgets of the Wastewater Management Enterprise Fund. Budgeted amounts are not intended to project actual results.

**Table VII
Enterprise Budgets**

	2015 Approved Budget	2016 Approved Budget
Total Operating Revenue	\$125,182,100	\$128,695,163 ¹
Operating Expenses:		
Personnel Services	26,735,000	27,386,875
Contractual Services	25,514,700	27,680,797
Supplies and Materials	2,165,000	2,108,908
Other Operating Expenses	--	--
Payments to Metro Wastewater and Other Districts	<u>51,000,000</u>	<u>52,813,200</u>
Total Operating Expenses	\$105,414,700	\$109,989,780
Operating Income (loss)	\$19,767,400	\$18,705,383
Other Income (Expense):		
Earnings on Investments	389,000	821,969
Debt Service Payments	(1,614,175)	(1,478,425) ²
Bond Principal Payments	(2,715,000)	(2,850,000) ²
Purchase of Capital Equipment	<u>(2,177,100)</u>	<u>(2,913,000)</u>
Total Other Income	\$(6,117,275)	\$(6,419,456)
Modified Net Income	\$13,650,125	\$12,285,927

¹ The rate increases that went into effect on July 1, 2016 are not reflected in the 2016 budget.

² These amounts will be amended to reflect the debt service on the Bonds. See "THE BONDS—Debt Service Requirements."
Source: Enterprise Department of Finance

Operating History

The following table sets forth the revenues, expenses and changes in retained earnings of the Wastewater Management Enterprise Fund for the five years ended December 31, 2015:

Table VIII
Comparative Statement of Wastewater Management
Enterprise Fund Activity

	2011	Restated 2012 ¹	2013	2014	2015
Operating Revenues:					
Sanitary sewer	\$58,279,339	\$69,569,997	\$78,000,355	\$81,833,408	\$85,709,854
Storm drainage	31,464,231	36,596,860	37,871,321	38,972,387	40,550,193
Total:	\$89,743,570	\$106,166,857	\$115,871,676	\$120,805,795	\$126,260,047
Operating Expenses:					
Personnel services	\$19,031,648	\$20,087,538	\$21,429,496	\$21,175,362	\$22,532,732
Contractual services	14,425,358	15,857,625	19,687,211	18,021,659	20,052,641
Supplies	870,453	1,006,249	1,158,631	1,220,404	1,429,301
Utilities	466,812	421,262	430,240	438,928	376,018
Depreciation and amortization	16,264,751	16,113,025	16,499,152	16,745,007	18,067,479
Payments to Metro Wastewater Reclamation District	45,010,602	44,367,414	44,859,512	44,200,243	48,872,825
Total:	\$96,069,624	\$97,953,113	\$104,064,242	\$101,801,603	\$111,330,996
Operating Income:	(\$6,326,054)	\$8,313,744	\$11,807,434	\$19,004,192	\$14,929,051
Nonoperating Revenue (Expenses):					
Intergovernmental revenue	--	--	888,094	700,028	826,628
Investment income (loss)	257,876	1,122,750	(555,067)	894,994	705,812
Interest expense ²	4,927	(1,347,653)	(1,479,624)	(843,425)	(668,582)
Bond issuance costs	--	(602,493)	--	--	--
Gain (loss) on disposition of assets	(1,781,378)	16,720	59,797	81,677	194,853
Total nonoperating revenues:	\$(1,518,575)	\$(810,676)	\$(1,086,800)	\$833,274	\$1,058,711
Income before capital contributions and transfers	(\$7,844,629)	\$7,503,068	\$10,720,634	\$19,837,466	\$15,987,762
Capital contributions	11,652,062	6,890,861	7,289,698	18,444,026	9,564,386
Transfers out	(2,106,305)	(25,200)	(25,000)	(25,000)	(25,000)
Change in net position	\$1,701,128	\$14,368,729	\$17,985,332	\$38,256,492	\$25,527,148
Net assets, beginning of year (before restatement):	\$508,631,021	\$510,264,253	\$524,632,982	\$542,618,314	\$580,874,806
Change in accounting position – GASB 68³	--	--	--	--	(22,178,394)
Net assets, beginning of year (as restated)	--	--	--	--	558,696,412
Net assets, end of year	<u>\$510,332,149</u>	<u>\$524,632,982</u>	<u>\$542,618,314</u>	<u>\$580,874,806</u>	<u>\$584,223,560</u>

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

² Figures in 2011 represent amortized bond premiums.

³ In 2015, the City implemented GASB 68 relating to the accounting for pension obligations, which resulted in an adjustment of beginning net position as of January 1, 2015. For additional information on the impact of the implementation of GASB 68, please see the 2015 CAFR.

Source: Enterprise audited financial statements 2011–2015.

Historic Net Pledged Revenues

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

Table IX
Historic Debt Service Coverage Ratios

Years	Net Pledged Revenues	Combined Average Annual Debt Service Requirement	Debt Service Coverage Ratio
2011	\$10,201,500	\$2,484,444	4.11
2012	24,561,940	3,222,888	7.62
2013	28,016,286	3,164,383	8.85
2014	36,635,534	3,099,422	11.82
2015	33,362,784	3,027,084	11.02

Source: Enterprise Department of Finance

Management's Comments Concerning Financial Performance of the Enterprise

Operating Revenues. Operating revenues attributable to sanitary sewer service increased 47% from 2011 to 2015 and during the same period operating revenues attributable to storm drainage service charges increased 29%. The primary reason for the increase in sanitary sewer operating revenues was a 45% rate increase in 2011. The growth in storm drainage operating revenues can be attributed primarily to a 20% rate increase in 2011 coupled with growing impervious surface areas.

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

Operating Expenses. Operating expenses have increased approximately 16% from 2011 to 2015. The Metro Annual Charge increased 9% over such five-year period. See "THE STORM DRAINAGE AND SEWERAGE FACILITIES—Sanitary Sewerage Facilities—Metro Wastewater Reclamation District." Expenses associated with contractual services also increased approximately 39% over such five-year period.

Nonoperating Revenues. Net investment earnings (investment income less investment expense) increased from approximately \$257,876 in 2011 to approximately \$447,936 in 2015.

Capital Improvement Plan. The Enterprise continuously reviews its future capital needs to be identified in the master drainage plan through staff observation and customer and community feedback. Recommended projects are incorporated into the Six-Year Capital Improvement Plan. See "THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage Facilities—Planning," and "Sanitary Sewerage Facilities—Planning." The timing and priority for implementation of recommended

projects within the Six-Year Capital Improvement Plan are based upon certain factors including the master plan, study findings, health and safety matters, legal and contractual obligations, completion of existing projects, coordination with other projects, mitigation of damages, cost and operational efficiency, public/private cooperation and regional benefits. The Enterprise is continuously implementing the results of this process in its capital improvement plan.

The following schedule provides the Enterprise's currently proposed capital improvement plan expenditures for the years 2016-2021, which includes Platte to Park Hill:

Table X
Proposed Capital Expenditures

Use:	2016 ¹	2017	2018	2019	2020	2021
Sanitary Sewage:	\$5,166,146	\$9,011,687	\$6,952,923	\$8,640,000	\$9,040,000	\$7,590,000
Storm Drainage:	25,389,614	71,828,367	120,476,245	99,697,978	67,595,582	39,197,355
Total:	\$30,555,760	\$80,840,054	\$127,429,167 ²	\$108,337,978	\$76,635,582	\$46,787,355

¹ Figures are estimates subject to re-evaluation.

² Amount includes the City's anticipated Wastewater Enterprise Revenue Bonds, Series 2018, as well as additional revenues to be used for pay-as-you-go capital projects.

The Enterprise currently expects to issue additional Wastewater Enterprise Revenue Bonds of approximately \$121 million in 2018 as well as using additional revenues as and when needed to complete its projects under the capital improvement plan. The increases in annual storm drainage and sanitary sewerage rates were based on a rate study calculated with the assistance of the Wastewater Consultant to provide additional revenues for "pay-as-you-go" projects, strong debt service coverage on the Bonds and future debt obligations described above and projected increases in operations and maintenance expenses. A separate Report of the Wastewater Consultant includes a discussion of the feasibility of the increased rates, fees and charges. See "APPENDIX B—Report of the Wastewater Consultant." Certain portions of the Enterprise's future Storm Drainage Facilities may also be financed with reimbursements received from the Flood Control District. See "THE STORM DRAINAGE AND SANITARY SEWERAGE FACILITIES—Storm Drainage Facilities—Cooperation with Other Agencies." Based on historical Flood Control District reimbursements and planned capital improvements, the Enterprise estimates that the Flood Control District will contribute, pursuant to an intergovernmental agreement, money and/or capital assets annually to the Enterprise through 2021. Additionally, certain Storm Drainage Facilities capital improvements in the Gateway development area are expected to be financed from developer contributions and impact fees. See "FINANCIAL INFORMATION CONCERNING THE CITY—Storm Drainage Fee Structure—Gateway Area Impact Fees." Sanitary sewer service availability fees are expected to defray the cost of some of the Enterprise's future Sanitary Sewerage Facilities capital improvements. The balance of Sanitary Sewerage Facilities are expected to be financed on a "pay-as-you-go" basis primarily from proceeds of the sanitary sewage service charge.

CITY GOVERNMENT ORGANIZATION

General Information

The City is located on the front range of the Rocky Mountains in the north-central part of the State of Colorado. The City is the capital of the State and is the service, retail, financial, transportation and distribution center of the Rocky Mountain region. Over 3 million people, representing more than half of

the population of the State, currently reside in the Denver metropolitan area, of which approximately 678,000 reside in the City limits. See "APPENDIX C—An Economic and Demographic Overview of the Denver Metropolitan Region."

Organization

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

Government

The City Charter establishes a "strong-mayor" form of government. The Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to three consecutive terms. The legislative powers of the City are vested in the City Council, except as otherwise provided in the City Charter. The City Council consists of 13 members, two of whom are elected on an at-large basis and 11 of whom are elected by districts, all for four-year terms with a three-consecutive-term limit. Seven members constitute a quorum, and the vote of seven members is necessary to adopt any ordinance or resolution. Ordinances passed by the City Council are subject to a qualified veto by the Mayor (except certain ordinances concerning charter amendments or conventions). The Mayor's veto may be overridden by the vote of nine Council members.

Officials of the City are as follows:

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

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

The Chief Financial Officer, as the Manager of Finance and Ex-Officio Treasurer (the "Manager of Finance") serves on the Mayor's cabinet and is responsible for the management of the City's debt and financial obligations and the appointment of the Manager of Cash, Risk & Capital Funding, Controller, Treasurer, Budget Manager, Assessor and Director of Real Estate. Responsibilities for issuance of payments, payroll and other general accounting functions are performed by the Department of Finance. The current Manager of Finance is Brendan J. Hanlon.

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

As of August 1, 2016, the appointed members of the Mayor's cabinet were the following individuals:

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

In addition to the members of the cabinet, Evan Dreyer and Penny May, the Deputy Chiefs of Staff, have significant advisory roles in formulating policy.

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

The City Charter also establishes the Denver Water Department, an independent and non-political agency of the City, which is under the control of a five-member, nonpartisan Board of Water Commissioners (the "Denver Water Board"), and vests the charge and control of the City's water system and plant in the Denver Water Board. All revenues of the water system are accounted for in the Water Works Fund, disbursements from which are controlled by the Denver Water Board. The Denver Water Board may issue revenue bonds that are payable solely from the net revenues of the operations of the Denver Water Board but, since 2003, the Denver Water Board has not had the authority under the City Charter to issue general obligation bonds of the City and there are no Denver Water Board general obligation bonds outstanding. Members of the Water Board are appointed by the Mayor for six-year overlapping terms.

FINANCIAL INFORMATION CONCERNING THE CITY

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

Budget Policy

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

The budget proposed by the Mayor may not include expenditures in excess of estimated opening balances and anticipated revenues. In addition, the General Fund budget is required by the City Charter to include a year-end closing balance, which may only be expended upon a two-thirds majority vote of the City Council during that Fiscal Year but may be considered income for the ensuing Fiscal Year. The annual budget includes a Contingency Reserve of no less than 2% of total estimated expenditures. In addition, an Emergency Reserve equal to 3% of Fiscal Year spending excluding debt service is required by State constitutional provisions (the "TABOR Reserve") to be included in the budget. In March 2014, the City Council approved fulfilling a portion of the TABOR Reserve requirement by pledging real property in lieu of cash. This reserve may only be applied for emergency purposes as specified in the Colorado Constitution. By Department of Finance policy, the General Fund targeted reserve is 15%, and should not be drawn below 10%.

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

General Fund

The General Fund is the principal operating fund of the City. Information contained in this section has been drawn from the annual financial reports of the City, the General Fund budget for the years 2015 through 2017 and information prepared by the Department of Finance.

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

As of December 31, 2015, the general sales tax was a fixed-rate (3.65%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. The general use tax was also a fixed-rate of 3.65%, imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis. The sales and use tax rate includes a 0.15% portion authorized by voters to fund increased access to and quality of preschool programs for City residents (the "preschool tax"). The revenue from this portion of the sales and use tax, which is in effect through December 31, 2026, is only available for the specified preschool purposes and cannot be used for General Fund purposes. The general sales and use tax and the preschool tax are charged on all medical marijuana sales but retail recreational marijuana sales are charged an additional 3.5% tax which is deposited in the General Fund for expenditures authorized in the Denver Revised Municipal Code, which include, among other things, expenses related to the licensing and regulation of the retail marijuana industry and, generally, the expenses of operating and improving the City and its facilities.

Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of

exempt property include property used for religious or charitable purposes and property owned by governmental entities.

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

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

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

Major Expenditure Categories. The General Fund accounts for all expenditures normally associated with basic municipal functions. Expenditures under the General Fund include: General Government; Public Safety; Public Works; Health; and Parks and Recreation and Cultural Facilities. The largest portion of the 2016 revised expenditure Budget (38.9%) was allocated to Public Safety, which is primarily responsible for administering police, fire and the sheriff's departments' services. For the 2017 proposed budget, Public Safety represents 39.1% of the General Fund.

Collection of Taxes

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

Financial Statements

The basic financial statements of the City for the year ending December 31, 2015, included in Appendix A to this Official Statement have been audited by BKD LLP ("BKD"), independent public accountants, as stated in their report appearing herein. The agreement between the City and BKD relating to provision of audit services provides that the City is not required to obtain BKD's consent for the inclusion of financial statements in the City's offering documents. Accordingly, the consent of BKD to the inclusion of Appendix A was not sought or obtained. BKD has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of this report and BKD should not be considered to be associated with the Official Statement in any manner.

Financial statements of the City for fiscal years ending on or prior to December 31, 2015 are available for inspection at the Department of Finance, Department 1004, 201 West Colfax, Denver, Colorado 80202, or on the City's website (denvergov.org) under the Controller's webpage. The information presented on the City's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

DEBT STRUCTURE OF THE CITY

General Obligation Bonds

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

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2015. No electoral authorization remains for additional general obligation bonds.

Outstanding General Obligation Debt¹

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Justice System Facilities Bonds, Series 2006 ²	\$ 125,000	\$ 6,795
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007 ³	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	123,755
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	73,435
General Obligation Better Denver Bonds, Series 2010A	37,910	5,930
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D	44,650	31,870
General Obligation Better Denver Bonds, Series 2011A	16,455	16,455
General Obligation Better Denver and Refunding Bonds, Series 2013A	120,925	89,545
General Obligation Refunding Bonds, Series 2013B1-B2 ⁴	137,435	134,975
General Obligation Better Denver Bonds (Denver Mini-Bond Program), Series 2014A ⁵	<u>12,000</u>	<u>12,000</u>
TOTAL:	\$1,093,926	\$815,676

¹ Amounts expressed in thousands.

² The Series 2013B1-B2 bonds refunded portions of the Series 2006 Bonds.

³ Amount excludes \$4,462,695 of compound interest on the Series 2007 Capital Appreciation Bonds.

⁴ Direct bank placement; no official statement prepared.

⁵ Amount excludes \$763,110 of compound interest on the Series 2014A Capital Appreciation Bonds

Source: The City.

Lease Purchase Agreements

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

the owners of the COPs from specified remedies. If appropriated for the applicable fiscal year, the City has the obligation to pay the related lease agreement rentals for that fiscal year.

COPs have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Principal portions of Base Rentals under these lease purchase agreements outstanding as of December 31, 2015 is summarized in Table XII.

Table XII
Schedule of Certificated Lease Purchase Transactions
and Release Dates

Series	Outstanding Principal Amount (as of December 31, 2015)¹	Leased Property	Date Lease Property Scheduled To Be Acquired
2005A	\$ 14,290	Human Services Campus	May 1, 2020
2008A1-A3	228,470	Wellington E. Webb Office Building	December 1, 2031
2008B	16,315	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	18,520	Central Platte Campus	December 1, 2030
2010B		Wastewater Office Building/Roslyn	
	15,185	Maintenance Facility	December 1, 2021
2012A	6,995	Denver Cultural Center Parking Garage	December 1, 2021
2021C1-C3	41,520	Denver Properties Leasing Trust	December 1, 2031
2013A	33,225	Buell Theatre	December 1, 2023
2015A	<u>22,470</u>	Fire Stations (3); Blair-Caldwell African	December 1, 2034
		American Research Library	
TOTAL:	\$396,990		

¹ Amount expressed in thousands.
Source: Department of Finance

Non-Certificated Lease Purchase Agreements. As of December 31, 2015 the City was the lessee under various other capitalized lease obligations for the lease purchase of real property and equipment outstanding in the principal amount of \$18,421,892, compared to \$23,950,334 as of December 31, 2014. At the end of the final term of such leases, the City expects to own the real property and equipment that is the subject of such leases. Certificates of participation relating to these leases have not been executed and delivered.

Revenue Bonds

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

As of December 31, 2015, the City's Airport Enterprise (the "Airport Enterprise") had \$4,112,490,000 of airport system revenue bonds outstanding, including capital appreciation bonds. Of this total, there are fixed-payment swaps hedging variable rate mode debt totaling \$802,200,000.

As of December 31, 2015, the City had outstanding excise tax revenue and excise tax refunding bonds in the amount of \$171,365,000. All of these excise tax revenue and excise tax revenue refunding

bonds were refunded by the City and County of Denver, Colorado Dedicated Tax Revenue Refunding and Improvement Bonds, Series 2016, originally issued in the aggregate principal amount of \$397,310,000 on April 6, 2016.

In March 2006, the City created a Golf Enterprise as a Division of its Department of Parks and Recreation (the "Golf Enterprise"), and issued on behalf of the Enterprise revenue bonds in the aggregate principal amount of \$7,365,000. As of December 31, 2015, \$2,970,000 of such bonds remain outstanding.

As of December 31, 2015, the Wastewater Enterprise Series 2012 Bonds are currently outstanding in the aggregate principal amount of \$40,710,000 (which amount includes \$2,850,000 scheduled to mature on November 1, 2016).

City Discretionary Support Payments

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

DURA retained the option to purchase the Series 2010B-1 DURA Bonds from the bondholders thereof on any date on or after December 1, 2015 at a purchase price equal to the principal amount of the Series 2010B-1 DURA Bonds so purchased (with no tender premium), plus accrued interest to the purchase date. On December 23, 2015, DURA, pursuant to a Series 2010B-1 2015 Remarketing Supplemental Indenture, exercised this option and: (a) purchased all of the then-outstanding Series 2010B-1 DURA Bonds, in the aggregate principal amount of \$76,680,000; (b) remarketed and resold to new bondholders \$67,700,000 in principal amount of the Series 2010B-1 DURA Bonds at a resale price of \$77,536,205; and (c) used the \$9,836,205 premium included in such purchase price to (i) pay the accrued interest on the purchased Series 2010B-1 DURA Bonds, (ii) pay the costs incurred by DURA in connection with such remarketing and resale, including underwriters' discount, and (iii) pay and cancel the remaining \$8,980,000 principal amount of the Series 2010B-1 DURA Bonds. The remarketed Series 2010B-1 DURA Bonds continue to be secured by the DURA Series 2010B-1 Reserve Fund and the City's undertaking with respect thereto under the 2010 Services Agreement as described in the immediately preceding paragraph.

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

Project Authority ("DUSPA"), a Colorado nonprofit corporation and instrumentality of the City, for the purpose of financing, owning, constructing, operating and maintaining the DUS Project. In order to finance the transportation elements of the DUS Project, DUSPA negotiated loans (collectively, the "DOT Loans") with the U.S. Department of Transportation to fund the DUS Project. The DOT Loans are secured by an indenture (the "DOT Indenture") which provides for debt service reserve funds (the "DOT Reserve Funds") to be drawn upon in the event that DUSPA does not make required payments when due under the DOT Loans. In consideration of the benefits to be derived by the City as a result of the completion of the DUS Project, the City has entered into a Contingent Commitment and Services Agreement, dated February 9, 2010 (the "Contingent Commitment Agreement"), with DUSPA and the trustee under the DOT Indenture pursuant to which the City has agreed, subject to annual appropriation, to replenish one of the DOT Reserve Funds up to an amount agreed upon within the DOT Indenture (but in no event greater than \$7.15 million) in the event of a draw on such fund. The City Council's decision to appropriate such funds is by ordinance without compulsion and solely in the City Council's discretion. The City Council has never been requested to appropriate funds under the Contingent Commitment Agreement. DUSPA is required under the terms of the Contingent Commitment Agreement to reimburse the City for the amount of its payments with interest, subject to prior DUSPA financial commitments. In 2015, DOT Reserve Funds remain undrawn and pledged DUSPA revenues exceeded DOT Indenture commitments causing \$5,993,433 of DOT Loans to be prepaid. The prepayment was made on January 4th, 2016..

Denver Convention Center Hotel Authority. In the spring of 2003, the City created the Denver Convention Center Hotel Authority for the express purpose of acquiring, constructing, equipping, operating and financing a convention center headquarters hotel, parking garage and supporting facilities across the street from the Colorado Convention Center. In June 2003, the Authority issued its own special limited obligation revenue bonds in the amount of \$354 million to finance the hotel and contract independently with a developer and operator for the hotel. The hotel opened as scheduled on December 20, 2005. In April 2006, the Authority issued \$356 million in refunding bonds to fully refund the 2003 revenue bonds. The refunding bonds are payable from hotel revenues, and the hotel is mortgaged by the Authority to the bond trustee to secure the bonds. The Authority has no taxing power. The City did not pledge its own credit to support the hotel project and did not create any multiple-fiscal year direct or indirect debt or other financial obligation of the City in connection with the financings. However, the City entered into an Economic Development Agreement with the Authority under which the City makes payments in consideration of various agreements with the Authority regarding the hotel's construction and operation in respect of the Convention Center and of the economic benefits to the City expected to be derived from the construction and operation of the hotel, subject to annual appropriation by the City Council. The City has made all payments under the Economic Development Agreement through June 1, 2016. The remaining Economic Development Payments are set forth in the following table. The Economic Development Agreement is subject to termination on each December 31 according to its terms and expires no later than December 31 of the thirty-fifth calendar year after the opening of the Denver Convention Center Hotel.

Denver Convention Center Hotel Economic Development Payments

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

PENSION PLANS

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

Denver Employees Retirement Plan

The following information has been taken from the 2015 Comprehensive Annual Financial Report of DERP (the "DERP 2015 CAFR") and has not been verified by the City.

DERP is a defined benefit plan. Its purpose is to provide retirement benefits to qualified members of the City and County of Denver and the Denver Health and Hospital Authority. DERP has separate legal standing and has no financial responsibility to the City. The assets of DERP are funds held in trust by DERP for the exclusive purpose of paying pension and certain postemployment health benefits to eligible members. DERP health benefits are described below under "OTHER POST EMPLOYMENT BENEFITS – DERP OPEB Plan."

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

DERP membership consisted of the following as of December 31, 2014 and 2015:

Denver Employees Retirement Plan Membership:

	<u>2014</u>	<u>2015</u>
Retirees and beneficiaries currently receiving benefits	8,815	9,074
Terminated employees entitled to benefits but not yet receiving such benefits	3,466	3,464
Current employees:		
Vested	5,584	5,273
Non-vested	<u>2,905</u>	<u>3,363</u>
TOTAL	<u>20,770</u>	<u>21,174</u>

DERP provides retirement benefits plus death and disability benefits. Members who were hired before July 1, 2011, and retire at or after the age of 65 (or at age 55 if the sum of their age and credited years of service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and added to credited years of service of summing to equal at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited

service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments to retirement benefits are authorized only by vote of the Retirement Board, and only when sufficient excess funds are available to cover the cost of any such increase in benefits over the lifetime of all retired members; however, no cost of living adjustment has been made since 2002. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the DERP's board and enacted into ordinance by the Denver City Council.

The following are DERP contribution requirements and dates on which contribution requirement changes took effect. There have not been any changes to the contribution requirements effective as of January 1, 2015.

	January 1, 2005	January 1, 2010	January 1, 2011	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
City Contribution	8.50%	8.50%	9.50%	10.25%	11.00%	11.20%	11.50%
Employee Contribution	<u>2.50%</u>	<u>4.50%</u>	<u>5.50%</u>	<u>6.25%</u>	<u>7.00%</u>	<u>7.30%</u>	<u>8.00%</u>
Total	11.00%	13.00%	15.00%	16.50%	18.00%	18.50%	19.50%

As of December 31, 2015, the total net plan assets were \$2,016,499,464. Per DERP's independently audited 2015 CAFR, as of January 1, 2015, the most recent actuarial valuation, 73.7% of the plan's actuarial accrued liabilities were covered by actuarial value of assets.

On September 21, 2015, City Council passed a bill approving changes to the DERP governing ordinance, one of which was a requested change in the "actuarially assumed rate of investment return" for the plan, from 8.0% to 7.75%. This request was made "in light of work done by DERP's investment consultant indicating lower 10-year expected returns for the DERP-specific asset allocation." The other requested changes to this ordinance were non-substantive, technical changes. The changes per this bill went into effect on October 1, 2015.

Fire and Police Pension Plans

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

The City's contributions to FPPA Old Hire Plans, for the years ended December 31, 2015, 2014, and 2013, were \$34,889,000, \$28,458,000, and \$30,206,000, respectively. For FPPA, covered employees under the New Hire Plan contribute at the rate of at least 8% of base salary. The City also made contributions for the years ended December 31, 2015, 2014, and 2013, to the New Hire Plan, in the amounts

of \$15,299,000, \$14,229,000, and \$14,650,000, respectively. Due to the implementation of the provisions of GASB 68 in 2015, the funded status of the FPPA Old Hire and New Hire Plans will no longer be disclosed. For additional information on the implementation of GASB 68, refer to the 2015 CAFR attached hereto as Appendix A.

OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described above, the City provides health insurance benefits to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit benefit for the retirees in the plans. The City's contribution toward the implicit rate subsidy is based on pay-as-you-go funding for the retirees. The plans for eligible DERP and FPPA retirees are described below and at Note H in the "Other Note Disclosures" section of the City's 2015 CAFR.

DERP OPEB Plan

DERP retirees are responsible for 100% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension provides monthly health insurance premium reduction of \$12.50 per year of service for retired participants not eligible for Medicare and \$6.25 per year of service for retirees eligible for Medicare. Per DERP's independently audited 2015 CAFR, 55.2% of the plan's accrued liabilities were covered by valuation assets.

OPEB for Collectively Bargained Agreements

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

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

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Appendix C contains an economic and demographic overview of the Denver Metropolitan Area as of August 2016.

FORWARD-LOOKING STATEMENTS

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

aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

LEGAL MATTERS

Constitutional Revenue, Spending and Debt Limitations

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

TABOR restricts the total amount of expenditures and reserve increases (excluding changes in debt service payments) that may be made by the City for all purposes by limiting the City's revenues to the total amount of revenues received by the City in the preceding year, adjusted for inflation and local growth. Under TABOR, excess revenues are required to be refunded to citizens the next fiscal year unless the voters approve a public entity to retain excess revenues. On November 6, 2012, Denver voters passed ballot measure 2A that permanently removed all TABOR restrictions described above regarding the collection and retention of all taxes. The measure permanently allows the City to collect, retain, and spend all lawful taxes.

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

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

Litigation

The City is party to numerous pending lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. Generally, the City is self-insured, except for the City's Airport System. For Fiscal Year 2016, the City Attorney's office has received an appropriation of approximately \$3.0 million, for payment of claims and judgments for items not covered by existing insurance. The City considers these amounts sufficient to provide for the disposition of matters which are anticipated to be finalized in 2016.

In a complaint styled MacFarlane v. City and County of Denver, et al., Plaintiff seeks declaratory and injunctive relief to prevent the City from re-grading a portion of City Park Golf Course to detain storm water, that currently comprises a portion of the 2016 Project, while continuing to provide recreational opportunities. The City timely filed a motion to dismiss the complaint on July 8, 2016 contending that nothing in the Charter or the zoning code limits the City's ability to make a compatible use of City Park Golf Course for a storm water detention project that benefits the public. This matter was fully briefed as of September 9, 2016 and is awaiting action by the court. The City will continue to defend this matter until it is resolved; however, even were the relief sought in the complaint to be granted in full, the City believes

that such relief does not limit or prohibit issuance of the Bonds, use of bond proceeds for wastewater and flood control purposes, nor collection of Wastewater fees used to make bond payments.

Additionally, an attorney representing a group of Denver residents has sent the City a "Notice of Claim" letter, as required under C.R.S. §24-10-109 of the Colorado Governmental Immunity Act as defined below under the subsection header "-Governmental Immunity", containing various and several allegations against the Wastewater Management Division, including claims that the Division has violated TABOR and the Colorado Organized Crime Control Act. No complaint has been filed in this matter so it is uncertain as to what potential relief might be requested. The City anticipates it will fully defend this matter if, in fact, a complaint is filed.

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

Governmental Immunity

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

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

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

Approval of Certain Legal Proceedings

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

In addition to acting as Co-Bond Counsel, Kutak Rock LLP and Kline Alvarado Veio, P.C. have also been retained to advise the City concerning and have assisted in the preparation of this Official Statement. Kutak Rock LLP and Kline Alvarado Veio, P.C. have not participated in any independent verification of the information concerning the financial condition or capabilities of the City contained in this Official Statement.

TAX MATTERS

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

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

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

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

[With respect to Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, or Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on May 1 and November 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, and Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.]

[Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation (other than Colorado state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.]

The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

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

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

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

RATINGS

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

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

CONTINUING DISCLOSURE

The City will execute and deliver a continuing disclosure undertaking (the "Disclosure Undertaking") at the time of the closing for the Bonds. The Disclosure Undertaking will be executed for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Act of 1934 (the "Rule"). The Disclosure Undertaking will provide that so long as the Bonds remain outstanding, the City will annually provide certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB"), and will provide notice of certain enumerated events to the MSRB, in compliance with the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as Appendix D. Within the five-year period from the date of this Official Statement, the City has complied in all material respects with previous undertakings.

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds were purchased at competitive sale on _____, 2016, by _____ at a purchase price equal to \$_____ (which is equal to the par amount of the Bonds, less Underwriters' compensation of \$_____ and plus net original issue premium of \$_____). The City's obligation to deliver, and the Underwriter's obligation to accept, the Bonds is subject to the various terms and conditions contained in the Notice of Sale relating to the Bonds.

MISCELLANEOUS

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

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

CITY AND COUNTY OF DENVER, COLORADO

By _____
Mayor

By _____
Manager of Finance, *Ex Officio* Treasurer

APPENDIX A
BASIC FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

APPENDIX B
REPORT OF THE WASTEWATER CONSULTANT

APPENDIX C

AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN REGION

See the attached report prepared by Development Research Partners as of August 2016. *The City does not independently verify or collect such information.* However, the majority of such information is publicly available from the sources cited in the report.

Introduction

Colorado recorded the fifth fastest employment growth of the 50 states during 2015, with a 3.1 percent increase in jobs in 2015. Colorado's expanding employment base, high quality of life, and increasing presence in the global business community will continue to attract individuals and businesses to the state. However, the region is challenged by the low price of oil as Colorado was ranked as the country's seventh largest oil producer in 2014. While this industry has large multiplier effects, the state's diversified economic base should help it weather the employment declines resulting from a slowdown in exploration activity due to the low price of oil.

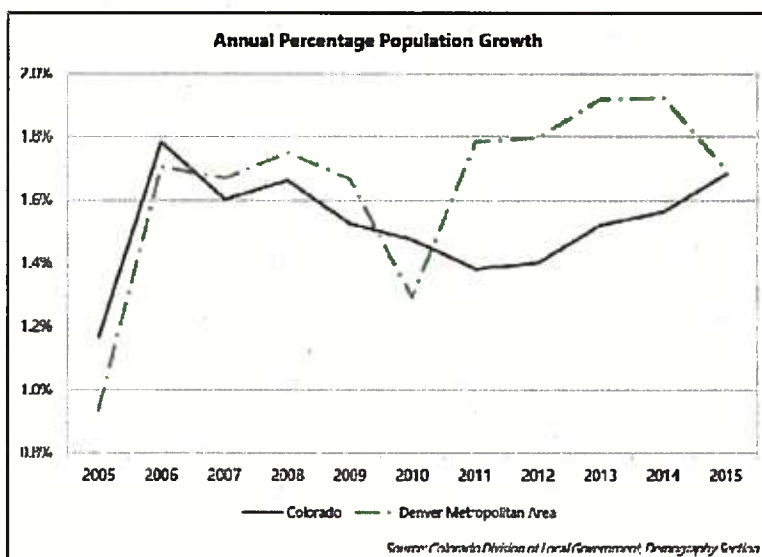
The Denver metropolitan area is comprised of seven counties – Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The Denver metropolitan area economy strongly influences the economy statewide as the area accounts for about 62 percent of Colorado jobs and 56 percent of the state's total population. The Denver metropolitan area experienced job growth in each supersector in 2015, adding 53,100 jobs of the total 76,300 jobs added in the state. Four industry supersectors – education and health services, professional and business services, leisure and hospitality, and government – accounted for 60 percent of Denver metropolitan area jobs added between 2014 and 2015. The area's expanding economy will continue to be supported by a strong entrepreneurial environment, business friendly policies, and a talented workforce.

Population

Colorado

U.S. Census Bureau population data show Colorado as the second fastest-growing state between July 2014 and July 2015. According to the Colorado Demography Office, the Colorado population increased 1.7 percent to over 5.4 million, a rate more than two times faster than the rate of the nation due to a high birth rate, low death rate, and positive net migration.

Population growth depends on two components – natural increase and net migration. Natural increase is the



difference between births and deaths, and typically changes only gradually as the population ages. Net migration reflects the number of in-migrants to the state minus the number leaving, and it tends to be more volatile as economic cycles, housing costs, and other less-predictable factors tend to influence population mobility. Natural increase accounted for 46 percent of Colorado's total population change between 2005 and 2015, and net migration accounted for 54 percent.

Demographers expect net migration will be the major contributing factor to Colorado's population growth throughout the decade, representing about 64 percent of the state's population increase in 2015. Colorado is

experiencing two major demographic shifts in the state's population. First, in 2015, the largest generational group residing in the state became the millennials (born 1981-1997), surpassing the baby boomers (born 1946-1964). Second, Colorado's share of the population 65 years and older is increasing rapidly. Among the 50 states,

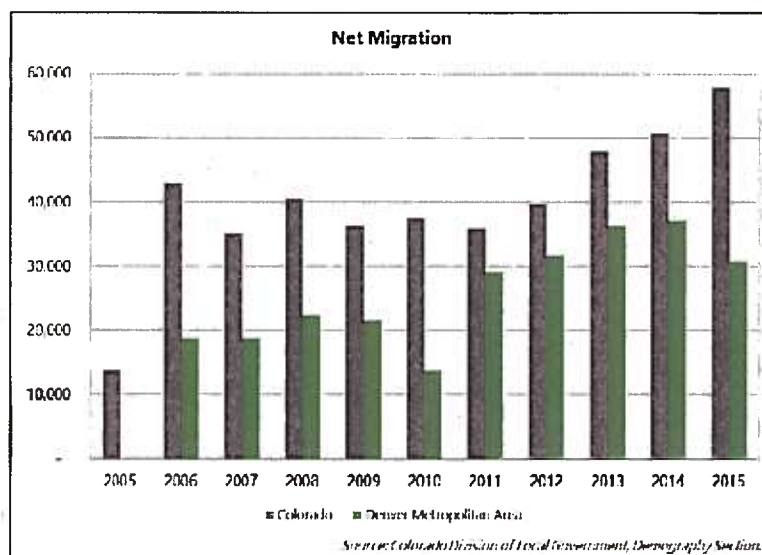
AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

Colorado ranked as having the fifth lowest share of those 65+ (12.7 percent) in 2014. By 2023, this percentage will increase to 18 percent of the population. This means that the over 65 population will nearly double from 2014 to 2030, with the population increasing from 681,000 to nearly 1.3 million.

Denver Metropolitan Area

The Denver metropolitan area is a magnet for new Colorado residents, although the two nationwide recessions that occurred over the past ten years made the share of regional population growth due to net migration somewhat smaller than it was during the 1990s and early 2000s. Net migration represented 54 percent of total Denver metropolitan area population growth between 2005 and 2015, and natural increase represented 46 percent of total growth. The prior decade (1995-2005) showed net migration represented 52 percent of the population change.

Even with slower net migration during recession periods, the Denver metropolitan area's average annual



population growth over the past ten years (1.7 percent) was noticeably faster than the national average (0.8 percent). The region's population grew 1.7 percent between 2014 and 2015, and the Denver metropolitan area is now home to nearly 3.1 million residents.

From 2011 through 2013, net migration in the Denver metropolitan area accounted for more than 75 percent of total Colorado migration. While net migration to the Denver metropolitan area represented just over half of the state's net migration in 2015, the area is a choice location for the millennials. The millennials were the largest population group in the Denver metropolitan area, numbering just over 713,800 in 2014. While generation X

(685,100 population) and baby boomers (684,500 population) dominate those working today, the millennials are making their mark on the workplace and now represent the largest component of the potential labor force.

According to the Colorado Demography Office, the Denver metropolitan area's largest population group are young adults (ages 25-34), representing 14.9 percent of the population. The area's median age (37) is lower than the nationwide median (37.7) and the total share of the region's population age 65 and older (11.7 percent) is smaller than the comparable share nationwide (14.5 percent).

Denver Metropolitan Area Population by County

Area	2005	2010	2015	Avg. Annual Population Growth	
				2005-2010	2010-2015
Adams	395,384	443,711	490,066	2.3%	2.0%
Arapahoe	528,214	574,819	628,323	1.7%	1.8%
Boulder	282,910	295,605	317,814	0.9%	1.5%
Broomfield	48,251	56,107	63,423	3.1%	2.5%
Denver	559,459	604,879	677,861	1.6%	2.3%
Douglas	244,442	287,124	319,920	3.3%	2.2%
Jefferson	523,517	535,651	565,106	0.5%	1.1%
Denver Metropolitan Area	2,582,177	2,797,896	3,062,513	1.6%	1.8%
Colorado	4,662,534	5,050,289	5,443,612	1.6%	1.5%

Source: Colorado Division of Local Government, Demography Section.

Of the seven Denver metropolitan area counties, the City and County of Broomfield, the City and County of Denver, and Douglas County reported the fastest population growth over the past five years. Growth in five of the seven counties exceeded both the statewide and national average growth rates between 2010 and 2015.

City and County of Denver

The City and County of Denver represents about 22 percent of the total Denver metropolitan area population, the largest portion of the seven counties in the region. The young adults (age 25-34) also represent the largest portion of the City and County of Denver's population at 20.3 percent, 5.4 percentage points higher than the portion in the Denver Metropolitan area. The City and County of Denver also has a median age of 34.5, more than two years younger than the surrounding population. Between 2005 and 2010, total population growth averaged 1.6 percent per year. Since the Great Recession of 2007-2009, the City and County of Denver has reported steady population growth, averaging 2.3 percent growth over the last five years. From 2005 to 2015, net migration represented 53 percent of the population growth, while 47 percent was attributed to natural increase.

Employment

The U.S. Bureau of Labor Statistics releases employment data based on two different surveys. The household survey – also called the Current Population Survey (CPS) – reflects employment characteristics by place of residence and is the data source for statistics on labor force, employment and self-employment, and unemployment by county. This data is discussed in the Labor Force & Unemployment section of this report.

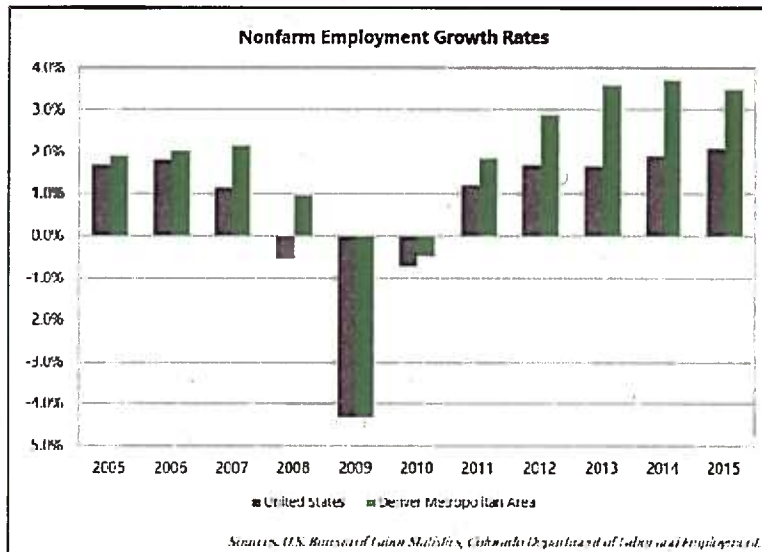
The so-called “establishment” survey is the data source for the Current Employment Statistics (CES) series, which includes detailed information on employment, hours, and earnings by industry. Although the survey does not count the self-employed, the CES data are some of the most closely watched and widely used gauges of employment trends.

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 20 detailed industry sectors that are combined to form 11 “supersectors.”

Colorado

During the past ten years, Colorado employment grew at an annual average rate of 1.3 percent, more than two times the national rate (0.6 percent). The most recent recession caused significant declines in employment growth in Colorado, as the state posted more negative growth rates during the last recession than the national average.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA



While Colorado was harder hit by the last recession than the rest of the nation, the area recovered at a much faster pace and recorded higher employment growth for the last five years.

The concentration of certain industries in the state gave it unique advantages in recent times of economic growth. A large presence of high-tech and construction activity positioned Colorado to expand at a steady pace over the last few years. Colorado employment rose across each of the 11 supersectors from 2014 to 2015, most notably in education and health services (+4.7 percent). Employment also increased at a strong pace between 2014 and 2015 in the leisure and hospitality and

financial activities supersectors, rising 4.3 percent and 3.6 percent, respectively. Total employment in Colorado increased 3.1 percent during the period. Colorado's employment growth rate was 1 percentage point higher than the national growth rate of 2.1 percent.

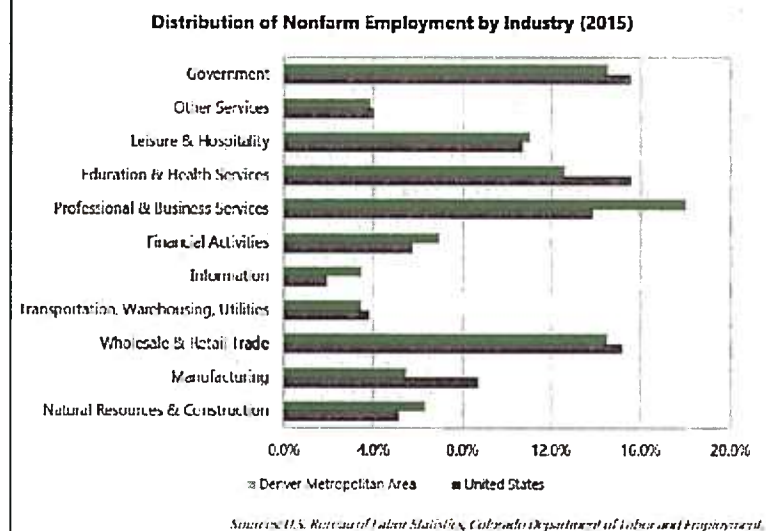
Denver Metropolitan Area

The U.S. Bureau of Labor Statistics also compiles CES data for a number of Metropolitan Statistical Areas (MSAs), including the Denver-Aurora-Lakewood MSA (Denver MSA) and the Boulder MSA. The Denver MSA consists of ten counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties. Because CES data are not available for the counties individually, data in this section of the report reflects the Denver MSA and Boulder MSA (Boulder County) combined.

This 11-county region has a nonfarm employment base of nearly 1.6 million workers. Growth in the region has been slightly stronger than the state, with employment rising 3.5 percent between 2014 and 2015. Accounting for about 62 percent of the state's employment, the Denver

metropolitan area added 53,100 jobs of the total 76,300 jobs added in the state during the last year. The ten-year average annual growth rate for the area of 1.6 percent was higher than the state average (1.3 percent). Both the state and the 11-county region began to report economic expansion in 2011, but the Denver metropolitan area has consistently expanded at a faster pace than the state each year since the recovery began.

Four industry supersectors – education and health services, professional and business services, leisure and hospitality, and government – accounted for 60 percent of Denver metropolitan area jobs added between 2014 and 2015. Part of these industries' large impact on overall job growth reflects their sheer size, as they are some of the region's largest sectors in terms of total jobs. The education and health services and leisure and hospitality



AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

supersectors are the region's fourth and fifth largest industries by employment, reporting over-the-year employment growth of 4.6 percent and 4.3 percent, respectively. The Denver metropolitan area's largest supersector, professional and business services, expanded by 3.5 percent.

U.S. oil producing states generally experienced a decline in employment in 2015 as the price of oil fell, but production continued to increase with improved drilling technology. According to the U.S. Energy Information Administration, Colorado supplies about one out of every 50 barrels of U.S. oil output. The Denver metropolitan area has a significant concentration of regional offices for national oil production companies. This employment base, along with strong construction activity, helps explain the 5.1 percent increase in employment between 2014 and 2015 in the natural resources and construction sector. However, this growth rate was 7 percentage points slower than the previous year's rate, reflecting the downturn in oil prices. The sector reported the largest over-the-year percentage increase in employment, with a 5.1 percent increase, and represented about 9 percent of all jobs added in 2015. Growth in the sector also occurred in both 2013 (+9.7 percent) and 2014 (+12.1 percent).

City and County of Denver

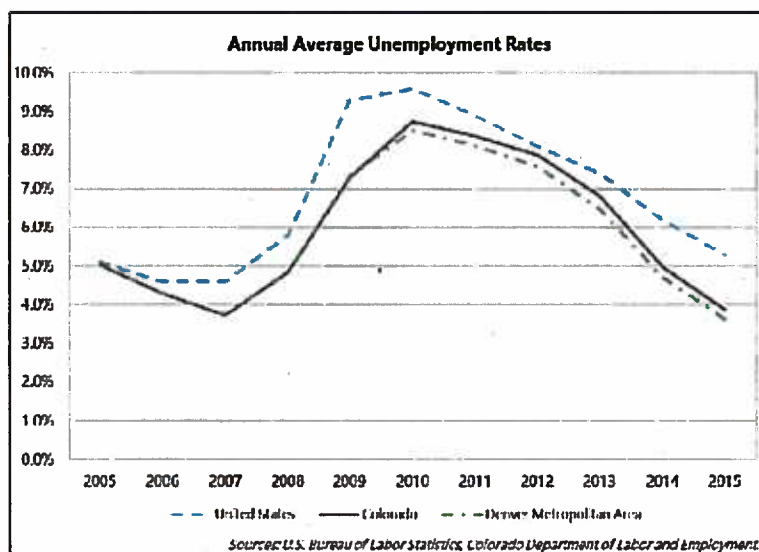
The City and County of Denver is the employment center for the Denver metropolitan area and accounts for 30 percent of the region's total jobs. Downtown Denver's central business district has one of the area's largest concentrations of office space and is home to telecommunications companies, large healthcare organizations, financial and legal firms, and a variety of other businesses. The City and County of Denver had the state's largest job base of 478,560 workers in 2015, and employment increased 3.9 percent between 2014 and 2015.

The City and County of Denver's three largest industry supersectors by employment concentration are professional and business services (20.2 percent), government (13.8 percent), and leisure and hospitality (12.4 percent). Total employment rose in all of the 11 industry supersectors between 2014 and 2015, with the largest increases in leisure and hospitality (6.2 percent), education and health services (5.5 percent) and professional and business services (4.5 percent).

Labor Force & Unemployment

In 2015, the economic recovery picked up speed, pushing the national unemployment rate to the lowest level since 2007. Companies began hiring at a faster pace as consumers became more confident and companies were

more optimistic about future economic conditions. Data shows the national unemployment rate declined to 5.3 percent in 2015, a decline of 0.9 percentage points from the 2014 rate (6.2 percent).



Colorado

Colorado's unemployment rate fell faster than the national average, reaching 3.9 percent in 2015 and the lowest level since 2007. Colorado's annual average unemployment rate peaked at 8.7 percent in 2010 and the rate has fallen at an increasing rate over the last several years. The state's unemployment rate has remained at or below the national level since

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

1990. Colorado's unemployment rate of 3.9 percent in 2015 was 1.4 percentage points below the national average. Colorado achieved significant improvements in the labor market through 2015, with the last six months of the year reporting unemployment rates below four percent.

Denver Metropolitan Area

The most recent recession pushed the Denver metropolitan area unemployment rate to a peak of 8.5 percent in 2010, but the area recorded improvements over the last five years. The unemployment rate fell 1.1 percentage point between 2014 and 2015 to 3.6 percent, the lowest level since 2000. The Denver MSA recorded the third lowest unemployment rate of the 51 largest metropolitan areas based on data for March 2016. The area ranked behind the Austin-Round Rock, Texas MSA with a rate of 3.1 percent, while the highest rate was in the Chicago-Naperville-Elgin, IL-IN-WI MSA at 6.6 percent.

City and County of Denver

As an urban center, the City and County of Denver typically records higher unemployment than the greater Denver metropolitan area. While the City and County of Denver reported unemployment rates that were higher than the national average between 2002 and 2006, rates have remained below the national average since 2007. The average annual unemployment rate in the City and County of Denver peaked at 9.1 percent in 2010, but has steadily declined each year since. The unemployment rate fell to 3.7 percent in 2015, the lowest level since 2000. The 2015 rate was 0.1 percentage points above the Denver metropolitan area rate, but 1.6 percentage points below the national rate.

Major Employers

Metro Denver Largest Private Sector Employers

Company	Product/Service	Employment
King Soopers	Grocery	14,480
HealthONE Corporation	Healthcare	11,960
Wal-Mart	General Merchandise	11,770
Centura Health	Healthcare	9,450
SCL Health System	Healthcare	9,060
Lockheed Martin Corporation	Aerospace & Defense Related Sys	7,460
UCHealth	Healthcare, Research	6,770
Comcast Corporation	Telecommunications	6,760
Kaiser Permanente	Healthcare	6,420
Children's Hospital Colorado	Healthcare	6,100
CenturyLink	Telecommunications	5,840
Target Corporation	General Merchandise	5,600
United Airlines	Airline	5,500
Safeway Inc.	Grocery	5,000
Wells Fargo	Financial Services	4,300
DISH Network	Satellite TV & Equipment	4,050
University of Denver	University	3,830
AT&T Inc.	Telecommunications	3,800
Level 3 Communications	Communication & Internet System	3,710
United Parcel Service	Parcel Delivery	3,650

Source: Development Research Partners, May 2016.

Colorado's small businesses play a major role in the state's job creation and economic growth. Data from the U.S. Census Bureau show that, as of 2013, more than 98 percent of Colorado businesses employed fewer than 100 workers. Self-employment is another important economic driver in Colorado: according to the U.S. Bureau of Economic Analysis, Colorado had the nation's fifth-largest share of total jobs linked to sole proprietorship in 2014.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are also key providers of jobs and income. Census Bureau data shows 121 firms with 1,000 or more employees were operating in Colorado in 2013 and 60 percent of these large businesses were located in the Denver metropolitan area.

Ten companies headquartered in Colorado were included on the 2016

Fortune 500 list. Arrow Electronics (#119) was the highest-ranked Colorado company, followed by DISH Network (#187), DaVita Healthcare Partners (#200), Liberty Interactive (#284), Level 3 Communications (#333), Ball Corporation (#341), Newmont Mining (#349), Western Union (#468), Envision Healthcare Holdings (#469), and CH2M (#478).

Private sector businesses account for the majority of employment in the Denver metropolitan area, but the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consists of 13,800 federal government employees, 14,100 state government employees, and 35,600 employees in local government entities including Denver Public Schools (14,800 employees) and the City and County of Denver (11,680 employees).

International Trade

The Denver metropolitan area is located just west of the nation's geographic center and at the exact midpoint between Tokyo and Frankfurt. As a result, it serves as an ideal hub for businesses focused on interstate and international commerce. Shipping businesses can access the Denver metropolitan area via all transportation modes except water, and the region's location midway between Canada and Mexico – U.S. partners under the North American Free Trade Agreement (NAFTA) – is another asset for trade-focused companies. About one-third of the total dollar value of export shipments from Colorado went to Canada and Mexico in 2015; others of the state's largest trading partners include China, Japan, Malaysia, and South Korea.

Between 2010 and 2013, Colorado's exports posted significant over-the-year growth, surpassing pre-recession levels. However, there was a 2.4 percent decline in exports between 2013 and 2014 and a 4.3 percent decline between 2014 and 2015, marking two consecutive years of declining exports. Over the last few years the U.S. dollar has strengthened, making it more expensive for other countries to purchase goods and services from the U.S. In 2015, the value of the dollar hit its highest level in over a decade. Much of the decline is attributed to exports to Canada, which fell 20.5 percent between 2013 and 2014 and fell 14.5 percent between 2014 and 2015. The state exported considerably less food manufactures products in 2015 and less computer and electronic products. National exports decreased from 2014 to 2015, falling 7.2 percent.

Key exports for Colorado include computer and electronic products, food and kindred products, machinery, and chemicals. Food manufactures products decreased 16.6 percent between 2014 and 2015, the largest decrease of the state's major exported products, while computer exports declined 2.1 percent. The largest increases in the state's major export products occurred in beverage and tobacco products (38.3 percent), plastics and rubber products (18.6 percent), fabricated metal products (16.1 percent), and electrical equipment (7.4 percent).

Inflation

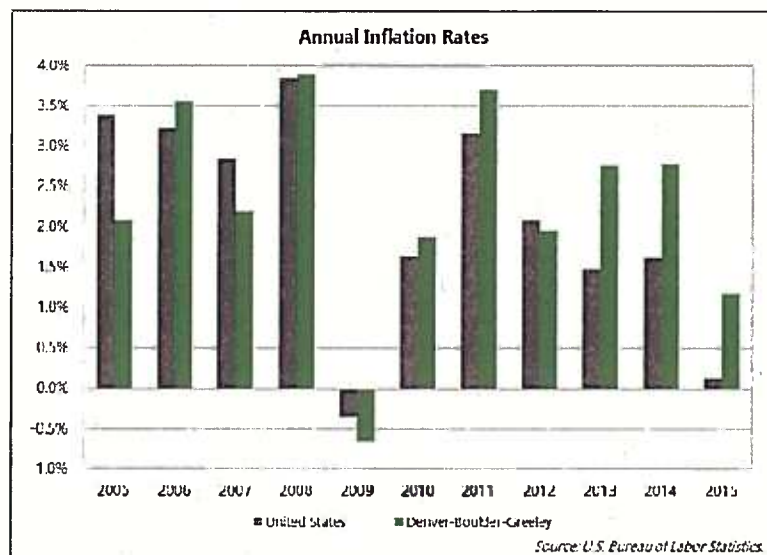
The U.S. Bureau of Labor Statistics measures inflation – or deflation – as a change in the Consumer Price Index (CPI). The CPI is a compilation of price measures for items in eight broad categories, the most heavily weighted of which are housing, transportation, and food and beverages. Housing carries the most weight of these three categories.

The weight placed on housing costs is one reason why the U.S. average and the Denver-Boulder-Greeley CPIs have varied over the past decade. Slow economic growth following the 2001 recession and a milder-than-average home price boom meant the Denver-Boulder-Greeley CPI rose at a slower-than-average pace between 2003 and 2005. Oil prices – which tend to drive CPI when they are most volatile – rose in 2005 and brought the local and national inflation rates closer together.

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The Denver-Boulder-Greeley area reported prices that increased at a faster pace than the U.S. in five of the last six years. The Denver-Boulder-Greeley CPI rose 1.2 percent in 2015, 1.1 percentage points higher than the U.S. CPI.

During 2015, the U.S. index increased 0.1 percent.



CPI data suggests a few categories are driving the price increases that are faster than the national average. Housing costs in the Denver-Boulder-Greeley area rose 4 percent between 2014 and 2015, while housing costs across the U.S. rose just 2.1 percent during the same period. Further, medical care costs rose 4 percent in the Denver-Boulder-Greeley area compared with a 3.6 percent increase nationally.

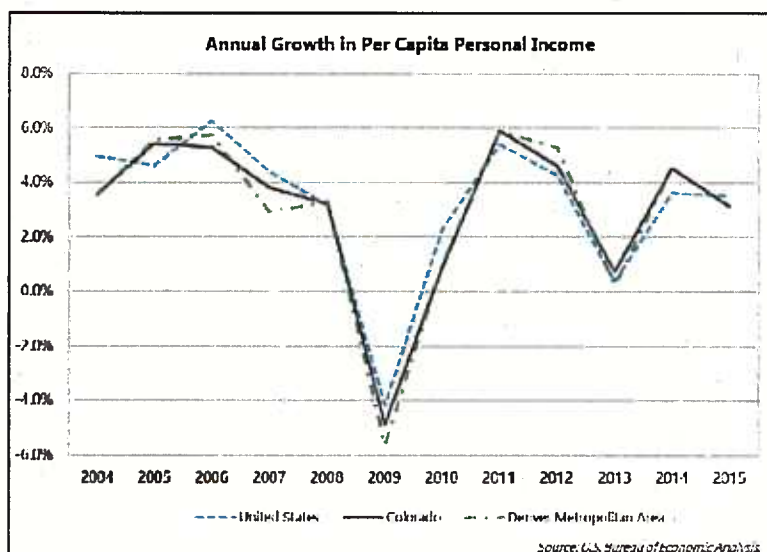
Denver-Boulder-Greeley prices for housing, medical care, and recreation rose more quickly than U.S. prices in 2015. Food and beverage and other goods and services reported a lower

increase than the U.S. in 2015. Transportation, apparel, and education and communication reported declines in prices for the Denver-Boulder-Greeley area.

Income

Colorado

The largest component of personal income is earnings from work, meaning a difficult labor market and slow wage growth can affect overall personal income trends. The 2008 housing crisis pushed total personal income growth downward, leading to a decline of 3.3 percent in 2009. Growth began to recover in 2010 (2.4 percent) and continued in 2011 (7.4 percent). In mid-2013, the Colorado economy was one of only 13 states to recover all jobs lost during the 2008 recession, starting the state on a path of economic expansion. With the rest of the country still in recovery mode, personal income in Colorado rose at a slightly faster pace than the national average. This



was also the time when investments began to rise, with the stock market reaching new highs and the housing market rebounding. State personal income grew at a 2.3 percent pace in 2013, at 6.2 percent in 2014, and at 5.1 percent in 2015.

Growth in per capita personal income – or total personal income divided by population – has recently been faster-than-average in Colorado. The state's population growth has historically grown at a pace faster than the national average, which sometimes dampens per capita income growth rates. For example, Colorado recorded higher per capita income than the national average between 2011 and

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2014. However, per capita income fell to a slower pace than the national average in 2015, rising 3.2 percent compared with the national average of 3.5 percent. Colorado tied for the second fastest population growth in 2015, which will affect per capita income levels for the state. In Colorado, per capita personal income was \$50,410 in 2015, or 106 percent of the national average, representing the 14th highest level of the states.

Denver Metropolitan Area

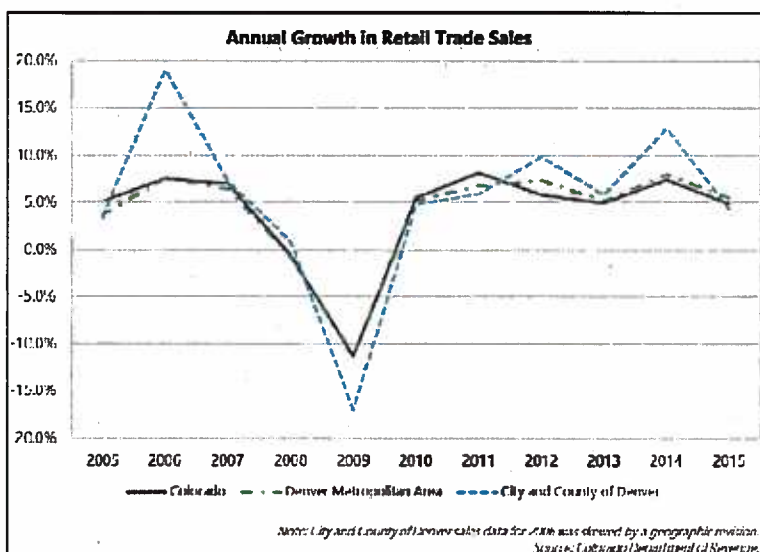
Personal income trends in the Denver metropolitan area have roughly followed the statewide trend over the past decade. Income growth slowed after the 2001 recession, accelerated between 2004 and 2006, and slowed – eventually declining – during the most recent recession. The decline in Denver metropolitan area total personal income between 2008 and 2009 (-3.9 percent) was steeper than the decline reported nationwide (-3.3 percent), but the region's personal income grew faster than the national average in 2014, increasing 6.6 percent compared with the national increase of 4.4 percent.

Denver metropolitan area per capita personal income in 2014 (\$54,619) was 119 percent of the U.S. average. Comparatively high wage rates tend to keep per capita personal income in the Denver metropolitan area above the national average. A separate measure, the Denver metropolitan area average annual wage, reached \$58,639 in 2014, which was up 3.8 percent over the 2013 annual average.

City and County of Denver

Per capita personal income in the City and County of Denver is generally higher than the U.S., averaging 133 percent of the national number between 2004 and 2014. The income differential peaked in 2008, when per capita personal income (\$56,197) reached 137 percent of the national average. The City and County of Denver per capita personal income fell sharply (-10.5 percent) between 2008 and 2009, but increased in 2010 through 2014. Per capita income increased 4.3 percent in 2014, a higher rate than the U.S. but slower than the Denver metropolitan area. Per capita personal income in the City and County of Denver reached \$62,880 in 2014.

The City and County of Denver boasts a higher than average per capita personal income compared with the Denver metropolitan area, averaging 112 percent of the metro-wide number since 2004. The difference can be attributed to the relatively high wage rates in the county. The average annual wage in the City and County of Denver was \$63,445 in 2014, which was \$4,806 higher than the Denver metropolitan area average annual wage.

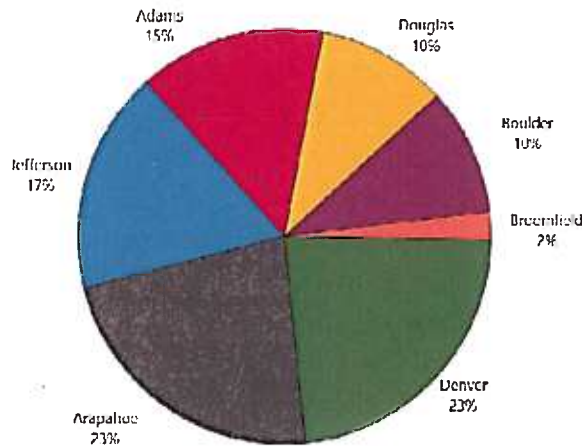


Retail Trade

Retail sales account for a large part of the nation's total economic output and are a useful indicator of overall consumer health. The recession pushed national retail sales down in 2008 and 2009, when sales declined 1.3 percent and 7.2 percent, respectively. However, as consumer financial situations recovered and confidence rose, retail sales also grew, increasing 4.1 percent in 2014 and 2.3 percent in 2015. Durable goods sales also recovered, an encouraging sign since these products tend to be more expensive and represent a long-term commitment, such as cars. In fact, motor vehicle sales rose 6.4 percent in 2014 and 6.7 percent in 2015. The

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Distribution of Retail Trade Sales by County, 2015



Source: Colorado Department of Revenue

strong increase in consumers purchasing vehicles signaled that households were financially more stable than they were during the recession when motor vehicles sales decreased significantly by 14.2 percent in 2008 and 14.1 percent in 2009. The impressive rebound may also partially be due to the delay in purchasing big ticket items during difficult times.

Colorado

Reflecting the recessions that began in 2001 and 2007, retail trade sales in Colorado fell in 2002 and 2003 and again in 2008 and 2009. However, as the labor market recovered, retail

trade sales increased with the consumers' recovering incomes and spending abilities. After a decline in 2009, retail trade sales increased 5.5 percent in 2010 and increased even more in 2011 by 8.1 percent. Sales growth slowed slightly in 2012 to 5.9 percent, possibly reflecting the slower growth in personal income and that much of the pent-up demand was satisfied in 2011. Retail trade sales increased 4.9 percent in 2015, reflecting an additional \$4.4 billion in sales over-the-year.

Denver Metropolitan Area

Like sales in Colorado, retail trade sales in the Denver metropolitan area grew rapidly in 2006 and 2007. A strong housing market allowed households more asset-based wealth, and solid job and income growth also supported retail activity. When the most recent recession dramatically lessened household wealth and drove unemployment

higher, Denver metropolitan area retail trade sales fell 0.8 percent in 2008 and 11.3 percent in 2009.

Denver Metropolitan Area Retail Trade Sales (\$millions)

Industry	2014	2015	Percent Change
Retail Trade:			
Motor Vehicle / Auto Parts	\$10,808	\$11,884	10.0
Furniture and Furnishings	\$1,853	\$1,964	6.0
Electronics and Appliances	\$1,577	\$1,692	7.3
Building Materials / Nurseries	\$3,421	\$3,687	7.8
Food/Beverage Stores	\$9,117	\$9,538	4.6
Health and Personal Care	\$2,351	\$2,709	15.2
Service Stations	\$2,561	\$2,157	-15.8
Clothing and Accessories	\$2,565	\$2,614	1.9
Sporting/Hobby/Books/ Music	\$1,678	\$1,728	3.0
General Merchandise/ Warehouse	\$6,875	\$7,019	2.1
Misc. Store Retailers	\$2,830	\$3,143	11.1
Non-Store Retailers	\$954	\$940	-1.6
Total Retail Trade	\$46,590	\$49,074	5.3
Food / Drinking Services	\$6,655	\$7,117	6.9
TOTAL	\$53,245	\$56,191	5.5

Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression. Source: Colorado Department of Revenue.

Consumer confidence data suggest many households are becoming more optimistic about the economic situation, and consumers have noticeably increased their spending since the recession. Denver metropolitan area retail trade sales rose 8 percent in 2014 and 5.5 percent in 2015. Sales of motor vehicles and auto parts, a good indicator of healthy spending, rose 10 percent in 2015. Electronics and appliances, another durable goods category, increased 7.3 percent. Sales for two of the largest contributors to total Denver metropolitan area retail trade sales – grocery stores and general merchandise stores – rose 4.6 percent and 2.1 percent between 2014 and 2015, respectively.

The City and County of Denver has the largest share of retail trade activity in the Denver metropolitan area and showed retail trade sales growth of 4.3 percent from 2014 to 2015. Sales in each county in the Denver metropolitan area increased in 2015, with the smallest over-the-year gain in the City and County of Broomfield (2.4 percent). Other counties increased between 5.3 percent (Boulder County) and 6.9 percent (Douglas County).

City and County of Denver

Retail trade sales in the City and County of Denver represented 23 percent – the largest share – of total retail trade sales in the Denver metropolitan area in 2015. Total 2015 retail trade sales in the City and County of Denver were up 4.3 percent over-the-year. This increase was below the 2013 and 2014 retail sales increases, which rose 5.8 percent and 12.9 percent, respectively.

Residential Real Estate

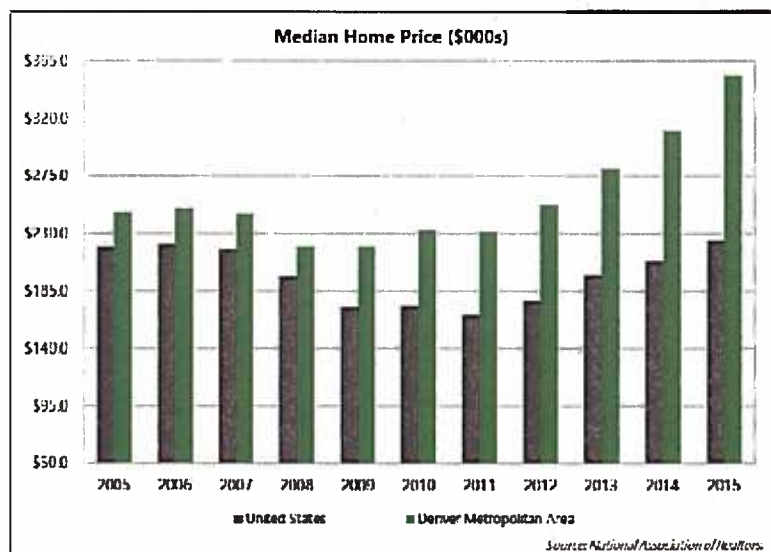
Combined, all aspects of the housing market – from new home construction to money spent on mortgage and rental payments, furnishings, and home improvements – contribute significantly to the nation's economy.

With strong population growth throughout the state, the housing market makeup has changed to adjust to the preferences of the growing millennial population and the aging baby boomers. Census data show the U.S. homeownership rate fell from 69.1 percent in the first quarter of 2005 to 63.4 percent in the second quarter of 2015, the lowest rate reported since 1994. The shift in homeownership for individual states has been even more profound: Colorado's homeownership rate fell from 72.1 percent in the first quarter of 2005 to 66.3 percent in the fourth quarter of 2015.

The decline in the Colorado homeownership rate is likely due to several factors, including rapidly rising prices that are keeping some households out of the ownership market, the limited supply of homes available for sale, and changing housing preferences due to demographic shifts. While interest rates are at record lows nationally, the disconnect between the high demand for homes and the low supply has pushed home prices to record high levels. Demand for housing is urging new construction activity, resulting in increasing new residential building permits for single-family detached and multi-family homes.

Residential Home Prices

The limited supply of homes for sale and the high demand from new home buyers drove up the median home price in the Denver metropolitan area through 2015. The median home price rose 14 percent to \$353,600. Of the past seven years, 2011 was the only year to record a decline in the median home price, falling 0.4 percent over-the-year. Since 2011, median home prices have risen at a rapid pace in the Denver metropolitan area. The median home price increased over-the-year in both 2012 and 2013, rising 9.1 percent and 11.2 percent, respectively. The Denver metropolitan area median home price is now 41.7 percent higher than the 2006 peak, whereas the 2014 national median home price was 0.9 percent higher than the 2006 peak. Many states



throughout the country are still in recovery mode from the Great Recession, therefore housing prices have not risen as rapidly across the nation as they have in the Denver metropolitan area. Further, housing inventory has not kept up with the fast population growth.

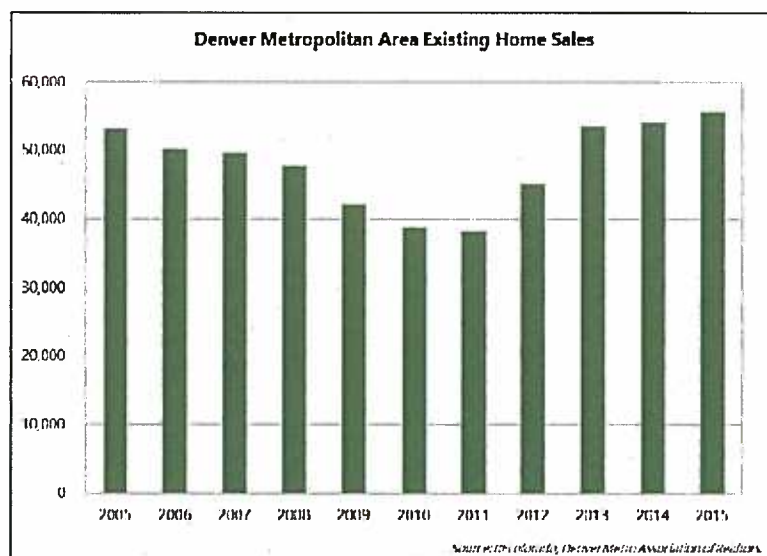
The S&P/Case-Shiller Home Price Index shows that the Denver home price index continued to record new highs in 2015. Denver, Dallas, San Francisco, Boston, and Portland are the only five cities tracked in the index that had surpassed their prerecession peaks as of November 2015. However, San Francisco and Boston fell back below their peaks in the beginning of 2016. The December 2015 data shows the Denver index was 24.3 percent above its prerecession peak that was reached in August 2006. The 20 city composite index was 11.5 percent below its peak that was reached in July 2006. Another housing price index, the Federal Housing Finance Agency's Home Price Index shows Denver as having the 8th highest (+12.7 percent) over-the-year increase of 100 metropolitan areas using fourth quarter 2015 data. While increasing home prices are a positive sign for the economy, the rate at which prices are rising suggests a significant disconnect in the supply and demand for homes.

Foreclosures

According to experts, Colorado had one of the lowest foreclosure inventory rates in the country at 0.4 percent in November 2015. Foreclosure filings fell 34.3 percent in 2015 to 3,498 in the Denver metropolitan area, following a 29 percent decline in 2014. All seven counties in the Denver metropolitan area recorded foreclosure declines in 2015, ranging from a 23 percent decline in Arapahoe County to a 46 percent decline in the City and County of Broomfield. Foreclosures in the City and County of Denver (690 filings) fell 33 percent between 2014 and 2015.

Residential Home Sales

Denver metropolitan area existing home sales reached a peak (53,482) in 2004. Sales declined for seven years following that time, reaching a low of 38,105 sales in 2011. Beginning in 2012, there has been positive over-the-



year growth in existing home sales, signaling a strengthening housing market. Strong immigration, a healthy labor market, and a positive economic environment have raised the demand for housing in the Denver metropolitan region. Home sales in 2015 continued to face the challenges of low inventory and increasing sale prices.

Existing home sales rose 18.6 percent between 2012 and 2013, but sales rose only 0.8 percent between 2013 and 2014. Sales began to pick up again in 2015, reporting an increase of 2.7 percent between 2014 and 2015. The low growth rate suggests that low inventory levels continue to restrict the market from expanding at a more rapid pace. There were 55,509 total

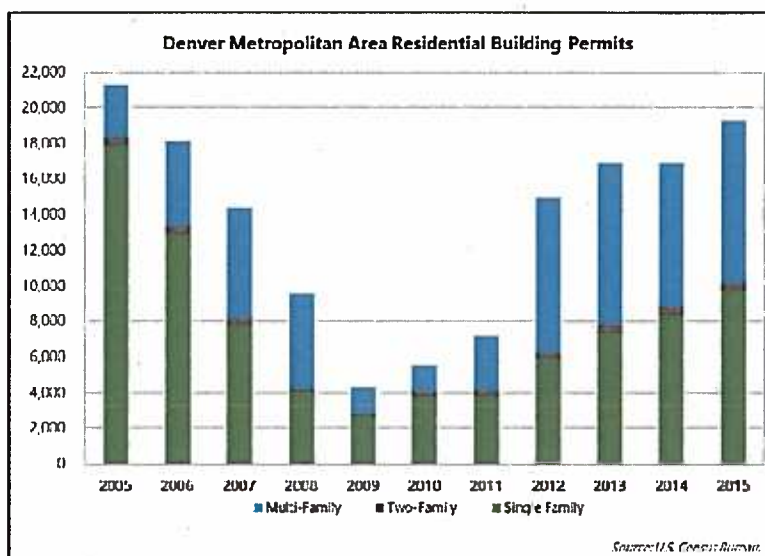
home sales in 2015, which was 3.8 percent higher than the 2004 peak. Inventory levels are at the lowest level on record, constraining options for homebuyers and potentially inhibiting further growth. Construction of new residential housing is being limited by rising construction costs and limited access to skilled labor. As long as construction companies face limited labor supply and demand for housing remains elevated, existing home sales will remain high and sales prices will continue to command top dollar.

Residential Building Permits

The Denver metropolitan area is a top destination for relocation with above-average employment growth and a high quality of life. With a growing job market pushing households into a healthier financial situation, demand for homes increased significantly. High demand and low inventory have constrained the residential real estate market, and the pace of new development has not kept up with the strong pace of demand.

With aging baby boomers and an expanding economy, there has been a shift in the type of housing demanded. There has been an increased demand for senior living facilities, ranging from independent senior living to assisted living facilities. During the recession, many families doubled up in housing in order to conserve financial stability. With the Denver metropolitan area's economy on an expansionary path, those families that doubled up during the recession are looking to move into their own home.

There is also a strong in-migration shift occurring throughout the state, with Colorado recording the second fastest population growth in 2015. In 2015, Colorado had net migration of 57,840 people, of which 53 percent located in the Denver metropolitan area. This level of in-migration has put additional pressure on the housing market, generating additional demand and pushing inventory levels lower.



While the dynamics of the residential real estate market are shifting, construction permits rose through 2015. There were nearly 19,300 residential construction permits issued in the Denver metropolitan area in 2015, an increase of 14 percent compared with 2014. Single-family detached permits rose 16.6 percent over 2014, single-family attached permits decreased 4.1 percent, and multi-family construction increased 12.2 percent. It is important to note that multi-family construction, which has historically represented between 25 and 30 percent of the total number of new units each year, represented 47 percent of the total in 2015.

Total permits issued in the City and County of Denver rose 32.6 percent between 2014 and 2015, after an increase the previous year of 1.5 percent. The increase was attributed to an 8 percent increase in single-family detached permits (1,847 permits) and a 49.5 percent increase in multi-family permits (5,920 permits). Single-family attached permits declined 53.3 percent, reaching 134 total permits.

Apartment Market

Apartment vacancy data indicates that demand for apartments remained high through 2015 in the Denver metropolitan area. The vacancy rate reached 6.8 percent during the fourth quarter of 2015, an increase of 2.1 percentage points over the prior year. While vacancy increased over-the-year, the rise provided the market with much needed loosening. The fourth quarter 2015 level was 1.8 percentage points higher than the prior quarter, but 2.2 percentage points lower than the peak of 9 percent in 2009. The *Denver Metro Apartment Vacancy and Rent Survey* shows average annual vacancy rates increased from 2014 to 2015 in each of the six county-level markets included in the report. The vacancy rate increases ranged from 1.6 percentage points in Douglas County to 0.1 percentage points in the Boulder/Broomfield submarket. The City and County of Denver reported the highest average annual vacancy rate of the six sub markets in 2015, reaching 6 percent.

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Rising apartment demand and falling vacancy rates pushed average lease rates to record highs: the Denver metropolitan area average rent increased 10.5 percent between 2014 and 2015 to \$1,292 per month. Every county reported over-the-year increases in the average rental rate. Jefferson County recorded the largest increase in the average rental rate, reporting a 12.7 percent increase between 2014 and 2015. Douglas County reported the smallest increase in the average rental rate, rising 4.4 percent over-the-year. The City and County of Denver recorded an average monthly rental rate of \$1,315 for 2015, an increase of 11.1 percent from the previous year.

Commercial Real Estate

The first decade of the new millennium presented many challenges for the commercial real estate market. The nation suffered two recessions, one in 2001 and another in 2007 through 2009. Prior to the 2001 recession, commercial development in the Denver metropolitan area was booming, adding millions of square feet of new office construction each year. Construction activity dropped significantly after the 2001 recession and remained below those all-time highs. Recent office construction has been impacted by companies demanding less space as they implement new strategies to use space more efficiently and utilize coworking space and desk sharing.

While the 2001 recession strongly affected the office market, the 2007-2009 recession had a larger impact on the industrial market in the Denver metropolitan area. Between 2008 and 2010, new industrial construction fell from nearly 2.5 million square feet to under 0.1 million square feet. The recession led to decreases in personal consumption and consumer confidence, which led to a decline in demand for industrial space as space for manufacturing and inventory storage was not needed.

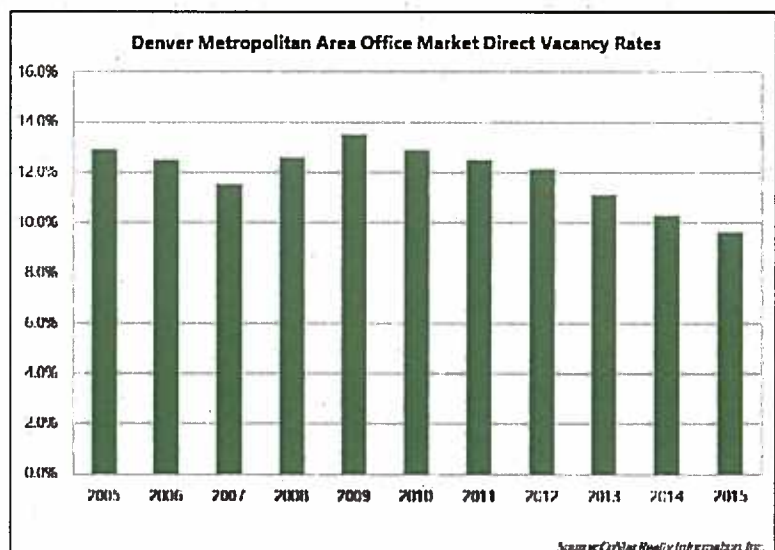
Due to the volatile path of commercial real estate construction over the past 12 years, construction activity over the last several years was slow and allowed for the continued decline in vacancy rates. The commercial real estate markets in the Denver metropolitan area reported improvements in 2015, recording record low vacancy rates and record high average lease rates. The improvement in the commercial real estate markets has triggered build-to-suit activity and speculative commercial development across the area.

Office Activity

Data from CoStar Realty Information, Inc. show the direct office market vacancy rate in the Denver metropolitan area was consistently below historic averages in 2015. The vacancy rate fell to 9.6 percent, the lowest fourth quarter rate since 2000. The fourth quarter 2015 vacancy rate was 0.7 percentage points below the prior year and 0.2 percentage points below the prior quarter.

The office vacancy rate has declined year-over-year for 22 consecutive quarters. Office lease rates have steadily increased since the fourth quarter of 2010 and have continued to record new highs every quarter since. The average lease rate in the fourth quarter of 2015 (\$24.44 per square foot) was the highest recorded lease rate based on records going back to 1999.

Newly completed office construction in Denver metropolitan area reached 2.08 million square feet in 2015, the highest level since the fourth quarter of 2008. Further, there was about 3.2 million square feet of office space under



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construction during the fourth quarter of 2015, over 300,000 square feet more than the prior year. Some of the year's most notable completed construction projects included the 45,000-square-foot AMG National Trust Bank headquarters, the 120,000-square-foot Terumo BCT headquarters, the 242,800-square-foot Triangle Building, and the 274,280-square-foot CoBank Center.

Industrial and Flex Activity

CoStar Realty Information shows that the industrial direct vacancy rate for the Denver metropolitan area of 3.1 percent during the fourth quarter of 2015 was the lowest fourth quarter vacancy rate in more than 15 years. Cannabis grow operations and the improved local economy triggered growth in the manufacturing sector, leading to increased demand for inventory and production space. This growth pushed the vacancy rate down and the average lease rate up. The high demand for industrial space pushed the average lease rate to \$7.03 per square foot in the fourth quarter of 2015, 17 percent higher than the previous year's level of \$6.02 per square foot.

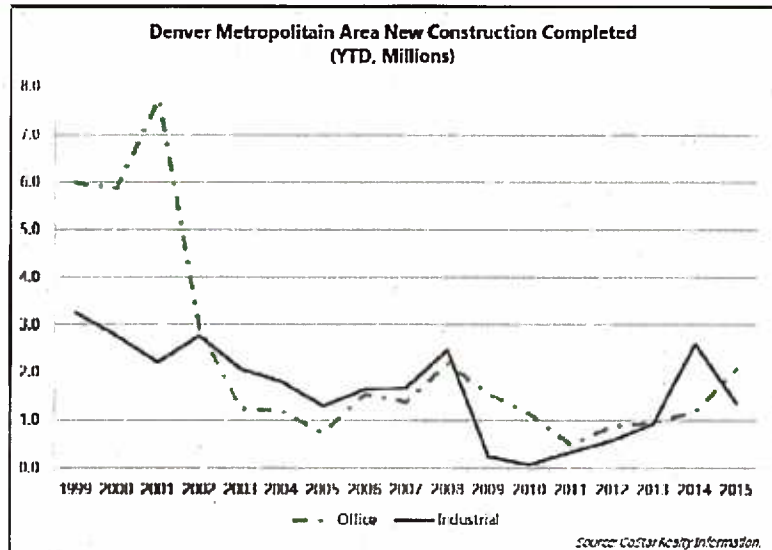
Flex market lease rates continued to increase through the fourth quarter of 2015. The Denver metropolitan area direct flex market lease rate was \$10.58 per square foot, 8.5 percent above than the fourth quarter 2014 average. Direct flex market vacancy in the fourth quarter (6.7 percent) was 1.4 percentage points below the year-ago level and was the lowest level since 1999.

New construction in the industrial and flex markets was mostly build-to-suit projects. After the completion of about 3.2 million square feet of new industrial and flex space in 2014, about 1.9 million square feet was completed in 2015. There was 3.2 million square feet of industrial and flex space under construction during the fourth quarter of 2015. Some of the more notable projects completed in 2015 included multiple buildings at the Enterprise Business Center, the new Avery Brewing facility, the Great Divide Brewery and Tap Room, and the OneNeck IT Solutions building.

Retail Activity

Consumer confidence in the Mountain Region, which includes Colorado, rose to the highest levels since before the Great Recession and consumers in the region were more optimistic than the national average. Retail sales continued to improve at a moderate pace in response to increased consumer demand in 2015. These positive components of the market increased demand for retail space, but the retail market has not responded at the same pace as the office, industrial, and flex markets. The fourth quarter 2015 direct retail vacancy rate fell 0.3 percentage points to 4.9 percent compared with the previous year at this time. The fourth quarter vacancy rate was the lowest level since at least 2006. The average lease rate was up 2 percent over-the-year to \$16.01 per square foot.

According to analysts, development in the Denver metropolitan area retail market is strongly tied to the growth of the area's housing market; as residential supply increases in suburban markets, retailers are drawn to the strengthening ancillary submarkets. About 1.2 million square feet of new space was completed in 2015, with 40 of the 66 buildings completed spanning less than 10,000 square feet. An additional 936,500 square feet of retail space was under construction at the end of 2015. Some of the major redevelopment projects in 2015 included



Southwest Plaza in Littleton and Twin Peaks Mall in Longmont. These projects added traditional indoor retail, street-front shops, outdoor amenities, and open-air eateries.

Medical Facilities

The Denver metropolitan area is a leading healthcare and wellness hub and receives support from cutting-edge research and development facilities, unmatched talent, and state-of-the-art amenities. The healthcare system has experienced a rapid increase in demand for healthcare services due to changes in healthcare policy and the aging population. The elevated demand furthered new construction activity in the healthcare sector from diversified hospitals to clinics and urgent care facilities.

In 2015, Centura Health opened its \$177 million St. Anthony North Health campus in Westminster, while Boulder Community Health and the University of Boulder opened the CU Sports Medicine and Performance Center at Folsom Field. Other projects continuing construction and slated to begin in 2016 include the \$125 million Longs Peak Hospital in Longmont, a 60,000-square-foot community hospital and medical office facility in Northglenn, and the \$190 million DaVita HealthCare Partners Inc. headquarters.

The healthcare field is particularly active in Aurora, which is home to the Fitzsimons Innovation Campus and the adjacent Anschutz Medical Campus, the largest medical-related redevelopment site in the nation. The University of Colorado expanded the UCHHealth Eye Center in 2015, one of the largest eye centers in the nation. The center includes three dedicated operating rooms and a full-service ocular diagnostics and imaging center. The university also opened the UCHHealth Center for Lungs and Breathing, which will provide services ranging from lung transplants to asthma and allergy treatment. Adjacent to the Anschutz Medical Campus is the U.S. Department of Veterans Affairs (VA) Eastern Colorado Healthcare System hospital and facility. Construction on this facility continues, and will house the VA Schizophrenia Research Center, one of three nationwide.

Transportation

With access by road, rail, and air, the Denver metropolitan area is one of the country's most important transportation hubs. The region's national and international connectivity both reflects and supports its dynamic economy.

Highways

Colorado's transportation network includes almost 1,000 miles of Interstate highway, more than 300 miles of other freeways and expressways, and almost 87,100 miles of arterials, collectors, and local roads. The Texas Transportation Institute compiles data on transportation in cities across the U.S. and reported that the Denver-Aurora area had nearly 1.3 million auto commuters who logged 21.7 billion vehicle-miles of freeway travel and 21 million arterial street daily vehicle-miles in 2014. Commuters in the Denver-Aurora area also observe 49 hours of traffic congestion annually per commuter, ranking Denver with the 19th highest level of traffic congestion of the 101 tracked metropolitan areas.

There were several major highway projects completed throughout the Denver metropolitan area, with the goal of making travel easier on the commuter and enhancing the performance of the highway system. The first phase of the U.S. 36 Express Lanes was completed. The project added a tolled Express lane, replaced five bridges, added Bus Rapid Transit improvements, and installed a separate commuter bikeway along much of the corridor. The U.S. 6 Bridges Design-Build Project replaced six existing bridges and improved mobility through the I-25 and U.S. 6 interchange. Colorado's Department of Transportation also launched the Bustang project, which operates along the Front Range on I-25 and the I-70 mountain corridor, connecting the six largest transit entities in the state.

Mass Transit

The Regional Transportation District (RTD), funded by a one percent sales tax, oversees the Denver metropolitan area's mass transit system. RTD operates 1,021 buses on 131 fixed routes and 172 light rail vehicles on six light rail lines (C, D, E, F, H, and W). The District operates 78 Park-n-Rides, 46 light rail stations along 48 miles of track, and 9,751 bus stops. RTD also operates 166 commuter rail vehicles on the 22.8-mile University of Colorado A line with 8 stations, 36 hybrid-electric buses along the 16th Street Mall in downtown Denver, and transports 43,950 visitors weekly from one end of the mile-long pedestrian mall to the other free of charge. System-wide ridership in 2015 resulted in approximately 103 million boardings.

RTD works continually to expand capacity and services for public transportation in order to meet increasing demand. The FasTracks program is a \$7.4 billion buildout of a comprehensive, multi-modal metro transit system. Major projects through the Regional Transportation District's FasTracks program opened or will be opening in 2016. The U.S. 36 Bus Rapid Transit service opened in January 2016. The highly anticipated University of Colorado A Line (formerly the East Rail Line) to Denver International Airport, which connects Denver Union Station to the newly completed Westin Hotel in 37 minutes, opened on April 22, 2016. The new rail line spans 23 miles, has eight light rail stations, and six park-n-rides. The six-mile commuter rail B Line from Denver Union Station to Westminster opened in July 2016. Two additional rail lines will also be opening in 2016, the G Line to Arvada and Wheat Ridge (fall), and the R line along the I-225 corridor (winter). Construction will also continue on the North Metro Rail Line, expected to open in 2018, and the Southeast Rail Line extension to be completed in 2019. When the system is completed, there will be 122 miles of new rail service, 18 miles of bus rapid transit, 57 new stations, 31 new Park-n-Rides, and 21,000 new parking spaces.

Air

Denver International Airport (DEN) is a state-of-the-art facility owned and operated by the City and County of Denver and celebrated 20 years of operation in 2015. Occupying 53 square miles and located approximately 24 miles northeast of downtown Denver, DEN is the primary airport serving the nine-county region and the state of Colorado. DEN has more than 30,000 badged employees who work at the airport and approximately 1,200 City and County of Denver employees.

DEN accommodated 54 million passengers in 2015 with six runways, three concourses, 109 gates, and 42 regional aircraft positions. DEN serves the ever-expanding international travel market via the sixth runway, the longest in North America. DEN has 15 commercial carriers offering scheduled service from Denver to more than 170 destinations nonstop and 21 international destinations, with major hubs for United, Southwest, and Frontier Airlines. In 2015, DEN and airline staff managed about 1,500 flight operations and more than 148,000 passengers every 24 hours. Total airport passenger traffic rose 1 percent between 2014 and 2015 and was about 542,000 passengers above the prior year's level of 53.5 million. DEN ranks as the nation's sixth-busiest airport by passenger traffic and is the 19th busiest airport worldwide.

The Denver metropolitan area is a natural hub for cargo operations due to its central U.S. location and access to an extensive freight network and major interstate highways. Additionally, the airport's air cargo and mail facilities comprise 375,000 square feet in five buildings south of the airfield, with room to expand. DEN is home to several world-class cargo companies and support facilities, including World Port Cargo Support, DHL, UPS, FedEx, and United Airlines cargo. The U.S. Postal Service facility is also located nearby, providing a wide array of competitive shipping and receiving options. Further, more than 50 freight forwarders and customs brokers operate within 20 miles of DEN. The total amount of cargo shipped through DEN increased 5.1 percent between 2014 and 2015. With the consumers and businesses growing more confident in the economy, air freight activity picked up and gained a greater portion of the airport's daily operations. Eleven cargo airlines and 12 major and national carriers

currently provide DEN cargo service, and the carriers handled roughly 546 million pounds of shipments – including 491 million pounds of freight and express and 55 million pounds of air mail – in 2015.

DEN is a recognized leader in sustainability efforts, and was the first airport in the nation to receive ISO 14001 Environmental Management System certification in 2004. The airport is also a Gold Member of the Colorado Department of Public Health and Environment's Environmental Leadership Program. The airport continually works to reduce its carbon footprint through a variety of energy efficient technologies. DEN is the largest distributed generation photovoltaic energy producer in Colorado and its four solar array systems produce approximately 6 percent of the airport's total electrical power requirements. The airport has one of the largest compressed natural gas fleets in the country including 172 buses, sweepers, and other alternatively fueled vehicles, and 121 electric and hybrid electric vehicles. Alternative vehicles comprise roughly 51 percent of the airport's light duty fleet.

DEN completed numerous project milestones on the \$544 million Hotel and Transit Center. The 519-room onsite Westin Denver International Airport opened in November 2015 and features 37,500 square feet of meeting space that can accommodate up to 2,500 people. The 14-story hotel sits just 200 feet from the terminal, which is claimed to be the shortest distance between a hotel and a main airport structure in the world. The hotel is expected to generate between \$1 million and \$2 million per year in revenue over the next five years. A public transit center for the 23-mile commuter rail line that connects DEN with Denver Union Station in downtown Denver opened in December 2015, with rail service beginning April 22, 2016. Additionally, an open-air plaza above the station opened in December, providing connections to the main terminal and will serve as Denver's newest venue for programs and events where passengers and visitors can find entertainment, relaxation, art, and restaurants. The airport also completed a \$146.5 million resurfacing project of Runway 17L-35R and began construction on a \$46 million parking structure.

Three reliever airports complement DEN's expanding role in the Denver metropolitan area economy. Centennial Airport serves the southeast metro area; Front Range Airport is located six miles southeast of DEN and serves the northeast Denver metropolitan area; and Rocky Mountain Metropolitan Airport serves Jefferson, Broomfield, and Boulder Counties in the northwest area. Three general aviation airports – Boulder Municipal Airport, Erie Municipal Airport, and Vance Brand Municipal Airport in Longmont – also serve the Denver metropolitan area.

Rail

Rail lines are a critical component of the nation's transportation system and are vital to the Denver metropolitan area's economic health and global competitiveness. Colorado is home to 14 freight railroads operating on more than 2,660 miles of track, and the Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroad. In 2012, coal accounted for 74 percent of rail shipments originating in Colorado and more than 58 percent of shipments ending in the state. Cement was the second largest originating commodity (6 percent), while stone, sand, and gravel (8 percent) was the second largest commodity ending in the state. Colorado was ranked sixth in the country for originated rail tons of coal and fourth in rail tons of cement.

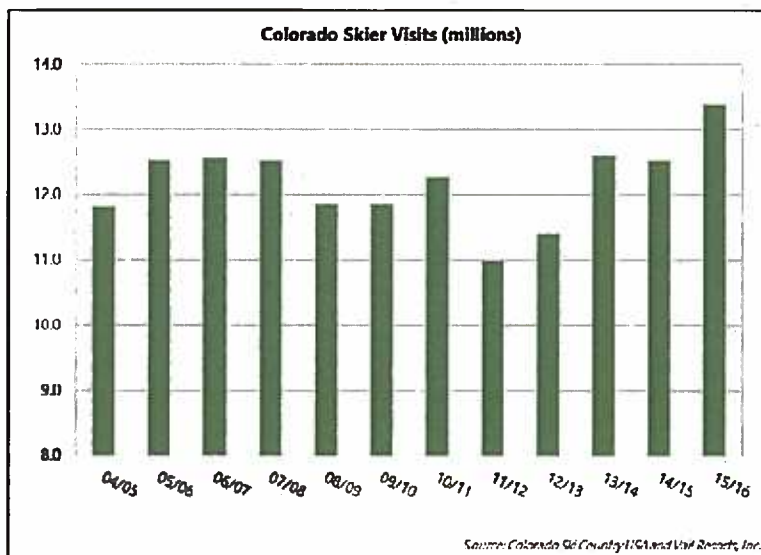
Passenger rail adds to the variety of travel options available in the Denver metropolitan area. Amtrak's California Zephyr route offers area residents transportation through the Rocky Mountains west of Denver and connects Chicago to San Francisco. The Southwest Chief route passes through Lamar, La Junta, and Trinidad, providing transportation between Kansas City, Kan. and Albuquerque, N.M. Almost 203,000 travelers passed through Colorado Amtrak stations in fiscal year 2014, and 55 percent of those travelers either boarded or alighted from trains in the Denver metropolitan area. There were 2.3 percent more riders in fiscal year 2014 than there were during the 2013 fiscal year.

Tourism

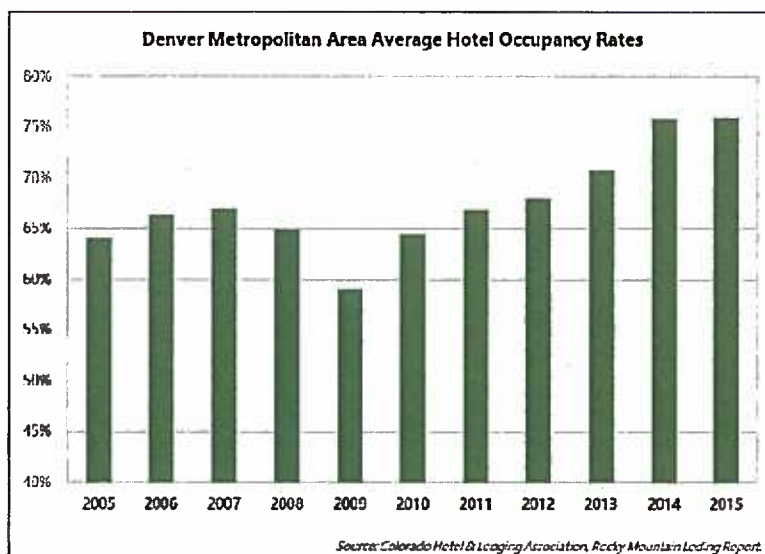
The Denver metropolitan area is an international hub of tourism, drawing visitors in through outdoor recreation, arts and cultural events, and music and sports entertainment. The area is home to seven professional sports teams with three sports arenas, 90 golf courses, 850 miles of bike paths with 87 bike sharing stations, and 200 parks covering over 20,000 acres. The area also offers major attractions including a zoo, an aquarium, two waterparks, two amusement parks, over 40 museums, and 13 historical sites. In 2013, attendance at cultural events exceeded 14.2 million people in the Denver metropolitan area and generated an economic impact of \$1.85 billion.

According to the most recent study by Longwoods International, Denver tourism activity increased to a record 16.4 million overnight visitors spending \$5 billion in 2015, representing a 6 percent increase in visitors and a 9 percent increase in spending over 2014. Top Denver attractions included the 16th Street Mall, the Cherry Creek Shopping District, and the Lower Downtown area, as well as numerous cultural facilities such as the Denver Zoo, the Denver Art Museum, and the Denver Botanic Gardens.

Denver metropolitan area residents and visitors have access to numerous opportunities for skiing, hiking, backpacking, camping, biking, rafting, boating, mountain climbing, and hunting. The state is home to 25 ski and snowboard resorts offering 325 ski lifts, 2,460 trails, and 42,680 skiable acres. Colorado is one of the nation's most-favored destinations for skiing: 12 of the 30 top resorts in *Ski* magazine's "2016 Resort Rankings" are located in the Colorado Rocky Mountains, with 11 resorts in the top 20.



Twelve Colorado ski resorts – including several in the top resorts ranking – are located within two hours of the Denver metropolitan area. Data from Colorado Ski Country USA and Vail Resorts, Inc. indicate that the number of skier visits during the 2015-16 ski season increased just under 7 percent compared with the prior season, rising to 13.4 million skier visits. Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – reached a new record during the most recent season.



While Colorado and the Denver metropolitan area are known to draw recreational visitors and outdoor enthusiasts, business, professional, and leisure travel has become increasingly popular in recent years. The Colorado Convention Center reported that there were 220 distinct events through 2013 and there were nearly 842,500 attendees.

Hotels, restaurants, and other attractions and events in Denver metropolitan area were awarded numerous accolades in 2015. Among the awards were hotels recognized by *Travel + Leisure* as some of the top 100 in the world,

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

CNN ranked Denver the best beer city in America, and *Huffington Post* ranked Denver the fifth must-visit city in the country. Events such as the National Western Stock Show, the Cinco de Mayo Festival, Denver Comic Con, and the Great American Beer Festival contribute positive economic impacts and attract thousands of tourists to the area each year.

Rising interest for business and leisure travel has led to elevated demand for hotel development throughout the Denver metropolitan area. There are several new hotels that opened or are in the pipeline for 2016, including a \$75 million Hilton Garden Inn, the \$70 million Halcyon Hotel Cherry Creek, and a 491-room, 18-story dual-branded AC Hotel by Marriott and Starwood-branded Le Meridian Hotel. In 2015, the first dual-branded Hyatt Place and Hyatt House hotel under one roof in the U.S. was opened and the ART hotel opened in the Golden Triangle neighborhood of Denver.

Between the increased demand for hotel rooms by travelers and the addition of new hotels to the market, average room rates for the Denver metropolitan area hit new highs in 2015. Data from the *Rocky Mountain Lodging Report* shows the region's average nightly room rate for 2015 (\$133.65) was 7.5 percent higher than the 2014 average, and the average occupancy rate for 2015 (75.9 percent) was about the same as the 2014 rate (75.8 percent).

Summary

The Denver metropolitan area has a nonfarm employment base of over 1.57 million workers. Growth in the region has been slightly stronger than the state, with employment rising 3.5 percent between 2014 and 2015. Accounting for about 62 percent of the state's employment, the Denver metropolitan area added 53,100 jobs of the total 76,300 jobs added in the state during the last year. The unemployment rate in the Denver metropolitan area averaged 3.6 percent in 2015, representing a tight labor market.

With limited supply in the residential real estate market and above average population growth, home prices rose and construction activity continued at a quick pace. There were nearly 19,300 residential construction permits issued in the Denver metropolitan area in 2015, an increase of 14 percent compared with 2014. Multi-family construction represented 47 percent of the new units built in 2015, higher than the 35 plus-year average of multi-family units representing roughly one-quarter of construction.

The commercial real estate markets in the Denver metropolitan area continued to tighten in 2015, recording record low vacancy rates and record high average lease rates. The improvement in the commercial real estate markets has triggered significant build-to-suit activity and sparked strong hotel and hospital development throughout the area. The Denver metropolitan area is an international hub of tourism, attracting visitors with outdoor recreation opportunities, arts and cultural events, and music and sports entertainment. Continuing buildout of the FasTracks system, along with various other infrastructure improvements throughout the region, ensure the continued appeal of the Denver metropolitan area for new businesses, residents, and visitors.

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Development
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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
POPULATION (July 1)												
United States (thousands)	292,805	295,517	298,380	301,231	304,094	306,772	309,347	311,719	314,103	316,427	318,907	321,419
Colorado	4,608,811	4,662,534	4,745,660	4,821,784	4,901,938	4,976,853	5,050,289	5,120,193	5,191,979	5,270,986	5,353,471	5,443,612
Denver Metropolitan Area	2,558,106	2,582,177	2,626,197	2,670,038	2,716,819	2,762,164	2,797,896	2,847,863	2,899,068	2,954,697	3,011,536	3,062,513
City and County of Denver	560,230	559,459	562,862	570,437	581,903	595,573	604,879	620,807	634,814	648,978	664,220	677,861
POPULATION GROWTH RATE												
United States	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%
Colorado	1.2%	1.2%	1.8%	1.6%	1.7%	1.5%	1.5%	1.4%	1.4%	1.5%	1.6%	1.7%
Denver Metropolitan Area	1.2%	0.9%	1.7%	1.7%	1.8%	1.7%	1.3%	1.8%	1.8%	1.9%	1.9%	1.7%
City and County of Denver	0.0%	-0.1%	0.6%	1.3%	2.0%	2.3%	1.6%	2.6%	2.3%	2.2%	2.3%	2.1%
NET MIGRATION												
Colorado	14,300	13,779	42,896	35,000	40,469	36,267	37,526	35,998	39,816	47,896	50,778	57,840
Denver Metropolitan Area	4,263	(1,367)	18,864	18,704	22,326	21,639	13,892	29,147	31,811	36,271	37,095	30,864
City and County of Denver	(6,069)	(6,929)	(2,537)	1,625	5,480	7,620	3,819	10,490	8,999	9,119	10,146	7,883
NONAGRICULTURAL EMPLOYMENT												
United States (millions)	131.8	134.1	136.5	138.0	137.2	131.3	130.4	131.9	134.2	136.4	139.0	141.9
Colorado (thousands)	2,179.6	2,226.0	2,279.1	2,331.3	2,350.3	2,245.6	2,222.3	2,258.6	2,313.0	2,381.9	2,464.9	2,541.2
Denver Metropolitan Area	1,324.9	1,350.0	1,377.4	1,407.0	1,420.5	1,359.2	1,352.8	1,377.7	1,417.2	1,467.8	1,522.2	1,575.3
(thousands)												
City and County of Denver	423,446	424,641	432,416	442,746	449,254	423,282	420,523	422,704	434,083	441,249	450,619	478,564
NONAGRICULTURAL EMPLOYMENT GROWTH RATE												
United States	1.1%	1.7%	1.8%	1.1%	-0.5%	-4.3%	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%
Colorado	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.5%	3.1%
Denver Metropolitan Area	0.8%	1.9%	2.0%	2.1%	1.0%	-4.3%	-0.5%	1.8%	2.9%	3.6%	3.7%	3.5%
City and County of Denver	-0.5%	0.3%	1.8%	2.4%	1.5%	-5.8%	-0.7%	0.5%	2.7%	1.7%	4.4%	3.9%

2015 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States			Colorado		Denver Metropolitan Area		City & County of Denver	
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Natural Resources & Construction	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%
Manufacturing	5.5%	5.0%	4.3%	3.7%	4.8%	7.3%	8.7%	8.4%	7.9%
Wholesale & Retail Trade	5.6%	5.1%	4.3%	3.8%	4.9%	7.3%	8.5%	8.1%	7.6%
Transportation, Warehousing, Utilities	6.5%	5.7%	4.8%	4.1%	5.4%	8.1%	9.1%	8.6%	7.8%
Information									
Financial Activities									
Professional & Business Services									
Education & Health Services									
Leisure & Hospitality									
Other Services									
Government									

UNEMPLOYMENT RATE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United States	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%
Colorado	5.5%	5.0%	4.3%	3.7%	4.8%	7.3%	8.7%	8.4%	7.9%	6.8%	5.0%	3.9%
Denver Metropolitan Area	5.6%	5.1%	4.3%	3.8%	4.9%	7.3%	8.5%	8.1%	7.6%	6.5%	4.7%	3.6%
City and County of Denver	6.5%	5.7%	4.8%	4.1%	5.4%	8.1%	9.1%	8.6%	7.8%	6.6%	4.8%	3.7%

CONSUMER PRICE INDEX (CPI-U, 1982-84=100)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United States	188.9	195.3	201.6	207.3	215.3	214.5	218.1	224.9	229.6	233.0	236.7	237.0
Denver-Boulder-Greeley	187.0	190.9	197.7	202.0	209.9	208.5	212.4	220.3	224.6	230.8	237.2	240.0

INFLATION RATE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United States	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%
Denver-Boulder-Greeley	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL PERSONAL INCOME (millions, except as noted)												
United States (billions)	\$10,048	\$10,610	\$11,381	\$11,995	\$12,493	\$12,079	\$12,460	\$13,233	\$13,904	\$14,064	\$14,683	\$15,324
Colorado	\$167,794	\$179,090	\$192,162	\$203,035	\$213,342	\$206,385	\$211,420	\$227,052	\$240,905	\$246,448	\$261,735	\$275,107
Denver Metropolitan Area	\$104,533	\$111,559	\$120,055	\$125,829	\$132,343	\$127,134	\$130,625	\$140,838	\$150,990	\$154,331	\$164,513	NA
City and County of Denver	\$24,101	\$25,976	\$28,893	\$29,931	\$32,354	\$29,637	\$31,307	\$34,605	\$38,083	\$39,079	\$41,743	NA
TOTAL PERSONAL INCOME GROWTH RATE												
United States	5.9%	5.6%	7.3%	5.4%	4.1%	-3.3%	3.1%	6.2%	5.1%	1.2%	4.4%	4.4%
Colorado	4.6%	6.7%	7.3%	5.7%	5.1%	-3.3%	2.4%	7.4%	6.1%	2.3%	6.2%	5.1%
Denver Metropolitan Area	4.4%	6.7%	7.6%	4.8%	5.2%	-3.9%	2.7%	7.8%	7.2%	2.2%	6.6%	NA
City and County of Denver	4.6%	7.8%	11.2%	3.6%	8.1%	-8.4%	5.6%	10.5%	10.1%	2.6%	6.8%	NA
PER CAPITA PERSONAL INCOME												
United States	\$34,316	\$35,904	\$38,144	\$39,821	\$41,082	\$39,376	\$40,277	\$42,453	\$44,266	\$44,438	\$46,049	\$47,669
Colorado	\$36,676	\$38,665	\$40,709	\$42,265	\$43,631	\$41,508	\$41,877	\$44,349	\$46,402	\$46,746	\$48,869	\$50,410
Denver Metropolitan Area	\$41,276	\$43,567	\$46,071	\$47,425	\$48,986	\$46,244	\$46,712	\$49,459	\$52,079	\$52,216	\$54,619	NA
City and County of Denver	\$43,760	\$47,085	\$51,882	\$53,032	\$56,197	\$50,316	\$51,888	\$55,869	\$60,080	\$60,270	\$62,880	NA
PER CAPITA PERSONAL INCOME GROWTH RATE												
United States	5.0%	4.6%	6.2%	4.4%	3.2%	-4.2%	2.3%	5.4%	4.3%	0.4%	3.6%	3.5%
Colorado	3.6%	5.4%	5.3%	3.8%	3.2%	-4.9%	0.9%	5.9%	4.6%	0.7%	4.5%	3.2%
Denver Metropolitan Area	3.5%	5.5%	5.7%	2.9%	3.3%	-5.6%	1.0%	5.9%	5.3%	0.3%	4.6%	NA
City and County of Denver	5.0%	7.6%	10.2%	2.2%	6.0%	-10.5%	3.1%	7.7%	7.5%	0.3%	4.3%	NA
RETAIL TRADE SALES (millions, except as noted)												
United States (billions)	\$3,834	\$4,083	\$4,300	\$4,443	\$4,383	\$4,066	\$4,284	\$4,597	\$4,820	\$5,001	\$5,208	\$5,327
Colorado	\$62,288	\$65,492	\$70,437	\$75,375	\$74,911	\$66,454	\$70,105	\$75,804	\$80,248	\$84,240	\$90,507	\$94,936
Denver Metropolitan Area	\$37,197	\$38,589	\$41,491	\$44,177	\$43,829	\$38,882	\$40,894	\$43,658	\$46,861	\$49,299	\$53,245	\$56,192
City and County of Denver	\$7,691	\$7,963	\$9,480	\$10,162	\$10,252	\$8,517	\$8,925	\$9,454	\$10,388	\$10,992	\$12,409	\$12,946

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
RETAIL TRADE SALES GROWTH RATE												
United States	6.1%	6.5%	5.3%	3.3%	-1.3%	-7.2%	5.4%	7.3%	4.9%	3.8%	4.1%	2.3%
Colorado	6.1%	5.1%	7.6%	7.0%	-0.6%	-11.3%	5.5%	8.1%	5.9%	5.0%	7.4%	4.9%
Denver Metropolitan Area	4.6%	3.7%	7.5%	6.5%	-0.8%	-11.3%	5.2%	6.8%	7.3%	5.2%	8.0%	5.5%
City and County of Denver ¹	4.4%	3.5%	19.1%	7.2%	0.9%	-16.9%	4.8%	5.9%	9.9%	5.8%	12.9%	4.3%
MEDIAN HOME PRICE (thousands)												
United States	\$195.2	\$219.0	\$221.9	\$217.9	\$196.6	\$172.1	\$173.1	\$166.2	\$177.2	\$197.4	\$208.9	\$223.9
Denver Metropolitan Area	\$239.1	\$247.1	\$249.5	\$245.4	\$219.3	\$219.9	\$232.4	\$231.4	\$252.4	\$280.6	\$310.2	\$353.6
EXISTING HOME SALES												
Denver Metropolitan Area	53,482	53,106	50,244	49,789	47,837	42,070	38,818	38,105	45,203	53,631	54,068	55,509
NEW RESIDENTIAL UNITS												
DENVER METROPOLITAN AREA												
Single Family	19,069	17,888	12,938	7,799	4,037	2,690	3,791	3,885	5,947	7,396	8,396	9,786
Two-Family	374	471	428	398	224	133	285	309	299	399	440	422
Multi-Family	3,108	2,953	4,769	6,195	5,296	1,465	1,478	3,005	8,679	9,145	8,074	9,061
Total Units	22,551	21,312	18,135	14,392	9,557	4,288	5,554	7,199	14,925	16,940	16,910	19,269
OFFICE VACANCY RATE												
Denver Metropolitan Area	14.1%	12.9%	12.5%	11.5%	12.6%	13.5%	12.9%	12.5%	12.1%	11.1%	10.3%	9.6%
HOTEL OCCUPANCY RATE												
Denver Metropolitan Area	61.9%	64.1%	66.4%	67.0%	65.0%	59.0%	64.4%	66.8%	68.0%	70.8%	75.8%	75.9%
SKIER VISITS												
Colorado (millions)	04/05 11.8	05/06 12.5	06/07 12.6	07/08 12.5	08/09 11.9	09/10 11.9	10/11 12.3	11/12 11.0	12/13 11.4	13/14 12.6	14/15 12.5	15/16 13.4

NA: Not Available

1: The large increase in retail trade sales in the City and County of Denver in 2006 was due to geographic revisions in the data series and may not accurately reflect actual activity.

Sources: U.S. Department of Commerce, Bureau of the Census; Colorado Division of Local Government, Demography Section; U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment; Labor Market Information; U.S. Department of Commerce, Bureau of Economic Analysis; Colorado Department of Revenue; National Association of REALTORS; REcolorado; U.S. Department of Commerce, Bureau of the Census; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; Vail Resorts, Inc. and Colorado Ski Country USA.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX E

FORM OF OPINIONS OF CO-BOND COUNSEL

November __, 2016

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

\$115,000,000*
CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2016

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of the Wastewater Management Division of its Department of Public Works (the "Enterprise"), of its Wastewater Enterprise Revenue Bonds, Series 2016, in the aggregate principal amount of \$115,000,000* pursuant to an authorizing ordinance of the City Council of the City adopted on September __, 2016 (the "Bond Ordinance"). In such capacity, we have examined the City's certified proceedings, the City's charter, certain ordinances of the City establishing the Enterprise and authorizing it to have and exercise certain powers in furtherance of its purposes, and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Ordinance.

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

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

1. The Bonds are valid and binding, special, limited obligations of the City, for and on behalf of the Enterprise, payable solely from the Net Pledged Revenues and from funds and accounts pledged therefor under the Bond Ordinance.
2. The Bond Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Enterprise.

*Preliminary, subject to change.

3. The Bond Ordinance creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with other parity bonds (if any) issued or to be issued. The Bond Ordinance also creates a valid lien on the Debt Service Fund and the Construction Fund subject to the terms and provisions set forth in the Bond Ordinance. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Pledged Revenues or on the funds and accounts created by the Bond Ordinance.

4. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City's certified proceedings and in certain other documents and certain other certifications furnished to us.

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

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

In this opinion letter issued in our capacity as Co-Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Official Statement dated November __, 2016, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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

Respectfully submitted,

DRAFT 9/15/16

NOTICE OF SALE

\$[115,000,000]*
CITY AND COUNTY OF DENVER, COLORADO,
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2016

NOTICE IS HEREBY GIVEN that electronic bids will be received for the purchase of the bonds (the "Series 2016 Bonds") described above by the City and County of Denver, Colorado, for and on behalf of the Wastewater Management Division of its Department of Public Works (the "City") under the Bond Ordinance as defined below. All bids must be electronically submitted by MuniAuction as described in BID PROPOSAL REQUIREMENTS below. As described herein, the date and time for submitting bids will be as follows:

Bid Date:** [____], 2016
Bid Time:** Between 11:00 a.m. and 11:30 a.m. prevailing Eastern Time
(Between 9:00 a.m. and 9:30 a.m. prevailing Mountain Time),
subject to the two-minute rule as provided herein

Bids Submitted to: www.grantstreet.com

Financial Advisor: FirstSouthwest, a Division of Hilltop Securities, Inc. (the
"Financial Advisor")
Jason Simmons
Jason.simmons@hilltopsecurities.com
Telephone: (720) 347-8953

To bid, bidders must have: (1) completed the registration form on the MuniAuction website and (2) requested and received admission to the auction (as described under REGISTRATION AND ADMISSION TO BID below).

Any capitalized terms used without definition have the meanings set forth in the Preliminary Official Statement relating to the Series 2016 Bonds dated [____], 2016 (the "Preliminary Official Statement").

MATURITIES

The Series 2016 Bonds are to mature on November 1 in each of the designated amounts and years, as follows:

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal Amount*</u>	<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal Amount*</u>
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* Preliminary, subject to change as provided for in this Notice of Sale under ADJUSTMENTS TO PRINCIPAL AMOUNTS and SALE RESERVATIONS.

** Subject to change as provided for in this Notice of Sale under SALE RESERVATIONS.

ADJUSTMENTS TO PRINCIPAL AMOUNTS: The aggregate principal amount and the principal amount of each maturity of the Series 2016 Bonds described above are subject to adjustment, after determination of the best bid, to the extent appropriate to generate proceeds consistent with the purpose for which the Series 2016 Bonds are being executed and delivered. Changes to be made will be communicated to the successful bidder at the time of award of the Series 2016 Bonds, and will not reduce or increase the amount of the Series 2016 Bonds maturing in any year by []% from the amounts shown in the maturity schedule above or change the aggregate principal amount of the Series 2016 Bonds by more than []%. If the principal amount is modified, the underwriting discount percentage (not the dollar amount of the underwriting discount) will be held constant according to the underwriting discount percentage imputed in the reoffering yields of the successful bidder. The successful bidder may not withdraw its bid as a result of any changes made within these limits. By submitting its bid, each bidder agrees to purchase the Series 2016 Bonds in such adjusted principal amounts and to modify the purchase price for the Series 2016 Bonds to reflect such adjusted principal amounts. The bidder further agrees that the interest rates for the various maturities as designated by the bidder in its bid will apply to any adjusted principal amounts of such maturities.

SALE RESERVATIONS: The following rights are reserved: (1) the right to amend this Notice of Sale at any time prior to the time for receipt of bids by publishing amendments on the "Amendments Page" of the MuniAuction website; (2) the right to reject any and all bids for the Series 2016 Bonds; (3) the right to reoffer the Series 2016 Bonds for public or negotiated sale; (4) the right to waive any irregularity or informality in any bid; and (5) the right to adjust the principal amount in each maturity or in aggregate, or reschedule the receipt of bids for the Series 2016 Bonds by giving notice thereof as promptly as reasonably possible by publishing amendments on the "Amendments Page" of the MuniAuction website or such other oral or written communication as the Financial Advisor may select.

REDEMPTION PROVISIONS:

A. *Optional Redemption.* The Series 2016 Bonds maturing on and after November 1, 2027, are to be subject to optional redemption, in whole or part, in integral multiples of \$5,000 on November 1, 2026, and on any date thereafter, at a redemption price equal to 100% of the principal thereof, plus accrued interest to the applicable Optional Redemption Date as further described in the Preliminary Official Statement under "THE SERIES 2016 Bonds – Redemption Provisions – *Optional Redemption.*"

B. *Term Bonds and Mandatory Sinking Fund Redemption.* Any maturities of the Series 2016 Bonds may be combined, at the option of the bidders, into term bonds. Any single term bond is required to bear a single interest rate and be subject to mandatory sinking fund redemption on the dates and in the amounts shown above under "MATURITIES."

INTEREST RATES AND LIMITATIONS:

1. Interest will be payable on May 1 and November 1 of each year, commencing on May 1, 2017, and will be computed on the basis of a 360-day year of twelve 30-day months.
2. The Series 2016 Bonds will be dated their date of delivery, which is expected to be [], 2016.
3. There is no limit on the number of rates specified, except that one interest rate only may be specified for the Series 2016 Bonds of any maturity.
4. The interest rate for the Series 2016 Bonds must be stated in a multiple of 1/8th or 1/20th of 1% per annum. A zero rate of interest is not permitted for the Series 2016 Bonds.

5. The maximum differential between the lowest and the highest interest rates stated in the bid may not exceed 300 basis points (e.g., if the lowest rate is 2.00%, the highest rate may not exceed 5.00%).

6. The net effective interest rate on the Bonds shall not exceed 4.00%. For the purposes of this calculation, the following definitions apply:

"Net effective interest rate" of a proposed issue of bonds means the net interest cost of the issue divided by the sum of the products derived by multiplying the principal amount of such issue maturing on each maturity date by the number of years from the date of said proposed bonds to their respective maturities. In all cases the net effective interest rate shall be computed without regard to any option of redemption prior to the designated maturity dates of the bonds, but shall take into account mandatory sinking fund redemptions.

"Net interest cost" of a proposed issue of bonds means the total amount of interest to accrue on said bonds from their date to their respective maturities or mandatory prior redemption dates, plus the amount of any discount below par, or less the amount of any premium above par at which said bonds are being or have been sold. In all cases the net interest cost shall be computed without regard to any option of redemption prior to the designated maturity dates of the bonds.

PURCHASE PRICE: The purchase price bid for the Series 2016 Bonds shall not be less than 100% of the par amount of the Series 2016 Bonds.

PURPOSE OF SALE: The City expects to use a portion of the net proceeds of the Series 2016 Bonds to finance improvements to its storm drainage facilities.

Information Available from Preliminary Official Statement: Reference is made to the Preliminary Official Statement dated [_____, 2016] (the "Preliminary Official Statement") for information as to the authorization and purpose of the Bonds; security for the Bonds; the book-entry system, transfer, exchange and place of payment of the Bonds; the exclusion of the interest on the Bonds from federal and State of Colorado income taxation; and other information relating to the Bonds, the City and the sanitary sewerage facilities and storm drainage facilities of the City.

AUTHORIZATION: The Series 2016 Bonds are issued pursuant to Ordinance No. 16-0757, Series of 2016 (the "Bond Ordinance") adopted by the City Council (the "Council") on September 26, 2016 for the purpose of (a) financing storm drainage and sewerage facilities; and (b) paying the costs of issuance of the Series 2016 Bonds. See also TIME OF AWARD below.

SECURITY: The City by ordinance has designated the Wastewater Management Division of its Department of Public Works as an "enterprise" within the meaning of the State Constitution (the "Enterprise"). The Series 2016 Bonds are special and limited obligations of the City, for and on behalf of the Enterprise, payable as to principal and interest solely from and secured by a first lien (but not an exclusive first lien) upon certain revenues derived by the City from the operation of the storm drainage facilities and the sanitary sewerage facilities of the City, subject only to the payment of operation and maintenance expenses of the storm drainage facilities and the sanitary sewerage facilities. There is no debt service reserve with respect to the Series 2016 Bonds. The Series 2016 Bonds are not general obligations of the City. The Series 2016 Bonds are not payable in whole or in part from the proceeds of general property taxes, nor is the full faith and credit of the City pledged to pay the Series 2016 Bonds.

Additional Bonds. The Bond Ordinance permits the issuance of Additional Parity Bonds as described in the Preliminary Official Statement under "SECURITY FOR THE BONDS – Additional Bonds."

PROVISIONS OF THE BONDS:

Generally. The Series 2016 Bonds in the aggregate principal amount of \$[115,000,000]* are to be dated their date of delivery, and are to be in fully registered form in denominations of \$5,000 or integral multiples thereof. The Series 2016 Bonds, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which payment of principal and interest will be made in book entry form only. Purchasers of the Series 2016 Bonds will not receive physical delivery of bonds.

Ratings. Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P's") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "[]," "[]" and "[]," respectively, to the Series 2016 Bonds.

BID PROPOSAL REQUIREMENTS: Each bid must be submitted by MuniAuction (www.GrantStreet.com) between 11:00 a.m. and 11:30 a.m. prevailing Eastern Time (9:00 a.m. and 9:30 a.m. prevailing Mountain Time), subject to the two-minute rule as hereinafter provided, on [], [], 2016. Bidders may change and submit bids as many times as they wish during the auction, provided that any subsequent bid must result in a lower actuarial yield (*i.e.* using the true interest cost method) than the preceding bid and provided further that a bidder may not withdraw a submitted bid. If any bid becomes a leading bid two (2) minutes or less prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by MuniAuction. The auction end time will continue to be extended until a single leading bid remains the leading bid for at least two (2) minutes. The last bid submitted before the end of the auction will be compared to all other final bids to determine the successful bidder.

To the extent any instructions or directions set forth on MuniAuction conflict with this Notice of Sale, the terms of this Notice of Sale shall control. The City may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically by MuniAuction.

REGISTRATION AND ADMISSION TO BID: To bid by MuniAuction, bidders must first visit MuniAuction where, if they have never registered with either MuniAuction or Grant Street Group, they can register and then request admission to bid on the Series 2016 Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only broker-dealers registered with the Financial Industry Regulatory Authority (FINRA) or dealer banks with The Depository Trust Company clearing arrangements will be eligible to bid. Bidders who have previously registered with MuniAuction may call MuniAuction at (412) 391-5555 (ext. 370 for Auction support) for their Identification Number or password. No bidder will see any other bidder's bid. The rules of MuniAuction can be viewed on MuniAuction and are incorporated in this Notice of Sale by reference. Bidders must comply with the rules of MuniAuction in addition to the requirements of this Notice of Sale. To the extent there is a conflict between the rules of MuniAuction and this Notice of Sale, this Notice of Sale shall control.

The bidder further agrees that:

1. The electronic transmission of the bid by MuniAuction (including information about the purchase price of the Series 2016 Bonds, the interest rate to be borne by the various maturities of the Series 2016 Bonds, the initial public offering price of each maturity of the Series 2016 Bonds and any other information included in such transmission) will be considered as though the same information were submitted in writing and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by MuniAuction is accepted, the terms of this Notice of Sale and the information that is

* Preliminary, subject to change as provided for in this Notice of Sale under ADJUSTMENTS TO PRINCIPAL AMOUNTS and SALE RESERVATIONS. The right to increase or decrease this aggregate principal amount and related principal amounts maturing in each year is reserved. The final aggregate principal amount and related principal amounts maturing in each year may be published on the Amendments Page of the MuniAuction website. See also ADJUSTMENTS TO PRINCIPAL AMOUNTS and SALE RESERVATIONS.

electronically transmitted by MuniAuction shall form a contract, and the winning bidder shall be bound by the terms of such contract.

2. MuniAuction is not an agent of the Financial Advisor or the City, and neither the Financial Advisor nor the City shall have any liability whatsoever based on any bidder's use of MuniAuction, including but not limited to any failure by MuniAuction to correctly or timely transmit information provided by the Financial Advisor or information provided by the bidder.
3. The Financial Advisor or City may choose to discontinue use of electronic bidding by MuniAuction by issuing a notification to such effect on MuniAuction, or by other available means, no later than 1:00 p.m., Mountain Time, on the last business date prior to the bid date.
4. Once the bids are communicated electronically by MuniAuction each bid shall be deemed to be an irrevocable offer to purchase the Series 2016 Bonds on the terms provided in this Notice of Sale. For purposes of submitting all "Proposals for Bonds," whether electronically or sealed, the time as maintained on MuniAuction shall constitute the official time.

Each bidder shall be solely responsible to make necessary arrangements to access MuniAuction for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. The Financial Advisor or the City shall have no duty or obligation to provide or assure to any bidder, and the Financial Advisor or the City shall not be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, MuniAuction. By using MuniAuction, each bidder agrees to hold the Financial Advisor and the City harmless for any harm or damages caused to such bidder in connection with its use of MuniAuction for bidding on the Series 2016 Bonds.

The Financial Advisor is not allowed to bid on the Series 2016 Bonds.

BASIS OF AWARD: Subject to the sale reservations and limitations set forth herein, the Series 2016 Bonds will be sold to the responsible bidder making the best bid therefor. The best bid(s) will be determined by computing the actuarial yield on the Series 2016 Bonds (*i.e.*, using an actuarial or true interest cost method) for each bid received. "True interest cost" on the Series 2016 Bonds as used herein means that yield which if used to compute the present worth as of the estimated delivery date of the Series 2016 Bonds of all payments of principal and interest to be made on the Series 2016 Bonds from the estimated delivery date to their respective maturity dates using the interest rates specified in the bid and the principal amounts specified in the Maturity Schedule, produces an amount equal to the principal amount of the Series 2016 Bonds, plus any premium bid. All interest calculations and the calculation of the best bid shall be based on a 360-day year and a semiannual compounding interval. If an award is made, it will be made to the bidder whose bid results in the lowest true interest cost, *i.e.*, to the bidder making the bid resulting in the lowest true interest cost on the Series 2016 Bonds. If two or more equal bids for the Series 2016 Bonds are received and such equal bids are the best bids received, the City will determine which bid will be accepted.

TIME OF AWARD: Bids will be received at the time hereinabove specified. The City Council has authorized certain designated officers, on behalf of the City, to accept the best responsible bid for the purchase of the Series 2016 Bonds, and to accept such bid, for and in the name of the City, by notice to the winning bidder. The City will award the Series 2016 Bonds or reject all bids not later than twenty-four (24) hours after the expiration of the time herein specified for the receipt of bids unless such time of award is waived by the winning bidder. See also AUTHORIZATION above.

SUCCESSFUL BIDDERS REOFFERING YIELDS: At or before 12:00 noon, Mountain time, on the day of sale, the successful bidder for the Series 2016 Bonds must provide to the City's Financial Advisor, by facsimile transmission or by other means acceptable to the Financial Advisor, the initial prices and yields to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of each maturity of the Series 2016 Bonds was sold, in an aggregate dollar amount. The information as to initial offering prices shall be based on the winning bidder's expectations

as of the day of sale and not on actual facts after the day of sale. The successful bidder for the Series 2016 Bonds must also certify to the City in writing prior to delivery of the Series 2016 Bonds that the Series 2016 Bonds were sold as fixed interest rate Bonds as described in the Final Official Statement.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$[500,000] will be required to be made by the apparent winning bidder after the bids have been received. The apparent winning bidder will be required to wire the good faith deposit to the City no later than 2:00 p.m. Eastern Time (12:00 p.m. Mountain Time) on [____], [____], 2016. The Financial Advisor will contact the apparent winning bidder and request the apparent winning bidder to wire such good faith deposit and the apparent winning bidder shall provide the Federal wire reference number of such good faith deposit to the City by 2:00 p.m. Eastern Time (12:00 p.m. Mountain Time) on [____], [____], 2016. Wire instructions for the delivery of the Good Faith Deposit will be provided to the apparent winning bidder after the bids have been received.

The Series 2016 Bonds will not be officially awarded to a bidder until such time as the bidder has provided a Federal wire reference number for the good faith deposit to the City.

No interest on the good faith deposit will accrue to any bidder. The good faith deposit of the winning bidder for the Series 2016 Bonds will be applied to the purchase price of the Series 2016 Bonds. In the event the winning bidder for the Series 2016 Bonds fails to honor its accepted bid, the good faith deposit plus any interest accrued on the good faith deposit will be retained by the City. Any investment income earned on the good faith deposit will not be credited to the winning bidder on the purchase price of the Series 2016 Bonds.

MANNER AND TIME OF DELIVERY: The good faith deposit of the successful bidder will be applied to the purchase price of the Series 2016 Bonds. It is anticipated that the Series 2016 Bonds will be delivered to the successful bidder without expense through the facilities of DTC in New York, New York, on [____], 2016, or as soon as practicable thereafter, and thereupon such successful bidder shall be required to accept delivery of the Series 2016 Bonds, purchase and pay, in federal funds, the balance of the purchase price due.

The successful bidder will be required to make payment of the balance due for the Series 2016 Bonds at a bank or trust company designated by the Chief Financial Officer, as the Manager of Finance, *ex officio* Treasurer of the City. Payment of the balance of the purchase price due at delivery must be made in Federal Reserve Funds or other funds acceptable to the City for immediate and unconditional credit to the City. The Series 2016 Bonds will be delivered at the office of The Depository Trust Company in New York, New York, on confirmation by the City of receipt of the balance of the purchase price.

If the successful bidder fails or neglects to complete the purchase of the Series 2016 Bonds when the Series 2016 Bonds are tendered for delivery, the amount of the good faith deposit will be forfeited (as liquidated damages for noncompliance with the bid), except as hereinafter provided. In that event the Series 2016 Bonds may be reoffered for public or negotiated sale. The successful bidder will not be required to accept delivery of the Series 2016 Bonds if they are not tendered for delivery within 60 days from the Bid Date. If the Series 2016 Bonds are not so tendered within said period of time, the good faith deposit will be returned to the successful bidder upon request.

PURCHASER'S CERTIFICATE: The apparent winning bidder will be required to execute and deliver a Purchaser's Certificate prior to closing in the form attached hereto as Exhibit A. SUBMISSION OF A BID TO PURCHASE THE SERIES 2016 BONDS CONSTITUTES A COVENANT TO DELIVER THIS CERTIFICATE WITHOUT CHANGES UNLESS CO-SPECIAL COUNSEL APPROVED SUCH CHANGES PRIOR TO THE SALE DATE OF [____], 2016. If on or prior to the Bid Date the apparent winning bidder does not indicate its willingness to execute the Purchaser's Certificate, the City will award the bid to the responsible bidder making the next best bid therefor who agrees to execute and deliver the Purchaser's Certificate.

CUSIP NUMBERS: CUSIP numbers will be ordered by the Financial Advisor and will be paid for as a cost of execution and delivery of the Series 2016 Bonds. CUSIP numbers will be printed on the Series 2016 Bonds. If a wrong number is imprinted on any Series 2016 Bond or if a number is not printed thereon, any such error or omission will not constitute cause for the winning bidder to refuse delivery of any Series 2016 Bond.

OFFICIAL STATEMENT: The Preliminary Official Statement is "deemed final" by the Chief Financial Officer, as the Manager of Finance, *ex officio* Treasurer of the City. Within seven business days after the award of the Series 2016 Bonds to the successful bidder, a maximum of 50 copies of the final Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions, will be delivered to the successful bidder without charge. If the successful bidder requires additional copies of the final Official Statement, it must notify the Financial Advisor and agree to pay the cost of such additional copies within five business days of the award of the Series 2016 Bonds. In addition to the information required to be included in its bid, the successful bidder must (1) provide to the Financial Advisor, all information relating to offering prices, selling compensation and the identity of the underwriters necessary to complete the final Official Statement within 24 hours after the award of the Series 2016 Bonds and (2) provide to the Financial Advisor a list of the underwriters involved in the transaction together with a list of the participating dealers (if different) and the percentage of participation of each within 30 days after the delivery of the proceeds from the sale of the Series 2016 Bonds.

No dealer, salesman, or other person has been authorized to give any information or to make any representation with respect to the Series 2016 Bonds which is not contained in the Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Financial Advisor or the City. The information in the Official Statement is subject to change and neither the delivery of the Official Statement nor any sale made after any such delivery is to, under any circumstances, create any implication that there has been no change since the date of the Official Statement. The Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there may not be any sale of any of the Series 2016 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

CONTINUING DISCLOSURE: In connection with the execution and delivery of the Series 2016 Bonds the City will execute a Continuing Disclosure Undertaking, in the form as set forth in Appendix D to the Preliminary Official Statement.

LEGAL OPINION; TRANSCRIPT: The Series 2016 Bonds are offered when, as and if executed and delivered by the City subject to approval of legality and other matters by Kutak Rock, LLP, Denver, Colorado and Kline Alvarado Veio, PC, Denver, Colorado, each as Co-Special Counsel, and to certain other conditions. The proposed form of opinions of Co-Special Counsel is set forth as Appendix E to the Preliminary Official Statement.

The successful bidder will receive without charge, with the Series 2016 Bonds in a form acceptable to DTC, (1) the originally signed opinion of each Special Counsel, (2) the final Official Statement referred to above, and (3) a transcript of legal proceedings. The transcript of legal proceedings will also include, among other documents:

A. A certificate executed by officials of the City, including the City Attorney, stating that to the best of their knowledge there is no litigation pending affecting the validity of the Series 2016 Bonds as of the date of its delivery;

B. A certificate executed by the Chief Financial Officer, as the Manager of Finance, *ex officio* Treasurer of the City acting in her or his official capacity, to the effect that, to the best of her or his knowledge, the facts contained in the final Official Statement are true and correct in all material respects and the final Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements

made in the Official Statement, in the light of the circumstances under which they were made, not misleading; and

C. Letters from Kutak Rock, LLP, Denver, Colorado, and Kline Alvarado Veio, PC, Denver, Colorado to the effect that such counsel to the City have not independently verified the information contained in the final Official Statement, but that during the course of the participation by the firm in the preparation of the final Official Statement no information came to the attention of the firm to lead it to believe that the final Official Statement (except the financial statements and other statistical and financial data contained in the final Official Statement, as to which the firm will make no statement) as of its date either contained an untrue statement of any material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

GOVERNING LAW AND VENUE: This Notice of Public Sale and the contract formed when the City accepts the winning bid is governed by the laws of the State of Colorado. By submitting a bid, each bidder consents to the exclusive jurisdiction of any court of the State of Colorado located in the City and County of Denver or the United States District Court for the State of Colorado for the purpose of any suit, action or other proceeding arising under this Notice of Public Sale, and each bidder hereby irrevocably agrees that all claims in respect of any such suit, action or proceeding may be heard and determined by such court. Each bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid submitted by the bidder.

ADDITIONAL INFORMATION: This Notice of Sale, the Preliminary Official Statement and other information concerning the Series 2016 Bonds may be obtained from the City's Department of Finance: Michelle Wang, 201 W. Colfax, Dept. 1004, Denver, CO 80202, phone (720) 913-9353; michelle.wang@denvergov.org, or the Financial Advisor: Jason Simmons, FirstSouthwest, a Division of Hilltop Securities, Inc., 8055 E. Tufts Avenue, Suite 500, Denver, Colorado 80237, phone (303) 771-0217; Jason.simmons@hilltopsecurities.com. All bidders are directed to review REGISTRATION AND ADMISSION TO BID in this Notice of Sale.

The Preliminary Official Statement may be viewed over the Internet at munidoc.com.

The date of this Notice of Sale is [____], 2016.

EXHIBIT A

FORM OF PURCHASER'S CERTIFICATE

NOTE TO BIDDERS: ALL OF THE SERIES 2016 BONDS MUST BE PUBLICLY OFFERED TO DELIVER THIS CERTIFICATE. THIS CERTIFICATE MAY NOT BE ALTERED WITHOUT APPROVAL OF SPECIAL COUNSEL BEFORE THE SALE OF THE SERIES 2016 BONDS. SUBMISSION OF A BID TO PURCHASE THE SERIES 2016 BONDS CONSTITUTES A COVENANT TO DELIVER THIS CERTIFICATE WITHOUT CHANGES UNLESS SUCH CHANGES WERE APPROVED BY CO-SPECIAL COUNSEL BEFORE THE SALE ON [____], 2016.

**\$[115,000,000]*
CITY AND COUNTY OF DENVER, COLORADO,
FOR AND ON BEHALF OF THE
WASTEWATER MANAGEMENT DIVISION OF ITS
DEPARTMENT OF PUBLIC WORKS,
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2016**

The undersigned representative of [Purchaser] (the "Purchaser") hereby certifies in connection with the "City and County of Denver, Colorado, for and on behalf of its Wastewater Management Division of the Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2016" (the "Series 2016 Bonds") in the aggregate principal amount of \$[115,000,000]* issued pursuant to the ordinance adopted by the City Council of the City and County of Denver, Colorado (the "City") on [____], 2016, that:

1. We acknowledge receipt of the Series 2016 Bonds in the aggregate principal amount of \$[115,000,000]*, bearing interest and maturing as provided in the Official Statement, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Series 2016 Bonds on the sale date at the initial public offering prices (or yields) shown for the Series 2016 Bonds on the cover page of the Official Statement dated [____], 2016 (the "Official Statement") for the Series 2016 Bonds.

3. Except as provided in the third sentence of this paragraph 3, the first price at which a substantial amount of each maturity of the Series 2016 Bonds was sold to the public ("public" in this certificate excludes bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) is the price shown on the cover page of the Official Statement for that maturity of the Series 2016 Bonds. For this purpose, "substantial amount" is 10% or more of each maturity. If less than 10% of any maturity of the Series 2016 Bonds was sold on the sale date, it was our reasonable expectation on the sale date that the first price at which at least 10% of that maturity of the Series 2016 Bonds would be sold to the public on the sale date would be the price shown for that maturity on the cover page of the Official Statement. It was our reasonable expectation as of the sale date that the prices on the cover page of the Official Statement represent a fair market value for each maturity of the Series 2016 Bonds.

4. Pursuant to Section 20-93.3 of the Revised Municipal Code of the City, the undersigned will, within thirty (30) days of the date hereof, submit to the Chief Financial Officer, as the Manager of Finance, *ex officio* Treasurer of the City and the President of the City Council a list of the underwriters involved in the sale of the Series 2016 Bonds, together with a list of the participating dealers, if

* Preliminary, subject to change.

different, and the percentage of participation by each such firm.

IN WITNESS WHEREOF, I have hereunto set my hand this [____], 2016.

[PURCHASER]

By: _____

Title: _____

CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "Disclosure Undertaking") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "City"), for and on behalf of the Wastewater Management Division of its Department of Public Works in connection with the issuance of its "City and County of Denver, Colorado, for and on behalf of its Wastewater Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2016" in the aggregate principal amount of \$[115,000,000]* (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to Ordinance No. 16-0757, Series of 2016, adopted by the City Council of the City on [September 26], 2016 (the "Ordinance").

In consideration of the purchase of the Series 2016 Bonds by the Participating Underwriter (as defined below), the City covenants and agrees as follows:

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

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

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

"Commission" means the Securities and Exchange Commission.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at <http://www.emma.msrb.org/>. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

"Official Statement" means the final Official Statement dated _____ [], 2016, together with any supplements thereto prior to the date the Series 2016 Bonds were issued, delivered in connection with the original issue and sale of the Series 2016 Bonds.

* Preliminary, subject to change.

"Owner" means the registered owner of any Series 2016 Bond, and so long as the Series 2016 Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Series 2016 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 Series 2016 Bonds, which includes the power to dispose, or direct the disposition, of the Series 2016 Bonds identified to the satisfaction of the City.

"Participating Underwriter" means the original underwriter of the Series 2016 Bonds required to comply with the Rule in connection with an offering of the Series 2016 Bonds.

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

"Series 2016 Bonds" means, the "City and County of Denver, Colorado, for and on behalf of its Wastewater Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2016" in the aggregate principal amount of \$[115,000,000]*.

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

Section 2. Provision of Annual Financial Information.

a. Commencing with respect to the Fiscal Year ended December 31, 2016, and each Fiscal Year thereafter while the Series 2016 Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

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

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

* Preliminary, subject to change.

Section 3. Reporting of Events.

a. At any time the Series 2016 Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Series 2016 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 Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;
6. defeasances;
7. rating changes;
8. tender offers; and
9. bankruptcy, insolvency, receivership, or similar event of an obligated person under the Rule.

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

b. At any time the Series 2016 Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Series 2016 Bonds, if material:

1. non-payment related defaults;

- Bonds;
2. modifications to the rights of the beneficial owners of the Series 2016 Bonds;
 3. bond calls;
 4. release, substitution or sale of property securing the repayment of the Series 2016 Bonds;
 5. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
 6. appointment of a successor or additional trustee or the change of name of a trustee.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for Owners of the Series 2016 Bonds. If the Treasurer determines that such event would constitute material information for Owners of the Series 2016 Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

c. At any time the Series 2016 Bonds are outstanding under the Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

Section 4. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2016 Bonds, and shall extend to the earlier of: (i) the date all principal and interest on the Series 2016 Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (ii) the date that the City shall no longer constitute an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule; and (iii) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2016 Bonds, which determination shall be evidenced by an attorney's opinion selected by the City, a copy of which opinion shall be given to the Participating Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original

issuance and delivery of the Series 2016 Bonds and the Participating Underwriter consents thereto, (b) if such amendment is consented to by the Owners of no less than a majority in aggregate principal amount of the Series 2016 Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Owner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

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

Section 7. Default and Enforcement. If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Owner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Owner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Series 2016 Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 8. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter and Owners from time to time of the Series 2016 Bonds, and shall create no rights in any other person or entity.

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

DATE: [____], 2016

CITY AND COUNTY OF DENVER, COLORADO

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

Schedule 1

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

“Annual Financial Information” means the financial information or operating data with respect to the City substantially similar to the type set forth in the Official Statement under Tables 3, 4, 5, 6, 7, 8 and 9.

DRAFT 9/15/16

PAYING AGENT, REGISTRAR AND TRANSFER AGENT AGREEMENT

Wastewater Enterprise Revenue Bonds, Series 2016

THIS PAYING AGENT, REGISTRAR AND TRANSFER AGENT AGREEMENT (this "Agreement"), dated as of [____], 2016 is by and between the City and County of Denver, Colorado, for and on behalf of the Wastewater Management Division of its Department of Public Works (the "City"), a political subdivision of the State of Colorado, and Zions Bank, a division of ZB, National Association, a national banking association (the "Bank"), with a corporate trust office in Denver, Colorado.

WITNESSETH:

WHEREAS, by an ordinance duly adopted by the City Council of the City (the "Bond Ordinance"), the City has authorized the issuance of its City and County of Denver, Colorado, for and on behalf of its Wastewater Division of its Department of Public Works, Wastewater Enterprise Revenue Bonds, Series 2016 (the "Bonds"), in the aggregate principal amount of \$[115,000,000]; and

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Bond Ordinance; and

WHEREAS, it is mutually desirable to the City and the Bank that the Bank, through its Corporate Trust Department located in Denver, Colorado, act as Paying Agent in connection with the payment of the principal of, premium, if any, and interest on the Bonds, and as Registrar and Transfer Agent for the Bonds with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, it is mutually desirable that this Agreement be entered into between the City and the Bank to provide for certain aspects of such services.

NOW, THEREFORE, the City and the Bank, in consideration of the mutual covenants herein contained, agree as follows:

1. The City hereby appoints the Bank and the Bank hereby accepts all duties and responsibilities of the Paying Agent, Registrar and Transfer Agent as provided in the Bond Ordinance and in this Agreement, including without limitation the authentication, registration, transfer, exchange and replacement of Bonds as provided in the Bond Ordinance. The Bank shall cause the Bonds to be honored in accordance with their terms, provided that the City causes to be made available to the Bank all funds necessary to so honor the Bonds. Nothing in this Agreement shall require the Bank to pay or disburse any funds in excess of the amount then on deposit in the Principal and Interest Account (as hereinafter defined) provided for in Section 3 of this Agreement. Nothing in this Agreement shall require the City or the Bank to pay or disburse any funds for payment of the Bonds or interest thereon except at the times and in the manner provided in the Bond Ordinance.

2. Not less than five (5) business days prior to each payment date, the Bank shall give written notice to the City of the amount of principal and/or interest on the Bonds which is due on

the payment date. Failure by the Bank to give such written notice to the City, or any defect therein, shall not relieve the City of its obligation to remit payment to Bond owners on scheduled payment dates.

3. Not less than three (3) business day prior to each regularly scheduled payment date, funds for the payment of the Bonds and interest thereon are to be transferred or deposited by the City by wire transfer with the Bank in an account designated as the "Wastewater Enterprise Revenue Bonds, Series 2016, Principal and Interest Account (the "Principal and Interest Account"). At the time of the deposits to the Principal and Interest Account provided herein, the Bank shall notify the City if the amounts deposited (together with any amounts available for such purpose theretofore deposited to the Principal and Interest Account) will not be sufficient to pay the installment of principal or interest, or both, as the case may be, next due on the Bonds. If such amounts are not sufficient to make such payments, the Paying Agent shall notify the City of the amount of any deficiency and the additional amount of moneys that are required to be deposited to the Principal and Interest Account and applied to such payment. If two (2) business days prior to any required principal or interest payment date moneys on deposit in the Principal and Interest Account are less than the full amount stipulated above with respect to the Bonds, then the Paying Agent shall notify the City of any such insufficiency and the City shall transfer an amount to the Principal and Interest Account on such date from the Debt Service Fund equal to the difference between the amount so credited to the Principal and Interest Account and the full amount so stipulated. From funds on deposit in the Principal and Interest Account, the Bank agrees to pay, through its Corporate Trust Department, at the times and in the manner provided in the Bond Ordinance and the Sale Certificate, the principal of and interest on the Bonds.

The funds so deposited in the Principal and Interest Account shall be invested by the Bank, at the written direction of the Treasurer, in investments that are consistent with the City's investment policies. All such investments in the Principal and Interest Account shall be held by or under the control of the Bank. The Bank shall sell and reduce to cash such investments as needed to pay the principal of and interest on the Bonds whether upon maturity or upon prior redemption. Any interest or other gain realized as a result of any investment of moneys in the Principal and Interest Account, to the extent not used to pay the principal of or interest on the Bonds, shall promptly be remitted to the City.

4. There shall be deposited into the Costs of Issuance Fund created by the Bond Ordinance and held by the Paying Agent and designated as the "Wastewater Enterprise Revenue Bonds, Series 2016, Costs of Issuance Account" (the "Costs of Issuance Account") an amount equal to \$[_____]. The Paying Agent shall use the funds on deposit in the Costs of Issuance Account to pay costs of issuance upon the written direction of the Treasurer or her designee. Any amounts on deposit in the Costs of Issuance Account remaining after the payment of all the costs of issuance of the Series 2016 Bonds, but in no event later than 180 days following the date of issuance of the Series 2016 Bonds, shall be remitted to the City.

The City acknowledges the Paying Agent cannot process such cost of issuance payments until the Paying Agent is in receipt of a valid Form W-9 or Form W-8, as applicable, from each payee, in accordance with Internal Revenue Service regulations and the Foreign Account Tax Compliance Act.

5. The Bank agrees that any duly authorized representative of the City shall, until the expiration of three (3) years after final termination of this Agreement, and upon reasonable notice to the Bank, have access to and the right to examine any directly pertinent books, documents, schedules, papers, charts, and records of the Bank, involving matters or transactions in any way, related to this Agreement and the services provided hereunder.

6. The City shall pay fees to the Bank in accordance with the Bank's fee schedule attached hereto as Exhibit A and in accordance with the provisions of this Section 6. The City's maximum obligation for the initial fee to the Bank for services under this Agreement shall not exceed \$[____]. The payment for such initial fee shall be made on or before December 31, 2016. The annual administration fee to be paid to the Bank for services under this Agreement after December 31, 2016, shall be \$[____] per year. Payments made after December 31, 2016 shall be subject to annual appropriation by the City and the Bank acknowledges that the obligation of the City to make such payments is from year to year and does not constitute a mandatory charge in any fiscal year beyond the current fiscal year. The Bank shall not be required to refund any amount of the payment in the event of any early termination of this Agreement. The Bank acknowledges that (i) the City does not by this Agreement irrevocably pledge present cash reserves for payments in future fiscal years, and (ii) this Agreement is not intended to create a multiple-fiscal year direct or indirect debt or financial obligation of the City. The City shall not pay or be liable for any claimed interest, late charges, fees, taxes or penalties of any nature, except as required by the City's Revised Municipal Code.

7. The City agrees to provide the Bank with a supply of blank Bonds for use in the transfer and exchange of Bonds.

8. In the event that any Bond is not presented for payment when the principal of and interest thereon become due at stated maturity, or a check or draft for such principal and interest is uncashed, if moneys sufficient to pay the principal and interest then due on that Bond or to pay such check or draft shall have been made available to the Bank for the benefit of the Owner of such Bond, all liability of the City to that Owner for such payment of the principal and interest then due on such unrepresented Bond represented by such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Bank to hold those moneys, without liability for interest thereon, for the exclusive benefit of the Owner, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part of this Agreement or the Bond Ordinance or on, or with respect to, the principal and interest then due on that Bond, by such check or draft. Any of those moneys which shall be held by the Bank, and which remain unclaimed by the Owner of a Bond not presented for payment or check or draft not cashed for a period of three years after the due date thereof, shall be paid to the City or escheated under appropriate state escheat laws, whichever is applicable.

9. The Bank, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder in its capacity as Paying Agent, Registrar and/or Transfer Agent by giving not less than sixty (60) days written notice to the City. The resignation shall take effect upon the appointment of a successor Paying Agent, Registrar and/or Transfer Agent, as the case may be. It shall not be required that the same institution serve as Paying Agent, Registrar and Transfer Agent for the Bonds, but the City shall have the right to have the same institution serve in all or any such capacities.

10. The Bank, or any successor thereof, may be removed at any time in its capacity as Paying Agent, Registrar and/or Transfer Agent by the Treasurer, with or without cause, upon not less than thirty (30) days written notice to the Bank.

11. In case the Bank, or any successor thereof, shall resign or shall be removed or shall become incapable of acting in its capacity as Paying Agent, Registrar and/or Transfer Agent or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the Treasurer. The Treasurer shall cause notice of any such appointment to be mailed by first-class mail, postage prepaid to the Owners of each Bond Outstanding at their addresses as they last appear on the registration books of the City maintained by the Bank. If no appointment of a successor shall be made within sixty (60) days after the giving of written notice or after the occurrence of any other event requiring or authorizing such appointment, the Treasurer shall serve as Paying Agent, Registrar and/or Transfer Agent, as the case may be, until a successor is appointed by the Treasurer. Any successor appointed under the provisions of this Section shall either be the Treasurer or an Insured Bank as defined in the Bond Ordinance.

12. Any entity into which the Bank may be converted or merged or with which it may be consolidated or any entity resulting from any conversion, merger or consolidation to which it shall be a party or any entity to which the Bank may sell or transfer all or substantially all of its corporate trust business, provided such entity is an Insured Bank, shall be the successor to the Bank in its capacity as Paying Agent, Registrar and Transfer Agent without any further act, deed or conveyance.

13. The Bank agrees to protect, defend, release, indemnify and save harmless the City against any and all claims, damages, suits, or procedures of any kind or nature, including worker's compensation claims in any way resulting from or arising out of, directly or indirectly, the Bank's services hereunder and all operations in connection herewith, or its use or occupation of any public or private property, and including acts or omissions of the Bank or its officers, employees, representatives, suppliers, invitees, contractors, and agents; provided, however, that the Bank need not indemnify and save harmless the City, its officers, agents and employees from damages resulting from the negligence of the City's officers, agents, and employees. Any insurance coverage specified herein constitutes the minimum requirements, and said requirements shall in no way lessen or limit the indemnification or other liability of the Bank under the terms of this Agreement. The Bank shall procure and maintain, at its own expense and cost, any additional kinds and amounts of insurance that, in its judgment, may be necessary for its proper protection in the prosecution of the services hereunder. The Bank shall be liable for direct damages if it fails to exercise ordinary care. The Bank shall be deemed to have exercised ordinary care if its actions, or failure to act, is in conformity with the Bank's general banking usages or is otherwise a commercially reasonable practice of the banking industry. The Bank shall not be liable for any special, consequential or incidental damages, even if it has been advised of the possibility of the same.

14. The parties hereto understand and agree that the City is relying upon, and has not waived, the monetary limitations per person and per occurrence and all other rights, immunities and protections as provided by the Colorado Governmental Immunity Act, C.R.S. Section 24-10-

101, et seq. The City cannot, and by this Agreement does not agree to indemnify, hold harmless, exonerate, or assume the defense of the Bank, its employees, officers, agents, or affiliates or any other person or entity whatsoever, for any purpose whatsoever regardless of any provisions to the contrary that may be contained in this Agreement. Moreover, the City, as a public fiduciary supported by tax moneys, in execution of its public trust, cannot and does not agree to waive any lawful or legitimate right to recover moneys lawfully due it. Any such statement to the contrary that may be contained in this Agreement, including any documents incorporated by reference herein, shall be considered null and void. The Bank agrees that it shall not insist upon or demand any statement whereby the City agrees to limit in advance or waive any right the City may have to recover actual lawful damages in any court of law under Colorado or other applicable law.

15. In connection with the performance of the services under this Agreement, the Bank agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability; and further agrees to insert the foregoing provision in all approved subcontracts hereunder.

16. The parties agree that no employee of the City shall have any personal or beneficial interest whatsoever in the services or property described herein and the Bank further agrees not to hire or contract for the services of any employee or officer of the City which would be in violation of the Denver Revised Municipal Code Chapter 2, Article IV, Code of Ethics, or Denver City Charter provisions 1 .2.8, 1.2.9 and 1 .2.12.

17. The Bank consents to the use of electronic signatures by the City. This Agreement, and any other documents requiring a signature hereunder, may be signed electronically by the City in the manner specified by the City. The parties agree not to deny the legal effect or enforceability of this Agreement solely because it is in electronic form or because an electronic record was used in its formation. The parties agree not to object to the admissibility of this Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

18. The Paying Agent hereby notifies the City that pursuant to the requirements of the Patriot Act it is required to obtain, verify, and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Paying Agent to identify the City in accordance with the Patriot Act. The City hereby agrees that it shall promptly provide such information upon request by the Paying Agent.

19. In the event of any conflict between the provisions of this Agreement and the provisions of the Bond Ordinance, the provisions of the Bond Ordinance shall be controlling.

[Remainder of page intentionally left blank]

DRAFT 9/15/16

IN WITNESS WHEREOF, the Bank and the City have caused this Agreement to be duly executed and delivered as of the day and year first written.

CITY AND COUNTY OF DENVER,
COLORADO

(CITY)
(SEAL)

By: _____
Mayor

ATTEST:

By: _____
Clerk and Recorder, *ex officio*
Clerk of the City and County of Denver

Approved to form:

By: _____
City Attorney

Registered and Countersigned:

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

By: _____
Auditor

ZIONS BANK, A DIVISION OF ZB,
NATIONAL ASSOCIATION
As Paying Agent, Registrar and Transfer
Agent

By: _____
Title: Vice President

DRAFT 9/15/16

EXHIBIT A
BANK'S FEE SCHEDULE

RESOLUTION

MANAGER OF THE DEPARTMENT OF PUBLIC WORKS CITY AND COUNTY OF DENVER, COLORADO

WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home rule city under article XX of the State Constitution and the Charter of the City (the "Charter") and is a political subdivision of the State; and

WHEREAS, all legislative powers possessed by the City, conferred by article XX of the State Constitution, except as limited by the Charter, or otherwise existing by operation of law are vested in a board of councilmen, also known as the city council (the "Council"); and

WHEREAS, pursuant to Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), the Council established the Wastewater Management Division of its Department of Public Works (the "Enterprise") as an "enterprise" within the meaning of Section 20, Article X of the State Constitution; and

WHEREAS, the Enterprise Ordinance provides that (i) the governing body of the Enterprise shall be the Manager of the Department of Public Works (the "Manager"), (ii) the Enterprise shall be owned by the City, and (iii) the Enterprise is authorized to issue its own bonds or other financial obligations in the name of the City payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Enterprise or from any other available funds of the Enterprise, as authorized by ordinance after approval and authorization by the Enterprise; and

WHEREAS, the Enterprise Ordinance further provides that the terms, conditions and details of any such bonds or other financial obligations, the procedures related thereto and the refunding thereof shall be set forth in the ordinance authorizing said bonds or other financial obligations; and

WHEREAS, the Enterprise desires that the City, for and on behalf of the Enterprise, issue its Wastewater Enterprise Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), in the total aggregate principal amount not to exceed [\$116,000,000] in order to finance certain improvements to the storm drainage and sanitary sewerage facilities of the City and to pay the costs of issuing the Series 2016 Bonds (collectively, the "2016 Project"); and

WHEREAS, this Resolution (this "Resolution") constitutes the request by the Enterprise that the Council adopt an ordinance (the "Bond Ordinance") authorizing the issuance of the Series 2016 Bonds and the approval and authorization by the Enterprise of the Series 2016 Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MANAGER OF THE DEPARTMENT OF PUBLIC WORKS OF THE CITY AND COUNTY OF DENVER:

Section 1. Authorization and Approval of the Series 2016 Bonds. The Manager hereby determines that it is in the best interest of the citizens of the City and customers of the Enterprise to acquire, improve and equip the storm drainage and sanitary sewerage facilities of the

City, and to finance the costs thereof by the issuance of Series 2016 Bonds. The Manager hereby approves and authorizes the issuance of the Series 2016 Bonds to finance the Project, and hereby requests the City to issue the Series 2016 Bonds for and on behalf of the Enterprise. The Series 2016 Bonds shall be payable solely out of revenues derived or to be derived from the functions, services, benefits, or facilities of the Enterprise or from any other available funds of the Enterprise.

Section 2. The Series 2016 Bonds. The Series 2016 Bonds shall be issued in such form and with such terms, conditions, redemption features and other details and under such procedures as are set forth in the Bond Ordinance and in a sale certificate (a "Sale Certificate") executed by either the Mayor or the Manager of Finance, ex officio Treasurer of the City (the "Treasurer") in accordance with the provisions of the Bond Ordinance, the Charter and Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended (the "Supplemental Act"). The Mayor and the Treasurer shall each be independently authorized, without further approval of the Manager, to make the determinations with respect to the Series 2016 Bonds that may be delegated to such officials pursuant to the Charter and Section 11-57- 205(1) of the Supplemental Act, subject to the terms and limitations set forth in the Bond Ordinance.

Section 3. Sale of Series 2016 Bonds. The Bond Ordinance shall provide that the Series 2016 Bonds may be sold in one series, and that all or a portion of the Series 2016 Bonds may be sold by competitive sale, as determined by the Mayor or the Treasurer. The Bond Ordinance shall also approve the form of the notice of public sale to be used in connection with the competitive sale of any Series 2016 Bonds.

Section 4. Parity Bonds. The Series 2016 Bonds once issued will be on a parity with the City and County of Denver, Colorado for and on behalf of the Wastewater Management Division of its Department of Public Works, Wastewater Revenue Bonds, Series 2012 (the "2012 Bonds"). The Series 2016 Bonds and Series 2012 Bonds are Parity Securities as defined in the Bond Ordinance and Ordinance No. 631, Series of 2011 authorizing the issuance of the Series 2012 Bonds (the "Series 2012 Ordinance"). The Series 2016 Bonds are Additional Parity Bonds as defined in the Series 2012 Ordinance. At closing the Treasurer will certify that all of the requirements of the Series 2012 Ordinance authorizing the issuance of Additional Parity Bonds have been met with respect to the issuance of the Series 2016 Bonds.

Section 5. Disposition of Bond Proceeds and Income; Funds and Accounts or Adopted or Created by Ordinance; Security for Series 2016 Bonds. The Bond Ordinance shall describe the funds and accounts into which Series 2016 Bond proceeds, pledged revenues and investment income are to be deposited and the use of such moneys.

The Bond Ordinance shall contain appropriate provisions for the budgeting and appropriation of such moneys and the investment of such moneys.

The Bond Ordinance shall provide in substance that the Series 2016 Bonds are special and limited obligations of the City payable solely out of and secured by an irrevocable (but not exclusive) pledge of certain net pledged revenues of the Enterprise, that the Series 2016 Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, charter or statutory provision or limitation, that the Series 2016 Bonds are not payable in whole or in part from the proceeds of general property taxes or any other funds of the City except such net

pledged revenues, and that the full faith and credit of the City is not pledged for the payment of the principal of, interest on, or premium, if any, for the Series 2016 Bonds.

Section 6. Priorities; Liens; Issuance of Additional Bonds. The Bond Ordinance shall contain a pledge of certain net revenues of the Enterprise, create a lien upon such net pledged revenues in favor of the owners of the Series 2016 Bonds in parity with the 2012 Bonds and prescribe the conditions to the issuance of additional parity bonds or subordinate bonds.

Section 7. Covenants. The Bond Ordinance shall contain appropriate covenants for the security of the Series 2016 Bonds.

Section 8. Defeasance. The Bond Ordinance shall contain appropriate provisions for the defeasance of the Series 2016 Bonds and the Bond Ordinance.

Section 9. Default Provisions and Remedies of Bond Owners. The Bond Ordinance shall prescribe events of default and specify remedies available to the owners of the Series 2016 Bonds.

Section 10. Amendment of Ordinance. The Bond Ordinance shall prescribe the procedures to amend the Bond Ordinance.

Section 11. Miscellaneous. The Bond Ordinance shall authorize the preparation, execution, authentication and registration of the Series 2016 Bonds, the execution and delivery of the Sale Certificate, a paying agent agreement, a continuing disclosure undertaking, and closing documents and certificates. The Bond Ordinance shall also authorize in substance the assembly and dissemination of financial and other information concerning the City and the Series 2016 Bonds and the printing, distribution and use of a preliminary official statement and a final official statement in connection with the sale and marketing of the Series 2016 Bonds.

The Bond Ordinance may contain such additional and supplemental terms and provisions as the Council may determine.

ADOPTED this ____ day of September, 2016.

MANAGER OF THE DEPARTMENT OF PUBLIC
WORKS OF THE CITY AND COUNTY OF DENVER,
COLORADO

By: _____
Jose Cornejo