

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2019****NEW ISSUE—BOOK-ENTRY ONLY****RATINGS: See “RATINGS” herein**

*In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2019C-D Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2019C-D Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, except with respect to interest on any Series 2019C Bonds for any period during which such Series 2019C Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2019C-D Bonds, under existing law and to the extent interest on the Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.*

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

**AIRPORT SYSTEM REVENUE BONDS**

\$[\_\_\_\_\_] \*  
**SERIES 2019C**  
**(FIXED RATE – NON-AMT)**  
**(Private Activity)**

\$[\_\_\_\_\_] \*  
**SERIES 2019D**  
**(TERM RATE – NON-AMT)**  
**(Governmental)**

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

The Series 2019C-D Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto in order to, together with other available Airport System moneys, (1) refund, redeem and defease, certain outstanding Airport System revenue bonds, (2) pay the costs of terminating swaps associated with certain outstanding Airport System revenues bonds to be refunded, and (3) pay the costs of issuing the Series 2019C-D Bonds, all as further described herein. Capitalized terms used on this cover page are defined herein.

The Series 2019C-D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2019C-D Bonds. Beneficial Ownership Interests in the Series 2019C-D Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2019C-D Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein. Investors may purchase Series 2019C-D Bonds in book-entry form only.

The Series 2019C Bonds will be issued as fixed rate bonds, will bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on November 15, 2019, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2019D Bonds will be issued as variable rate bonds that will bear interest initially at a Term Rate and for the Term Rate Period set forth on the inside cover page hereof, payable beginning on November 15, 2019, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to tender for purchase and redemption prior to maturity as described herein. **This Official Statement describes the Series 2019D Bonds only while they bear interest at a Term Rate in the initial Term Rate Period and are not secured by a Series 2019 Credit Facility. If a Series 2019 Credit Facility is provided as security for the Series 2019D Bonds while bearing interest at a Term Rate, the Term Rate Period is continued after the initial Term Rate Period, or the Series 2019D Bonds are converted to a different Interest Rate Mode, an offering document is expected to be prepared if needed for the remarketing of such Series 2019D Bonds.**

No letter of credit or other credit or liquidity facility will be in effect for the Series 2019D Bonds during the initial Term Rate Period. The City, for and on behalf of its Department of Aviation, expects funds from the remarketing of tendered Series 2019D Bonds to be applied to pay the purchase price of the Series 2019D Bonds upon any mandatory tender. The City is not obligated to provide any other funds for the purchase of the Series 2019D Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Series 2019D Bonds upon mandatory tender. If there are insufficient funds to purchase any Series 2019D Bonds on the Purchase Date following the end of the initial Term Rate Period, the Owners of such Series 2019D Bonds will retain such Series 2019D Bonds and such Series 2019D Bonds will bear interest at the Stepped Rate until maturity or earlier purchase or conversion of such Series 2019D Bonds. See “THE SERIES 2019C-D BONDS—The Series 2019D Bonds—Insufficient Funds; Stepped Rate.” If there are insufficient funds to purchase any Series 2019D Bonds prior to the end of any Term Rate Period, the Owners of such Series 2019D Bonds will retain such Series 2019D Bonds and such Series 2019D Bonds will continue to bear interest at the Term Rate then in effect until the end of the Term Rate Period then in effect or the Series 2019D Bonds are converted, at the election of the City and subject to certain conditions, to a different permitted Interest Rate Mode, all as described herein.

The Series 2019C-D Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Senior Bonds and Senior Obligations of the City. None of the real properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2019C-D Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2019C-D Bonds. The Series 2019C-D Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.

The purchase and ownership of Beneficial Ownership Interests in the Series 2019C-D Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS.”

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\* Preliminary, subject to change.

The Series 2019C-D Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan Lovells US LLP, Denver, Colorado, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado. It is expected that delivery of the Series 2019C-D Bonds will be made through the facilities of DTC on or about August \_\_\_\_, 2019.

**BARCLAYS**

**ESTRADA HINOJOSA**

**RAMIREZ & CO., INC.**

**RBC CAPITAL MARKETS**

Dated: \_\_\_\_\_, 2019

**MATURITY SCHEDULE\***

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

\$[\_\_\_\_\_]

**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2019C BONDS**  
**(FIXED RATE – NON-AMT)**  
**(Private Activity)**

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP® No.</u>
20[ ]	\$	%	%	
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**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2019D BONDS**  
**(TERM RATE – NON-AMT)**  
**(Governmental)**

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Initial Term Rate Period</u>		<u>Yield</u>	<u>CUSIP® No.</u>
		<u>End of Term</u> <u>Rate Period</u> <sup>1</sup>	<u>Interest</u> <u>Rate</u>		
20[ ]	\$		%	%	

<sup>1</sup> Subject to mandatory tender for purchase and mandatory sinking fund redemption as described in “THE SERIES 2019C-D BONDS—The Series 2019D Bonds—*Tender Provisions*” and “—*Optional Redemption Prior to Maturity*.”

\* Preliminary, subject to change.

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## SELECTED CITY OFFICIALS AND CONSULTANTS

### Mayor

Michael B. Hancock

### City Council

Jolon Clark, President

Stacie Gilmore, President Pro-Tem

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

### Auditor

Timothy M. O'Brien

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

[Paul. D. López]

### Cabinet Officials

Allegra "Happy" Haynes	Manager/Executive Director of the Department of Parks and Recreation
Brendan J. Hanlon	Chief Financial Officer, as the Manager of Finance/ <i>ex officio</i> Treasurer
Kristin M. Bronson, Esq.	City Attorney
Jill Jennings Golich (interim)	Manager/Executive Director of Community Planning and Development
Eulois Cleckley	Manager/Executive Director of the Department of Public Works
Kim Day	Manager/Chief Executive Officer of the Department of Aviation
Donald J. Mares	Manager/Executive Director of the Department of Human Services
Robert M. McDonald	Manager/Executive Director of the Department of Public Health and Environment
Troy Riggs	Manager/Executive Director of the Department of Safety
Murphy Robinson	Deputy Mayor, Manager/Executive Director of the Department of General Services

### Department of Aviation

Gisela Shanahan	Executive Vice President/Chief Financial Officer
Cristal Torres DeHerrera	Executive Vice President/Chief of Staff
Chris McLaughlin	Executive Vice President/Chief Operating Officer
Darryl Jones	Executive Vice President/Chief Real Estate Officer
Xavier S.L. DuRán, Esq.	General Counsel

### Municipal Advisor

Frasca & Associates, LLC  
New York, NY

### Bond Counsel

Hogan Lovells US LLP  
Denver, Colorado

### Special Counsel

Ballard Spahr LLP  
Denver, Colorado

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\* New officials take office July 15, 2019

## PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2019C-D Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Municipal Advisor or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2019C-D Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2019C-D Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2019C-D Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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

In connection with the offering of the Series 2019C-D Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2019C-D Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2019C-D Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the MATURITY SCHEDULE on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

## FORWARD-LOOKING STATEMENTS

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

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

\$[\_\_\_\_\_] \*  
**SERIES 2019C**  
**(FIXED RATE – NON-AMT)**  
**(Private Activity)**

\$[\_\_\_\_\_] \*  
**SERIES 2019D**  
**(TERM RATE – NON-AMT)**  
**(Governmental)**

**INTRODUCTION**

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “**City**”), for and on behalf of its Department of Aviation (the “**Department**”) of its Airport System Revenue Bonds, Series 2019C Bonds (Fixed Rate – Non-AMT) (Private Activity) (the “**Series 2019C Bonds**”) and Airport System Revenue Bonds, Series 2019D Bonds (Term Rate – Non-AMT) (Governmental) (the “**Series 2019D Bonds**” and, together with the Series 2019C Bonds, the “**Series 2019C-D Bonds**”).

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX B—THE SERIES 2019 SUPPLEMENTAL ORDINANCE.”

**The Issuer**

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

**Denver International Airport**

**General.** The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International for 2017, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 20<sup>th</sup> busiest airport in the world based on total passengers in 2017 and served approximately 61.4 million passengers in 2017. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded these numbers in 2018, servicing 64.5 million passengers while maintaining its national and global rankings. See “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

**Passenger Traffic and Airport System Revenues.** There are 26 passenger airlines currently providing scheduled service at the Airport, including ten major/national passenger airlines, 11 foreign flag

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\* Preliminary, subject to change.

passenger airlines, and five regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including FedEx Corporation and United Parcel Service, provide service at the Airport.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 32.3 million enplaned passengers (passengers embarking on airplanes) in 2018, constituting an approximate 5.0% increase compared to 2017, and approximately 30.7 million enplaned passengers in 2017, constituting an approximate 5.4% increase compared to 2016. In 2018, the Airport experienced the highest number of annual enplaned passengers since it opened in 1995. Approximately 64.2% of passengers originated or terminated their air travel at the Airport in 2018, compared to approximately 64.0% in 2017. Approximately 35.8% of passengers made connecting flights at the Airport in 2018, compared to approximately 36.0% in 2017. For the first six months of 2019, the Airport served approximately [ ] million enplaned passengers compared to 15.4 million enplaned passengers for the first six months of 2018, constituting an approximate [ ]% [increase].

For the six-month period ended June 30, 2019, as compared to the six-month period ended June 30, 2018, operating revenues at the Airport were \$[ ] million, an increase of \$[ ] million, or [ ]%. For the sixth-month period ended June 30, 2019, as compared to the sixth-month period ended June 30, 2018, operating expenses at the Airport, exclusive of depreciation and amortization, were \$[ ] million, [an increase] of \$[ ] million, or [ ]%. For a discussion of operating revenues and expenses for 2018 compared to 2017 and additional information regarding the six-month period ended June 30, 2019 as compared to the six-month period ended June 30, 2018, see “FINANCIAL INFORMATION—Management’s Discussion and Analysis of Financial Performance.”

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

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

### ***Major Air Carriers Operating at the Airport.***

The principal air carrier operating at the Airport is United Airlines, together with its United Express regional commuter affiliates (“**United**” or the “**United Group**”), accounting for 43.5% of passenger enplanements at the Airport in 2018, and [ ]% of passenger enplanements at the Airport for the first six months of 2019. The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “**United Use and Lease Agreement**”), United currently leases 53 full-service contact gates and 16 ground loading positions.

Southwest Airlines (“**Southwest**”) had the second largest market share at the Airport in 2018. Since commencing its service at the Airport in 2006, Southwest has had strong and continued growth in



airline service, accounting for 29.1% of passenger enplanements at the Airport in 2018 and [ ]% of passenger enplanements at the Airport for the first six months of 2019. Southwest currently leases 25 gates at the Airport under a Use and Lease Agreement with the City.

Frontier Airlines Inc. and its affiliates (“**Frontier**” or the “**Frontier Group**”) had the third largest market share at the Airport in 2018, accounting for 11.5% of passenger enplanements at the Airport in 2018 and [ ]% of passenger enplanements at the Airport for the first six months of 2019. The Airport is presently Frontier’s only hub and in 2018 was the busiest airport in the Frontier system. Frontier currently leases nine gates at the Airport under a Use and Lease Agreement with the City. Since 2015, Frontier has been operating as an ultra-low-cost carrier.

Delta Airlines (“**Delta**”) and American Airlines Group (“**American**”) were, respectively, the Airport’s fourth and fifth single largest passenger carriers in 2018. Delta and American have very little connecting enplaned passenger traffic at the Airport, and neither carrier uses the Airport as a hub. In 2018, Delta and American accounted for 5.4% and 5.0% of passenger enplanements, respectively. In the first six months of 2019, Delta and American accounted for [ ]% and [ ]% of passenger enplanements at the Airport.

Except for the United Group, Southwest, Frontier, American, and Delta, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2018 or more than 5% of any of the airline rentals, fees, and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2018.

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

***The Airport Capital Program.*** The Department’s current capital program, for the years 2018 through 2022 (the “**2018-2022 Capital Program**”) includes approximately \$3.5 billion of major capital projects such as the expansion of Concourses A, B and C to add gates and airline and concessions space, the Great Hall Project (defined below), and the rehabilitation of certain runways, taxiways and apron areas. Projects currently included in the 2018-2022 Capital Program are described in “CAPITAL PROGRAM” below.

## **The Series 2019C-D Bonds**

***Authorization.*** The Series 2019C-D Bonds are being issued by authority of the City’s home rule charter (the “**City Charter**”), the State’s Supplemental Public Securities Act, the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of the 2018 Amended and Restated Airport System General Bond Ordinance, enacted as Ordinance No. 0777, Series of 2018 (the “**General Bond Ordinance**”) and a supplemental bond ordinance (the “**Series 2019 Supplemental Ordinance**”) to be approved by the Denver City Council (the “**City Council**”) prior to the issuance of the Series 2019C-D Bonds. The Series 2019C-D Supplemental Ordinance relates only to the issuance of the Series 2019C-D Bonds described herein. The General Bond Ordinance, the Series 2019 Supplemental Ordinance and any ordinances supplementing the General Bond Ordinance adopted by the City Council after the adoption of the Series 2019 Supplemental Ordinance are referred to herein collectively as the “**Senior Bond Ordinance.**” The covenants and undertakings of the City with respect to the Bond Ordinance and the Series 2019C-D Bonds are covenants and undertakings of the City, for and on behalf of the Department. See “THE SERIES 2019C-D BONDS—Authorization,” and “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

**Purpose.** The proceeds of the Series 2019C Bonds, together with other available Airport System moneys, will be used to (i) refund and redeem all of the outstanding Airport System Revenue Bonds, Series 2009A (the “**Refunded 2009A Bonds**”), and (ii) pay the costs of issuing the Series 2019C Bonds. The proceeds of the Series 2019D Bonds, together with other available Airport System moneys, will be used to (i) refund and redeem all of the outstanding Airport System Revenue Bonds, Series 2016B (the “**Refunded 2016B Bonds**”) and, together with the Refunded 2009A Bonds, the “**Refunded Bonds**”), (ii) pay the costs of terminating swaps associated with the Refunded 2016B Bonds, and (iii) pay the costs of issuing the Series 2019D Bonds. See “PLAN OF FINANCING.”

**Maturities, Principal, and Interest.** The Series 2019C Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Series 2019D Bonds will be issued in the aggregate principal amount, bear interest initially at a Term Rate and for the Term Rate Period and mature on the dates set forth on the inside cover page hereof, subject to tender for purchase and redemption prior to maturity as described herein. Interest on the Series 2019C-D Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2019, and semiannually thereafter on each May 15 and November 15 (each an “**Interest Payment Date**”). The Series 2019C-D Bonds are subject to redemption prior to maturity as described in “THE SERIES 2019C-D BONDS—The Series 2019C Bonds—*Optional Redemption Prior to Maturity*” and “—The Series 2019D Bonds—*Optional Redemption Prior to Maturity*.”

**Book-Entry Only System.** The Series 2019C-D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will serve as securities depository for the Series 2019C-D Bonds. Ownership interests in the Series 2019C-D Bonds (“**Beneficial Ownership Interests**”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“**DTC Participants**”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“**Beneficial Owners**”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2019C-D Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2019C-D BONDS—General Provisions” and “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

**Special Obligations.** The Series 2019C-D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Senior Bonds and Senior Obligations (each as defined herein). None of the real properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “**Owners**”) or Beneficial Owners of the Series 2019C-D Bonds and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2019C-D Bonds. The Series 2019C-D Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT—Pledge of Net Revenues.”

**Pledge of Net Revenues.** The Series 2019C-D Bonds are payable from Net Revenues on a parity with all bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Senior Bond Ordinance (collectively, the “**Senior Bonds**”) and Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds which have a lien on Net Revenues on a parity with the lien on the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT—Pledge of Net Revenues” and “FINANCIAL INFORMATION—Outstanding Senior Bonds.” See “APPENDIX A—

AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the definitions of Hedge Facility Obligations and Credit Facility Obligations.

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

**Further Information.** For further information regarding the Series 2019C-D Bonds, see generally “THE SERIES 2019C-D BONDS,” “FINANCIAL INFORMATION,” “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” and “APPENDIX B—THE SERIES 2019 SUPPLEMENTAL ORDINANCE.”

## **Tax Matters**

In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2019C-D Bonds, under existing law and assuming compliance by the City, with certain requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”) that must be met subsequent to the issuance of the Series 2019C-D Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, except with respect to interest on any Series 2019C Bonds for any period during which such Series 2019C Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2019C-D Bonds, under existing law and to the extent interest on the Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.

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

Upon the issuance of the Series 2019C-D Bonds and the refunding and defeasance of the Refunded Bonds, there will be approximately \$[\_\_\_\_\_] \* aggregate principal amount of Senior Bonds Outstanding. The City, for and on behalf of the Department, has entered into various Credit Facility Obligations in connection with the Credit Facilities that additionally secure certain of the outstanding Senior Bonds. See “FINANCIAL INFORMATION—Outstanding Senior Bonds” for a description of outstanding Credit Facility Obligations which constitute Senior Obligations.

Pursuant to the Amended and Restated Airport System General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented (the “**Subordinate Bond Ordinance**”), the City,

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\* Preliminary, subject to change.

for and on behalf of the Department, has previously issued various series of Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds and Senior Obligations) pursuant to the Subordinate Bond Ordinance. There are approximately \$[3,358,540,000]\* aggregate principal amount of Subordinate Bonds currently Outstanding. The City, for and on behalf of the Department, also has incurred Subordinate Contract Obligations and has entered into various Subordinate Hedge Facility Obligations relating to Senior Bonds that are secured by a pledge of Net Revenues that is subordinate to that of the Senior Bonds and Senior Obligations and on a parity with the Subordinate Bonds. See “FINANCIAL INFORMATION—Outstanding Subordinate Bonds, —Subordinate Obligations, and—Master Derivatives Policy.”

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. Pursuant to the Subordinate Bond Ordinance, the City adopted Ordinance No. 17-0972, Series of 2017, designated as the General Junior Lien Bond Ordinance (the “**Junior Lien Bond Ordinance**”). The City, for and on behalf of the Department, has previously incurred the Hotel Junior Lien Obligation (defined herein) which constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. In addition, the City, for and on behalf of the Department, has previously incurred the Great Hall Junior Lien Obligation (defined herein) evidencing the City’s obligation to make monthly Supplemental Payments (defined herein) under the Great Hall Agreement (defined herein). The Great Hall Junior Lien Obligation constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. No Junior Lien Bonds have been issued by the City or are currently outstanding. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*,” “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Jeppesen Terminal*,” and “FINANCIAL INFORMATION—Junior Lien Bonds and Junior Lien Obligations.”

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

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

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

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\* Preliminary, subject to change. Upon the issuance of the Series 2019A-B Bonds (defined below) as Subordinate Bonds, the aggregate principal amount of Subordinate Bonds Outstanding will be approximately \$[\_\_\_\_\_].

accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

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

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

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

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

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

**“Subordinate Bond Fund”** means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

**“Subordinate Bonds”** means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds. The term does not include any Subordinate Obligations (except as represented by any bonds registered in the name of any provider of any Subordinate Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit Facility).

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

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

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

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

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

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

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

The City, for and on behalf of the Department, may issue additional Senior Bonds and incur additional Senior Obligations upon the satisfaction of conditions set forth in the Senior Bond Ordinance, may issue additional Subordinate Bonds and incur additional Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance, and may issue Junior Lien Bonds and incur additional Junior Lien Obligations upon the satisfaction of certain conditions set forth in the Junior Lien Bond Ordinance. See “SECURITY AND SOURCES OF PAYMENT—Additional Parity Bonds” and “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

#### **Additional Financing Plans**

Separately and not contingent upon the issuance of the Series 2019C-D Bonds, the City anticipates issuing one or more series of additional Subordinate Bonds (the “**Series 2019A-B Bonds**”) to refund certain Airport System Revenue Bonds issued in 2008 (the “**Series 2008C2-C3 Bonds**”) and to pay costs associated with terminating certain non-integrated swaps associated with the Series 2008C2-C3 Bonds. The issuance of the Series 2019C-D Bonds is not conditioned or contingent upon any additional financing plans related to the Series 2008C2-C3 Bonds. The Series 2019A-B Bonds are expected to be issued pursuant to a supplement to the Subordinate Bond Ordinance and not under the Series 2019 Supplemental Ordinance, are **not** being offered pursuant to this Official Statement and are expected to be privately placed with a bank on or about the time of issuance of the Series 2019C-D Bonds. There can be no assurances the City will issue additional Subordinate Bonds, refund the Series 2008C2-C3 Bonds, and/or terminate any swaps associated with the Series 2008C2-C3 Bonds.

#### **Continuing Disclosure**

Pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (“**Rule 15c2-12**”), the City will deliver a Continuing Disclosure Undertaking in respect to the Series 2019C-D Bonds in which it will agree to provide or cause to be provided annually via the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access

(“EMMA”) system certain additional financial information and operating data concerning the Airport System and to provide contemporaneous notice of certain specified events. See “CONTINUING DISCLOSURE” and “APPENDIX F—FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertaking.

### **Additional Information**

Brief descriptions of the Series 2019C-D Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance, and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2019C-D Bonds, copies of the Subordinate Bond Ordinance and the Senior Bond Ordinance may be obtained from the City by contacting R. O. Gibson, Manager of Cash, Risk and Capital Funding, at (720) 913-9383 and from the Department by contacting the Department of Aviation—Finance at (303) 342-2000.

### **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2019C-D Bonds involve certain investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS.”

### **Forward-Looking Statements**

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

### **Miscellaneous**

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

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

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2019C-D Bonds.

## PLAN OF FINANCING

### Purpose of the Series 2019C-D Bonds

The proceeds of the Series 2019C Bonds, together with other available Airport System moneys, will be used to (i) refund and redeem all of the outstanding Refunded 2009A Bonds, and (ii) pay the costs of issuing the Series 2019C Bonds. The proceeds of the Series 2019D Bonds, together with other available Airport System moneys, will be used to (i) refund and redeem all of the outstanding Refunded 2016B Bonds, (ii) pay the costs of terminating swaps associated with the Refunded 2016B Bonds, and (iii) pay the costs of issuing the Series 2019D Bonds. The Series 2019 Supplemental Ordinance authorizes the Treasurer to designate for refunding other series of bonds with the proceeds of the Series 2019C-D Bonds.

A portion of the proceeds of the Series 2019C Bonds will be deposited to an irrevocable escrow account (the “**2009A Escrow Account**”) to current refund, redeem and defease the following Series 2009A Refunded Bonds at par:

<u>Series</u>	<u>Maturity (November 15)</u>	<u>Principal Amount Refunded</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
Series 2009A	2026	\$10,795,000	5.25%	2491812 AE6
Series 2009A	2027	11,360,000	5.25	2491812 AF3
Series 2009A	2028	11,960,000	5.25	2491812 AG1
Series 2009A	2029	12,585,000	5.25	2491812 AH9
Series 2009A	2031	15,000,000	5.00	2491812 AP1
Series 2009A	2036	88,780,000	5.25	2491812 AJ5

A portion of the proceeds of the Series 2019D Bonds will be deposited to an irrevocable escrow account (the “**2016B Escrow Account**” and, together with the 2009A Escrow Account, the “**Escrow Accounts**”) to current refund and redeem the following Series 2016B Refunded Bonds at par:

<u>Series</u>	<u>Maturity (November 15)</u>	<u>Principal Amount Refunded</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
Series 2016B	2031	\$[92,390,000]	Index Rate	2491812 KA3

The Escrow Accounts are to be created pursuant to one or more escrow agreements to be entered into by and between the City, for and on behalf of the Department, and Zions Bancorporation, National Association, Denver, Colorado, as escrow agent, and utilized to redeem and pay the Refunded Bonds in accordance with such escrow agreement. [The amounts on deposit in the Escrow Accounts, together with interest income thereon, will be in an amount sufficient to pay, based upon a verification report of [\_\_\_\_], the principal and accrued interest on the Refunded Bonds on their respective redemption dates.]

<sup>1</sup> \* A registered trademark of The American Bankers Association. CUSIP numbers are provided by CUSIP Global Services managed by Standard & Poor's Capital IQ on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. None of the City, the Department or the Underwriters takes responsibility for the accuracy of such CUSIP numbers now or at any time in the future. The CUSIP number for any maturity of the Series 2019C-D Bonds may be changed after the issuance of the Series 2019C-D Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019C-D Bonds.



## Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2019C-D Bonds.

<b>Sources:</b>	<b>Series 2019C Bonds</b>	<b>Series 2019D Bonds</b>
Principal Amount.....		
[Net Original Issue Premium/Discount <sup>1</sup> ]		
Other Available Airport Moneys <sup>2</sup> .....		
Total		
<b>Uses:</b>		
Deposit to 2009A Escrow Account .....		
Deposit to 2016B Escrow Account.....		
[Deposit to Bond Reserve Fund] .....		
Payment of Swap Termination Costs .....		
Cost of Issuance <sup>3</sup> .....		
Total		

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

<sup>2</sup> May include transfers from the Bond Fund, release from the Bond Reserve Fund created under the Senior Bond Ordinance, and deposit from the Capital Fund.

<sup>3</sup> Includes Underwriters’ discount, rating agencies’ fees, legal fees and other costs of issuance for the Series 2019C-D Bonds. See also “UNDERWRITING.”

## THE SERIES 2019C-D BONDS

The following is a summary of certain provisions of the Series 2019C-D Bonds during such time as the Series 2019C-D Bonds are subject to the DTC book-entry system, and also generally describes the Series 2019D Bonds only while bearing interest at the Term Rate during the initial Term Rate Period or at the Stepped Rate. See “—The Series 2019D Bonds” below.

Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2019C-D Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the Senior Bond Ordinance, including, without limitation, covenants of the City, the rights and remedies of the Owners of the Series 2019C-D Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance, and procedures for defeasance of the Series 2019C-D Bonds.

### Authorization

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

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

The Series 2019C-D Bonds will be issued pursuant to the Senior Bond Ordinance, including the Series 2019 Supplemental Ordinance to be approved by the City Council prior to the issuance of the Series 2019C-D Bonds and any amendments that may be adopted after issuance of the Series 2019C-D Bonds. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

The City has appointed Zions Bancorporation, National Association, Denver, Colorado, to serve as paying agent (the “**Paying Agent**”) and registrar (the “**Registrar**”) for the Series 2019C-D Bonds.

### **DTC Book-Entry System**

The Series 2019C-D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2019C-D Bonds. Beneficial Ownership Interests in the Series 2019C-D Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2019C-D Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2019C-D Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2019C-D Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2019C-D Bonds has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019C-D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2019C-D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019C-D Bonds or (5) any other related matter.*

### **The Series 2019C Bonds**

**General Provisions.** The Series 2019C Bonds will be issued in the aggregate principal amount, bear interest at fixed rates at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Series 2019C Bonds are subject to optional redemption prior to maturity as described below in “—

*Optional Redemption Prior to Maturity.*” Interest on the Series 2019C Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on November 15, 2019, and semiannually on each Interest Payment Date thereafter, on any redemption date and on the maturity date. The Series 2019C Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

Principal and interest payments with respect to the Series 2019C Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2019C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

***Optional Redemption Prior to Maturity.*** The Series 2019C Bonds maturing on and after November 15, 20\_\_, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 20\_\_, in whole or in part, in principal amounts equal to authorized denominations, at a price equal to 100% of the principal amount of the Series 2019C Bonds to be redeemed plus accrued interest to the date of redemption (the “**Redemption Date**”).

***Partial Redemption of the Series 2019C Bonds.*** If less than all of the Series 2019C Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the Treasurer is required to select the Series 2019C Bonds or the respective portions thereof to be redeemed in any manner that it deems appropriate and fair. The 2019 Supplemental Ordinance provides that notwithstanding the foregoing, so long as the Series 2019C Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2019C Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System” above and “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2019C Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2019C Bonds Registrar, or in the event that the Series 2019C Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. The actual receipt by DTC or its nominee of written notice of redemption of Series 2019C Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

Each notice of redemption must specify the Series 2019C Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2019C Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2019C Bonds called for redemption.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2019D Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in “APPENDIX C—DTC BOOK-ENTRY SYSTEM.” DTC Participants are responsible for notifying the Beneficial Owners of the

redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2019D Bonds properly called for redemption or any other action premised on that notice.

### **The Series 2019D Bonds**

The summary of certain provision of the Series 2019D Bonds set forth in this Official Statement is only applicable to the Series 2019D Bonds bearing interest at the Term Rate during the initial Term Rate Period or at a Stepped Rate, and only during such time as the Series 2019D Bonds are not secured by a Series 2019 Credit Facility.

Additionally, during such time as the Series 2019D Bonds bear interest at a Term Rate, such Series 2019D Bonds are not required to be secured by a Series 2019 Credit Facility to provide credit or liquidity support, and the Series 2019D Bonds as initially issued will **not** be secured by a Series 2019 Credit Facility.

**This Official Statement describes the Series 2019D Bonds only while they bear interest at a Term Rate during the initial Term Rate Period or at a Stepped Rate, and are not secured by a Series 2019 Credit Facility. If the Series 2019D Bonds are converted to a different Interest Rate Mode or a Series 2019 Credit Facility is provided as security for the Series 2019D Bonds while bearing interest at a Term Rate, an offering document is expected to be prepared if needed for the remarketing of such Series 2019D Bonds.**

***General Provisions.*** The Series 2019D Bonds will be issued in the aggregate principal amount and mature on the date and in the principal amount set forth on the inside cover page hereof. The Series 2019D Bonds are subject to tender for purchase and optional redemption prior to maturity as described below in “—*Tender Provisions*” and “—*Optional Redemption Prior to Maturity*.” The Series 2019D Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiple thereof.

***Term Rate Periods.*** The Series 2019D Bonds will bear interest initially at a Term Rate and for the Term Rate Period specified on the inside cover page hereof. The initial Term Rate Period for the Series 2019D Bonds will commence on the delivery date and end on the date set forth on the inside cover page hereof. Upon expiration of the initial Term Rate Period, unless the City has given notice of its election to convert the Series 2019D Bonds to a different permitted Interest Rate Mode or to continue in a subsequent Term Rate Mode, or if the conditions to the effectiveness of a new Term Rate Period or conversion to another Interest Rate Mode are not satisfied, then the Series 2019D Bonds will bear interest at the Stepped Rate until such Series 2019D Bonds are converted or purchased, or mature, whichever is earlier. See “—*Tender Provisions*” and “—*Insufficient Funds; Stepped Rate*” below. All Series 2019D Bonds must bear interest for the same Term Rate Period.

***Interest Rate.*** The Series 2019D Bonds will bear interest for the initial Term Rate Period at the rate per annum set forth on the inside cover page hereof. Interest on the Series 2019D Bonds is payable commencing November 15, 2019, and semiannually on each May 15 and November 15 thereafter, and on any Conversion Date, on any redemption date and on the maturity date. Interest on the Series 2019D Bonds bearing interest at a Term Rate will be computed on the basis of a 360-day year of twelve 30-day months. In no event may the Term Rate exceed the Maximum Interest Rate of twelve percent (12%) per annum.

Upon satisfaction of conditions set forth in the Series 2019 Supplemental Ordinance, including mandatory tender and remarketing, all, but not less than all, of Series 2019D Bonds may be changed at the election of the City to bear interest calculated pursuant to a different Interest Rate Determination Method (which may be the Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, Index Rate or Fixed

Rate). See “APPENDIX B—THE SERIES 2019 SUPPLEMENTAL ORDINANCE.” If the Interest Rate Determination Method is converted from a Term Rate Period to any other Interest Rate Determination Method, other than the Stepped Rate, or if a new Term Rate Period is established on or prior to the end of the initial Term Rate Period, such Series 2019D Bonds will be subject to mandatory tender for purchase.

**The Series 2019D Bonds will be subject to mandatory tender and remarketing on November 15, 20[\_\_\_], as set forth on the inside cover page hereof, which is the Purchase Date following the end of the initial Term Rate Period that begins on the delivery date for the Series 2019D Bonds. The City expects to apply funds from such remarketing to pay the Purchase Price of the Series 2019D Bonds. The City is not obligated to provide any other funds for the purchase of the Series 2019D Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Purchase Price of the Series 2019D Bonds upon such mandatory tender. If there are insufficient funds to purchase the Series 2019D Bonds at the end of any Term Rate Period, the Owners of such Series 2019D Bonds will retain such Series 2019D Bonds and such Series 2019D Bonds will bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” below.**

**The Series 2019D Bonds are also subject to mandatory tender and remarketing, at the option of the City, on any date on which the Series 2019D Bonds are subject to redemption at the option of the City. If there are insufficient funds to purchase any Series 2019D Bonds upon mandatory tender prior to the end of the initial Term Rate Period, the Owners of such Series 2019D Bonds will retain such Series 2019D Bonds and such Series 2019D Bonds will continue to bear interest at the Term Rate then in effect. See “—*Optional Redemption Prior to Maturity*,” “—*Tender Provisions*,” and “—*Mandatory Tender for City Purchase of Series 2019D Bonds at Direction of City*” below.**

**During the initial Term Rate Period, the Series 2019D Bonds are not subject to optional tender by the Owners thereof.**

**This Official Statement is not intended to provide information about the Series 2019D Bonds after conversion to another Interest Rate Determination Method, other than the Stepped Rate, or upon establishment of a new Term Rate Period following the end of the initial Term Rate Period.**

*Term Rate Continuation.* On any date the Series 2019D Bonds in Term Rate Period are subject to optional redemption, or as of the day following the last day of a Term Rate Period for any Series 2019D Bonds in a Term Rate Period, unless the City has given a Conversion Notice with respect to the Conversion of the Series 2019D Bonds to another Interest Rate Determination Method, the City may establish a new Term Rate Period for such Series 2019D Bonds by delivery of a written notice (a “**Term Rate Continuation Notice**”) to the Paying Agent and the Remarketing Agent no less than 31 Business Days prior to the effective date of the new Term Rate Period. The City is required to deliver a Pricing Notice to the Paying Agent no later than two Business Days prior to the effective date of the new Term Rate Period.

The first day of such new Term Rate Period must be a Business Day and either (1) a date on which the Series 2019D Bonds are subject to redemption at the option of the City or (2) a date on which such series 2019D Bonds are subject to mandatory tender pursuant to the applicable provisions of the Series 2019 Supplemental Indenture. The Series 2019D Bonds will be subject to mandatory tender on the first day of such new Term Rate Period for purchase at its Purchase Price. No new Term Rate Period shall become effective unless an Opinion of Bond Counsel delivered on (and as of) the first day of the new Term Rate Period and unless all such Outstanding Series 2019D Bonds are successfully remarketed in the new Term Rate Period. **Unsuccessful attempts to remarket to a new Term Rate Period prior to the end of the initial Term Rate Period do not result in a change in the Term Rate or Term Rate Period and the**

**Owners of the Series 2019D Bonds will continue to hold such Series 2019D Bonds at the existing Term Rate until the end of the existing Term Rate Period.**

Notice to Owners. Upon receipt of a Term Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the first day of the proposed new Term Rate Period, the Paying Agent must give notice by first-class mail to the Owners of the affected Series 2019D Bonds, which notice will state in substance (1) that a new Term Rate Period and Term Rate is to be established for such Series 2019D Bonds on the applicable Term Rate Conversion Date if the conditions specified in the Series 2019 Supplemental Ordinance (and generally described in such notice) are satisfied on or before such date, (2) the first day of the new Term Rate Period, (3) that the City has delivered to the Paying Agent the form of an Opinion of Bond Counsel proposed to be delivered to the Paying Agent in connection with the continuation of the Series 2019D Bonds in the Term Rate, (4) that a new Term Rate Period and Term Rate for the Series 2019D Bonds shall not be established unless an Opinion of Bond Counsel is delivered to the Paying Agent on (and as of) the first day of the new Term Rate Period and all such Series 2019D Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof, and contain the additional information required to be contained in the Conversion Notice.

End of Term Rate. In the event the City has not given Term Rate Continuation Notice or a Conversion Notice with respect to Series 2019D Bonds bearing interest at a Term Rate at the time required, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate or the conditions to Conversion to another Interest Rate Determination Method are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as provided in the Series 2019 Supplemental Ordinance, then on the day following the last day of the current Term Rate Period, such Series 2019D Bonds shall bear interest at a rate of interest equal to the Stepped Rate until they are successfully remarketed or redeemed. Series 2019D Bonds bearing interest at the Stepped Rate shall not be subject to optional tender by the Owners thereof.

**Any failure to remarket all such Series 2019D Bonds into a new Term Rate Period or to convert any such Series 2019D Bonds to another Interest Rate Determination Method does not constitute an Event of Default under the Series 2019 Supplemental Ordinance. See “—Insufficient Funds; Stepped Rate” below.**

***Insufficient Funds; Stepped Rate.*** For any Series 2019D Bonds bearing interest in a Term Rate Period and not supported by a Series 2019 Credit Facility, if sufficient funds are not available for the purchase of all Series 2019D Bonds tendered or deemed tendered and required to be purchased on any Purchase Date following the end of the applicable Term Rate Period, all Series 2019D Bonds shall bear interest at a rate of interest equal to the Stepped Rate (defined below) from the date of such failed purchase (the “**Failed Tender Date**”) until all such Series 2019D Bonds are purchased (or mature or are earlier redeemed), such rate to be determined in accordance with the Series 2019 Supplemental Ordinance, and all tendered Series 2019D Bonds are required to be returned to their respective Owners. Such failed purchase and return do not constitute an Event of Default. In addition, the Remarketing Agent shall remain obligated to remarket the Series 2019D Bonds and such Series 2019D Bonds remain subject to optional redemption, mandatory tender for purchase, and Conversion as provided in the Series 2019 Supplemental Ordinance. **None of the Series 2019D Bonds will be supported by a Series 2019 Credit Facility during the initial Term Rate Period.**

From the Failed Tender Date until all of the Series 2019D Bonds are purchased (or mature or are earlier redeemed) as required by the Series 2019 Supplemental Ordinance, such Series 2019D Bonds shall bear interest at the rate of [ ]% per annum (the “**Stepped Rate**”), payable on each May 15 and November 15 occurring during the period in which such Series 2019D Bonds bear interest at the Stepped Rate.

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

***Right of Conversion.*** The Interest Rate Determination Method for the Series 2019D Bonds is subject to conversion from one Interest Rate Determination Method to another from time to time at the option of the City, with such right to be exercised by delivery of a Conversion Notice to the Paying Agent and the Remarketing Agent for the Series 2019D Bonds to be converted. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Paying Agent is to give notice by first-class mail to the Owners of the Series 2019D Bonds in accordance with the Series 2019 Supplemental Ordinance. See “APPENDIX B—THE SERIES 2019 SUPPLEMENTAL ORDINANCE.”

The Conversion Notice must contain: (1) the proposed Conversion Date; (2) the new Interest Rate Determination Method to take effect; (3) if applicable, the terms upon which the Owners of the Series 2019D Bonds shall have the option to tender the Series 2019D Bonds for purchase during the new Interest Rate Determination Method; (4) if a new Series 2019 Credit Facility will be in effect for the Series 2019D Bonds after the proposed Conversion Date, the form and terms of such new Series 2019 Credit Facility for the Series 2019D Bonds; (5) if the Conversion is to the Fixed Rate, the redemption dates and redemption prices applicable to such Fixed Rate Period; and (6) modifications to the Sinking Fund Installments, if any. The Conversion Notice must be accompanied by (i) the proposed form of an Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Series 2019 Supplemental Ordinance and (unless the Series 2019D Bonds are to be remarketed after the proposed Conversion as obligations that are not Tax-Exempt) will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the Series 2019D Bonds to be converted.

The Series 2019D Bonds bearing interest in a Term Rate Period are subject to Conversion at the option of the City on any date the Series 2019D Bonds are subject to optional redemption or any date on which the Series 2019D Bonds are subject to mandatory tender pursuant to the Series 2019 Supplemental Ordinance.

The Series 2019 Supplemental Ordinance provides that the City may rescind a Conversion Notice by giving written notice thereof to the Paying Agent and the Remarketing Agent on or prior to such proposed Conversion Date. If the Paying Agent receives notice of such rescission prior to the time the Paying Agent has given notice to the Owners of the Series 2019D Bonds, then the Conversion Notice previously delivered by the City shall be of no force and effect. If the Paying Agent receives notice from the City of rescission of the Conversion Notice after the Paying Agent has given notice to the Owners of the Series 2019D Bonds, then there will be no purchase or Conversion. See “APPENDIX B — THE SERIES 2019 SUPPLEMENTAL ORDINANCE.”

***Failure to Convert.*** The Series 2019 Supplemental Ordinance includes provisions setting forth the procedures and conditions for the exercise by the City of its right of conversion of the Series 2019D Bonds from one Interest Rate Determination Method to another. Under certain circumstances, a planned conversion may not be completed.

The Series 2019 Supplemental Ordinance provides that with respect to any Conversion of the Series 2019D Bonds from a Term Rate Period not supported by a Series 2019 Credit Facility, if the City fails to deliver the Opinion of Bond Counsel if required by the Series 2019 Supplemental Ordinance to the Remarketing Agent before the Conversion Date or if the Remarketing Agent has not successfully remarketed all Outstanding Series 2019D Bonds to be converted to the new Interest Rate Determination Method on the Conversion Date, the Interest Rate Determination Method shall not be converted and such Series 2019D Bonds shall not be deemed to have been tendered for purchase on the Conversion Date specified in the Conversion Notice and, except as otherwise provided in the Series 2019 Supplemental

Ordinance with respect to failed Conversions on the day following the end of the Term Rate Period, such Series 2019D Bonds shall continue to bear interest at the Term Rate in effect prior to the proposed Conversion Date specified in the Conversion Notice. **Unsuccessful Conversions prior to the end of the initial Term Rate Period do not result in a change in the Term Rate or Term Rate Period and the Owners of the Series 2019D Bonds will continue to hold such Series 2019D Bonds at the existing Term Rate until the end of the existing Term Rate Period.** With respect to failed Conversions on the day following the end of a Term Rate Period, any Series 2019D Bonds not remarketed will bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” above.

No Conversion is permitted to occur under the Series 2019 Supplemental Ordinance if at the time of such Conversion an Event of Default has occurred and is continuing.

### ***Tender Provisions***

*Optional Tender.* The Series 2019D Bonds are **not** subject to optional tender while bearing interest at the Term Rate during any Term Rate Period.

*Mandatory Tenders.* The Series 2019D Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the Conversion Date for such Series 2019D Bonds to a new Interest Rate Determination Method specified in a Conversion Notice or to a new Term Rate Period as specified in a Term Rate Continuation Notice (whether or not the proposed Conversion becomes effective on such date, unless such Series 2019D Bonds are being converted from a Term Rate Period not supported by a Series 2019 Credit Facility and the proposed Conversion does not occur, in which case the Series 2019D Bonds subject to mandatory tender will not be purchased); and (ii) on the Interest Payment Date immediately following each Term Rate Period for such Series 2019D Bonds. The “**Purchase Price**” for such Series 2019D Bonds is an amount equal to 100% of the principal amount thereof plus accrued interest thereon to the purchase date.

Upon the expiration of the initial Term Rate Period for the Series 2019D Bonds, the Paying Agent shall give notice by first-class mail, not later than the fifteenth (15<sup>th</sup>) day prior to the date on which such Series 2019D Bonds are subject to mandatory tender pursuant to the Series 2019 Supplemental Ordinance, which notice shall state that such Series 2019D Bonds are subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which Purchase Price shall be specified in such notice).

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2019D Bonds will be governed by arrangements among them, and the City and the Paying Agent will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2019D Bonds.

*Funding Mandatory Tenders of Series 2019D Bonds.* The City expects funds to be made available to purchase Series 2019D Bonds tendered for purchase pursuant to the mandatory tender provisions described above by having the Remarketing Agent remarket the tendered Series 2019D Bonds and having the proceeds applied to purchase the tendered Series 2019D Bonds.

The City is not obligated to provide any other funds for the purchase of the Series 2019D Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Series 2019D Bonds upon mandatory tender. The Series 2019D Supplemental Ordinance provides that if sufficient funds are not available for the purchase of any Series 2019D Bonds tendered for purchase on the Purchase Date following the end of the initial Term Rate Period pursuant to



the mandatory tender provisions described above, such Series 2019D Bonds shall bear interest at the Stepped Rate. See “—*Insufficient Funds; Stepped Rate*” above.

If such remarketing of the Series 2019D Bonds is not successful, the City may, in its sole discretion, apply other potential sources of payment to the payment of the Purchase Price of any Series 2019D Bonds. Principal of and accrued and unpaid interest on the Series 2019D Bonds are payable from Net Revenues on a parity with all other outstanding Senior Bonds (including Senior Obligations). See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations.”

*Mandatory Tender for City Purchase of Series 2019D Bonds at Direction of City.* The Series 2019D Bonds are subject to mandatory tender for purchase by the City, in whole or in part (such that the portion that is subject to mandatory tender for purchase pursuant to the Series 2019 Supplemental Ordinance and the portion not subject to such mandatory tender shall each be in Authorized Denominations), on any date such Series 2019D Bonds would be subject to optional redemption (each, an “**Optional Purchase Date**”) at a purchase price, with respect to the Series 2019D Bonds, equal to the principal amount of such Series 2019D Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (the “**Optional Purchase Price**”). See “—*Optional Redemption Prior to Maturity*” below. In the event that the City determines to purchase any Series 2019D Bonds on any Optional Purchase Date, the City is required to provide the Paying Agent with written notice of such determination at least thirty-five (35) days prior to the Optional Purchase Date, which notice is required to specify the Series 2019D Bonds, the principal amount of such Series 2019D Bonds that are to be purchased, and the Optional Purchase Date on which such purchase is to occur.

When the Paying Agent receives notice from the City of its determination to purchase Series 2019D Bonds pursuant to the above paragraph, the Paying Agent is required to give notice, in the name of the City, of the mandatory tender for purchase of such Series 2019D Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days before the Optional Purchase Date to the owners of any Series 2019D Bonds or portions of Series 2019D Bonds to be purchased at their addresses appearing in the bond register, with a copy to the Remarketing Agent. Receipt of such notice of mandatory tender for purchase is not a condition precedent to the mandatory tender for purchase of the Series 2019D Bonds and failure of any owner of a Series 2019D Bond to receive any such notice or any defect in such notice will not affect the validity of the proceedings for the mandatory tender for purchase of the Series 2019D Bonds pursuant to the provisions of the Series 2019 Supplemental Ordinance described herein. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series 2019D Bonds will be governed by arrangements among them, and the City and the Paying Agent will not have any responsibility or obligation to send any notice to Beneficial Owners of Series 2019D Bonds.

If at the time the Paying Agent sends any notice of mandatory tender for purchase of the Series 2019D Bonds by the City as described above, the City has not deposited with the Paying Agent an amount sufficient to pay the full Optional Purchase Price of the Series 2019D Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Paying Agent on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such Series 2019D Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to purchase such Series 2019D Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such moneys are not so received, no purchase of the Series 2019D Bonds identified in the notice of mandatory tender for purchase shall be made and the Paying Agent shall, within a reasonable time thereafter, give notice to the Remarketing Agent and to the persons

and in the manner in which the notice of tender was given, that such moneys were not so received and that there will be no purchase of Series 2019D Bonds pursuant to the notice of mandatory tender for purchase.

If less than all of the Outstanding Series 2019D Bonds are to be called for mandatory tender for purchase pursuant to the Series 2019D Ordinance, the principal amount and maturity of such Series 2019D Bonds to be purchased shall be selected by the City in its sole discretion. If less than all of the Series 2019D Bonds of like maturity shall be called for mandatory tender for purchase, the particular Series 2019D Bonds or portions of Series 2019D Bonds to be purchased shall be selected at random by the Paying Agent in such manner as the Paying Agent in its discretion may deem fair and appropriate; provided, however, that in selecting portions of Series 2019D Bonds for purchase, the Paying Agent shall treat each Series 2019D Bond as representing that number of Series 2019D Bonds of the minimum Authorized Denomination for the Series 2019D Bonds that is obtained by dividing the principal amount of such Series 2019D Bond by the minimum Authorized Denomination for the Series 2019D Bonds.

If all Outstanding Series 2019D Bonds bearing interest in a Term Rate Period are purchased by the City pursuant to the Series 2019 Supplemental Ordinance, then, notwithstanding anything to the contrary in the Series 2019 Supplemental Ordinance, (i) the date of such purchase by the City will be deemed to be the Purchase Date for such Series 2019D Bonds, and (ii) the Term Rate will be deemed to have expired on the day immediately preceding such Purchase Date.

***Mechanics and Timing of Mandatory Tenders.*** The mechanics and timing of delivery and payment for Series 2019D Bonds tendered for purchase are addressed in the Series 2019 Supplemental Ordinance. See “APPENDIX B — THE SERIES 2019 SUPPLEMENTAL ORDINANCE.”

***Failure to Deliver Series 2019D Bonds for Purchase.*** To the extent that there shall be on deposit with the Paying Agent on the first day of the new Term Rate Period or the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all such Series 2019D Bonds not delivered to the Paying Agent on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the owner thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Paying Agent, without interest accruing thereon after such date.

***Optional Redemption Prior to Maturity.*** The Series 2019D Bonds are subject to redemption, at the option of the City, in whole or in part, in Authorized Denominations (1) on the day immediately following the last day of each Term Rate Period, and (2) any day designated by the City in the Pricing Notice relating to the initial Term Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, with premium, if any, as designated by the City in the Pricing Notice. In its Pricing Notice for the Series 2019D Bonds, the City designated any date on or after [\_\_\_\_], 20[\_\_\_] as a date the Series 2019D Bonds may be redeemed at the option of the City at a redemption price equal to the principal amount thereof, plus accrued but unpaid interest, if any, without premium.

***Partial Redemption of the Series 2019D Bonds.*** If less than all of the Series 2019D Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the Treasurer is required to select the Series 2019D Bonds or the respective portions thereof to be redeemed in any manner that it deems appropriate and fair. The 2019 Supplemental Ordinance provides that notwithstanding the foregoing, so long as the Series 2019C-D Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2019D Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See “DTC Book-Entry System” above and “APPENDIX C—DTC BOOK-ENTRY SYSTEM.”

***Notice of Redemption.*** Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2019D Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2019D Bonds Registrar, or in the event that the Series 2019D Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. The actual receipt by DTC or its nominee of written notice of redemption of Series 2019D Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

Each notice of redemption must specify the Series 2019D Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2019D Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2019D Bonds called for redemption.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2019D Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX C—DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2019D Bonds properly called for redemption or any other action premised on that notice.

## **SECURITY AND SOURCES OF PAYMENT**

### **Pledge of Net Revenues**

The Series 2019C-D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a senior pledge of Net Revenues on a parity with all other outstanding Senior Bonds and Senior Obligations. The Series 2019C-D Bonds are also payable under certain circumstances from the Bond Reserve Fund as discussed in "— Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Series 2019C-D Bonds and other Senior Bonds. The Series 2019C-D Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2019C-D Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2019C-D Bonds.

Upon the issuance of the Series 2019C-D Bonds and the refunding and defeasance of the Refunded Bonds, the aggregate principal amount of all outstanding Senior Bonds and Subordinate Bonds will be \$[\_\_\_\_\_] and \$[\_\_\_\_\_] , respectively. The City, for and on behalf of the Department, has also

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\* Preliminary, subject to change. Outstanding amount of Subordinate Bonds includes the Series 2019A-B Bonds.

incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior Bonds, (2) Subordinate Bonds and Subordinate Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds and Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See “FINANCIAL INFORMATION—Outstanding Senior Bonds, —Outstanding Subordinate Bonds, —Subordinate Obligations, and—Junior Lien Bonds and Junior Lien Obligations.”

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

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

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

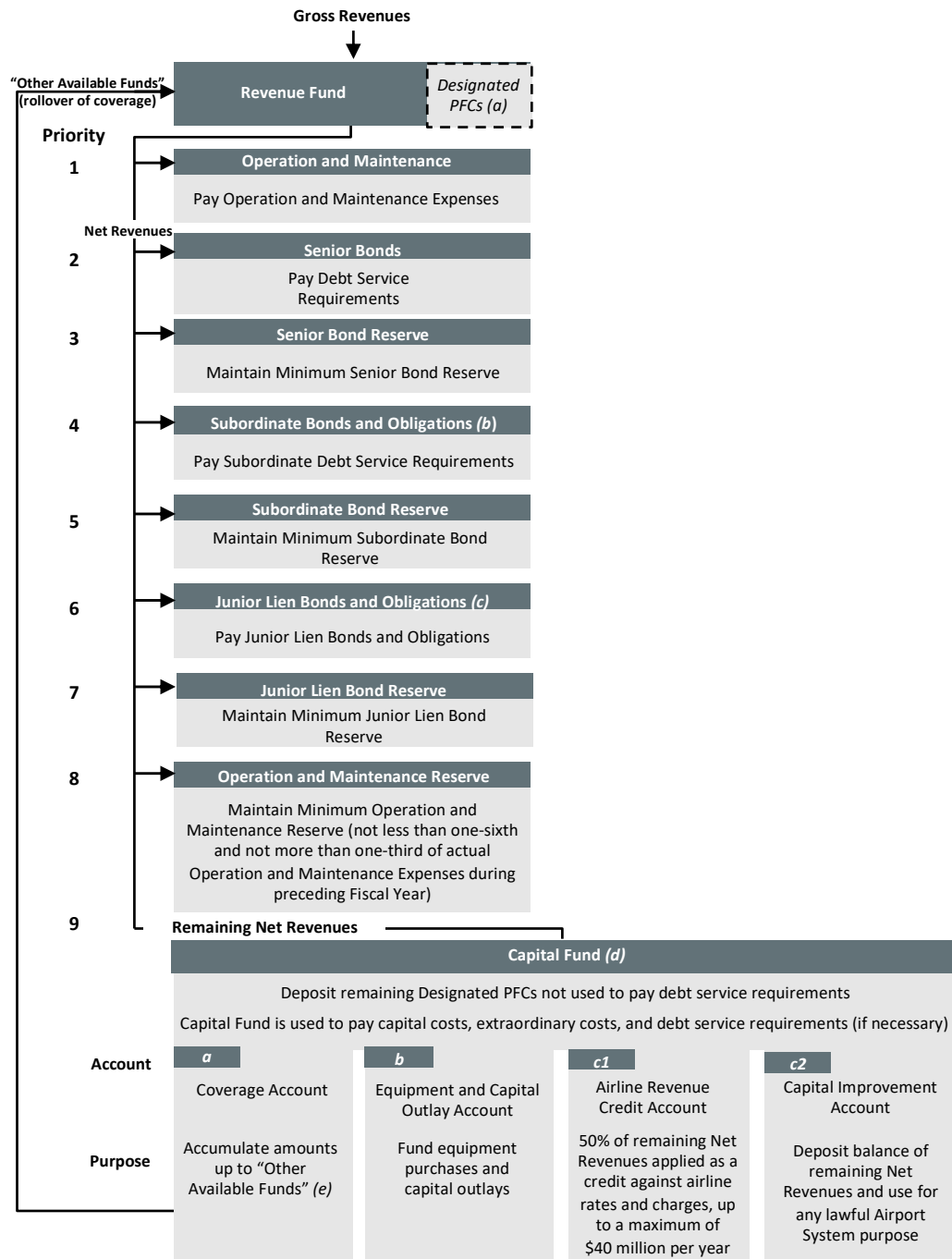
### **Flow of Funds; Revenue Fund**

The application of Gross Revenues is governed by the provisions of the Bond Ordinances. The Senior Bond Ordinance creates the “City and County of Denver, Airport System Fund” (the “**Airport System Fund**”), and within the Airport System Fund a special fund designated the “City and County of Denver, Airport System Gross Revenue Fund” (the “**Revenue Fund**”). See “APPENDIX A—AMENDED

AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues.” The City is required to set aside in the Revenue Fund all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance, the Subordinate Bond Ordinance, and the Junior Lien Bond Ordinance. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues” for the application of Gross Revenues. The flow of funds under these ordinances is illustrated in the following diagram.

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## Flow of Funds Under the Bond Ordinances



- (a) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues. See "FINANCIAL INFORMATION—Passenger Facility Charges."
- (b) The City has issued Subordinate Bonds and incurred Subordinate Obligations under the Subordinate Bond Ordinance. On or about the issuance of the Series 2019C-D Bonds, the City expects to issue the Series 2019A-B Bonds as Subordinate Bonds, the proceeds of which are expected to refund the Series 2008C2-C3 Bonds and pay the costs of terminating certain swaps associated with the Series 2008C2-C-3 Bonds. See "FINANCIAL INFORMATION—Outstanding Subordinate Bonds."

[Footnotes continue on next page]

- (c) The City adopted the Junior Lien Bond Ordinance, which affirmed the Junior Lien Obligations Fund (as defined herein) and an account therein previously created by an ordinance in connection with the operation of the Airport Hotel. Pursuant to the Great Hall Ordinance (as defined herein), the City authorized the incurrence of the Great Hall Junior Lien Obligation (as defined herein) and the creation of the “Great Hall Junior Lien Obligation Account” within the Junior Lien Obligations Fund in connection with the Great Hall Project (as defined herein). See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center,” “CAPITAL PROGRAM—Major Projects for the 2018-2022 Capital Program—*Jeppesen Terminal—Great Hall Project*,” and “FINANCIAL INFORMATION—Junior Lien Bonds and Junior Lien Obligations.”
- (d) The account structure for the Capital Fund may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance and the Subordinate Bond Ordinance.
- (e) Under the Senior Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements.

## **Bond Reserve Fund**

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

Upon the issuance of the Series 2019C-D Bonds, the amount on deposit in the Bond Reserve Fund will be at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period of as long as 60 months. Subject to certain limitations set forth in the General Bond Ordinance, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys.

## **Capital Fund**

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

The account structure for the Capital Fund is not mandated by either the Senior Bond Ordinance or the Subordinate Bond Ordinance, but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue Credit Account, and the Capital Improvement Account for the purposes described in the flow of funds diagram set forth above in the subsection entitled “Flow of Funds; Revenue Fund.”

The amount on deposit in the Capital Fund as of December 31, 2018, was approximately \$444.5 million. Such amount has been designated for use by the City as follows: (1) \$65.8 million for the Coverage Account (constituting Other Available Funds) and (2) \$378.8 million for any lawful Airport System purpose. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues, and —ARTICLE X—Miscellaneous Protective Covenants.” See also “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Jeppesen Terminal*.”

### **Rate Maintenance Covenants**

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

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

(2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE IX—Rentals, Rates, Fees, and Other Charges” “Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements” below, as well as “SECURITY AND SOURCES OF PAYMENT—Capital Fund.”

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

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

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

(2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds and the aggregate debt service requirements with respect to Subordinate Obligations (as more



fully described in the Subordinate Bond Ordinance, the “**Subordinate Debt Service Requirements**”) for such Fiscal Year.

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

If the City anticipates that it will not be able to meet the Senior Rate Maintenance Covenant or the Subordinate Rate Maintenance Covenant, or both, in addition to or in lieu of the foregoing, the City may reduce the Operation and Maintenance Expenses, and as permitted by the Senior Bond Ordinance and the Subordinate Bond Ordinance, reduce the Debt Service Requirements on Senior Bonds or Subordinate Debt Service Requirements or both by irrevocably committing additional amounts to pay Debt Service Requirements or Subordinate Debt Service Requirements, respectively. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE” for the definition of Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in “CERTAIN INVESTMENT CONSIDERATIONS—Regulations and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, pursuant to the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “**Signatory Airlines**”), the Signatory Airlines acknowledge that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds, must be sufficient to satisfy the Senior Rate Maintenance Covenant, and the Signatory Airlines agree to pay such rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

For more information see “CERTAIN INVESTMENT CONSIDERATIONS—Ability to Meet Senior Rate Maintenance Covenant” and “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE.”

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

## **Additional Parity Bonds**

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

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

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

The Series 2019C-D Bonds are being issued to refund certain outstanding Senior Bonds, and therefore the Additional Bonds Test is not applicable to their issuance. See “PLAN OF FINANCING.”

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

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2014 through 2018, including recalculated debt service coverage assuming all annual PFC revenues from 2014 through 2018 were Designated Passenger Facility Charges under the PFC Supplemental Ordinance. PFCs set forth in the following table reflect amounts actually received in the applicable Fiscal Year, plus investment earnings thereon, and will differ from the PFCs appearing in the financial statements of the Airport System and elsewhere in this Official Statement that are reported on an accrual basis. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

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

	Fiscal Year Ended December 31				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gross Revenues, not including Designated Passenger Facility Charges <sup>1</sup>	\$751,428 <sup>7</sup>	\$754,688 <sup>7</sup>	\$808,110 <sup>7</sup>	\$838,815 <sup>7</sup>	\$884,336
Designated Passenger Facility Charges <sup>2</sup>	<u>34,977</u>	<u>35,328</u>	<u>35,133</u>	<u>37,656</u>	<u>40,851</u>
Gross Revenues <sup>1</sup>	786,405 <sup>7</sup>	790,016 <sup>7</sup>	843,243 <sup>7</sup>	876,471 <sup>7</sup>	925,187
Operation and Maintenance Expenses <sup>1</sup>	<u>(355,769)</u>	<u>(377,199)</u>	<u>(417,140)</u>	<u>(425,005)</u>	<u>(445,801)</u>
Net Revenues	430,636	412,817	426,103	451,466	479,386
Other Available Funds <sup>3</sup>	<u>54,833</u>	<u>50,320</u>	<u>51,574</u>	<u>47,090</u>	<u>43,091</u>
Total Amount Available for Debt Service	\$485,469	\$463,137	\$477,677	\$498,556	\$522,477
Senior Bond Debt Service <sup>4</sup>	\$289,287	\$271,935	\$276,562	\$264,814	\$258,545
Committed Passenger Facility Charges <sup>5</sup>	<u>( 69,953)</u>	<u>( 70,656)</u>	<u>( 70,267)</u>	<u>( 76,454)</u>	<u>( 82,940)</u>
Debt Service Requirements for the Senior Bonds	\$219,334	\$201,279	\$206,295	\$188,360	\$175,605
Debt Service Coverage for the Senior Bonds	221%	230%	232%	265%	298%
Subordinate Debt Service Requirements <sup>6</sup>	\$49,088	\$61,233	\$88,619	\$93,891	\$101,344
Debt Service Requirements for the Senior Bonds	<u>\$219,334</u>	<u>\$201,279</u>	<u>\$206,295</u>	<u>\$188,360</u>	<u>\$175,605</u>
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	\$268,422	\$262,512	\$294,914	\$282,251	\$276,949
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	181%	176%	162%	177%	189%
Recalculated Debt Service Coverage Assuming Senior Debt Service was not Reduced by Committed Passenger Facility Charges					
Recalculated Debt Service Coverage for the Senior Bonds <sup>8</sup>	192%	196%	198%	217%	234%
Recalculated Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements <sup>8</sup>	164%	160%	150%	160%	168%

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

<sup>2</sup> Reflects that portion of PFC revenues included in the Airport System’s Gross Revenues for Fiscal Years 2014 through 2018. See “FINANCIAL INFORMATION—Passenger Facility Charges—Prior Treatment of PFCs under the Prior PFC Supplemental Ordinances.”

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

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

<sup>5</sup> Reflects that portion of PFC revenues which was irrevocably committed to the payment of Senior Bonds Debt Service Requirements in each of the Fiscal Years 2014 through 2018. See “FINANCIAL INFORMATION—Passenger Facility Charges.”

[footnotes continue on next page]

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

<sup>7</sup> These amounts exclude \$17,214,474, \$18,597,856, \$19,883,456, \$19,491,735 and \$20,019,006 of rental car customer facility charges (“CFCs”) received in 2014, 2015, 2016, 2017 and 2018 respectively. Prior to 2014, CFCs were pledged to Special Facilities Bonds that financed certain rental car facilities. Such Special Facilities Bonds were repaid on January 1, 2014 and CFCs have not been pledged to other Special Facilities Bonds since that time. Accordingly, in 2014 through 2018 they were included as gross revenues in the Airport’s audited financial statements attached hereto as “APPENDIX D,” but for purposes of this table, they are excluded from calculations of Gross Revenues. In the future, CFCs may be pledged to Special Facilities Bonds and excluded from the definition of “Gross Revenues” (as defined in the Senior Bond Ordinance) by a Supplemental Ordinance.

<sup>8</sup> Reflects a re-computation of debt service coverage assuming all annual PFC revenues from 2014 through 2018 were Designated Passenger Facility Charges under the PFC Supplemental Ordinance. See “FINANCIAL INFORMATION—Passenger Facility Charges.”

Sources: Audited financial statements of the Airport System for Fiscal Years 2014-2018, and Department of Aviation management records.

## MANAGEMENT OF THE AIRPORT SYSTEM

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

**Kim Day** was appointed Manager/Chief Executive Officer of the Department of Aviation in March 2008 and was reappointed to this position by Michael B. Hancock, Mayor of the City, in July 2011. By Executive Order 140, Ms. Day’s title was changed to Chief Executive Officer in 2015. Ms. Day has more than 35 years of experience in the aviation industry and is a registered architect in California. She had previously served as the Executive Director of Los Angeles World Airports (“**LAWA**”), the agency that manages the airports owned and operated by the City of Los Angeles, California, including Los Angeles International Airport, after having served as Deputy Director of Project and Facilities Development for LAWA. Prior to joining LAWA, Ms. Day worked for over 20 years as an architect, specializing in the planning and design of aviation projects.

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

**Gisela Shanahan** became the Chief Financial Officer and Executive Vice President of the Airport in 2015. Ms. Shanahan directs the financial and strategic management of the Airport’s revenues and capital program. She has more than 10 years of airport experience and more than 20 years of experience in managing finances for complex, multi-unit organizations. Her role at the Airport encompasses budget, finance, accounting, capital planning and funding, business management services, internal audit, and financial planning and analysis. Prior to joining the Airport, Ms. Shanahan served as Chief Financial Officer of the Colorado Springs Airport before becoming controller and financial manager of Denver’s Wastewater Enterprise. Ms. Shanahan holds a Bachelor of Science degree in Business Administration and Accounting with honors from the University of Maryland and a Master of Business Administration in Finance from the University of Nebraska. She is a Certified Public Accountant (Md.) and Chartered Global Management Accountant.

**Cristal Torres DeHerrera** was named Chief of Staff and Executive Vice President of the Airport in February 2018 and assumed her new role in April 2018. Ms. DeHerrera is responsible for managing the Airport’s External Affairs business unit, which includes overseeing the Airport’s Executive Office and Government and Community Affairs. Ms. DeHerrera leads development of the Airport’s strategies, policies, and plans related to legislative and regulatory activities at the local, state, and federal levels. She

also works with the Airport Executive Office on the Airport's priority initiatives, including the Great Hall Project. Ms. DeHerrera previously served as the deputy city attorney for the City and County of Denver for four years. Ms. DeHerrera obtained her law degree from the University of California, Berkeley.

**Chris McLaughlin** became Chief Operating Officer in December 2018. Mr. McLaughlin is responsible for managing the Airport's largest business unit, including operations and security. He has more than 18 years of aviation and airport security experience. After working for airlines for nine years, he transitioned to airport security where he worked six years with the TSA. As an assistant administrator at TSA headquarters in Washington D.C., he was instrumental in the development of TSA's Pre✓® program. Mr. McLaughlin holds a Bachelor of Arts with high honors in Economics and Spanish from Connecticut College and has completed the Center for Homeland Defense and Security Executive Leadership Series through the Naval Post Graduate School. He also holds a certificate in International Studies with emphasis on Latin American Economic and Politics.

**Darryl Jones** was named Chief Real Estate Officer and Executive Vice President of the Airport in June 2016. Mr. Jones is responsible for the continued development and economic expansion of the Airport's real estate program on 17,000 developable acres. Prior to his service at the Airport, Mr. Jones was vice president and development manager of Coventry Development Corporation, where he managed major land planning and development projects in Colorado, Florida, and Texas. Mr. Jones has also served as the director of planning and government affairs for Oakwood Homes and as planning manager for the Community Development Department of the City of Greenwood Village, Colorado. He holds a Master of City Planning from the Massachusetts Institute of Technology and a Bachelor of Arts in Landscape Architecture from the University of California, Berkeley. He currently serves as a member of the Greenwood Village city council.

**Xavier S. L. DuRán, Esq.** became Director of the Airport Legal Services section of the City Attorney's Office in July 2009. In this capacity, Mr. DuRán is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate, and concessions. Mr. DuRán has been with the City since July 1990. Prior to his tenure at the Airport, he served in a variety of positions, including as Director of the Litigation Section, until July 2009.

## **DENVER INTERNATIONAL AIRPORT**

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2017, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 20<sup>th</sup> busiest airport in the world based on total passengers. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded the 2017 total passengers number in 2018, servicing 64.5 million passengers, and maintained its national and global rankings. See "AVIATION ACTIVITY AND AIRLINES." The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway.

### **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000 feet long by 150 feet wide, and the sixth runway is 16,000 feet long by 200 feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able

to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stop bars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also “CAPITAL PROGRAM” for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a FAA air traffic control tower and base building structures, an airport maintenance complex, four “rapid response” aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Systems Leases.”

## **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses currently having a total of 111 full-service contact gates and 23 ground loading positions (ground loading positions decreased by 11 from 2018 due to gate construction on Concourse B and additional gate configuration changes on Concourse A), (3) the Airport Office Building, and (4) the Hotel and Transit Center (described below). The terminal and concourses are connected by an underground automated guideway transit system, or “AGTS,” and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C. The landside terminal (referred to herein as “**Jeppesen Terminal**”) encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Renovations and reconfiguration of Jeppesen Terminal to improve the security screening area, curbside space, and commercial concessions commenced July 12, 2018 and are expected to be completed by [November 2021] (see “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Jeppesen Terminal*”).

Concourse A, nearest to the Jeppesen Terminal, encompasses approximately 1.36 million square feet and includes 29 full-service contact gates, of which eight gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 2.1 million square feet and includes 53 full-service contact gates plus facilities dedicated for commuter airline operations. Concourse C encompasses approximately 902,500 square feet and currently includes 29 full-service contact gates. The Airport was designed to facilitate expansion to more than 250 full-service contact gates either through lengthening of the existing concourses or the construction of two additional concourses. On May 29, 2018, the Airport officially broke ground on constructing an additional 39 gates across all three concourses, which are currently anticipated to be operational by late 2021. See “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Concourses A, B, and C*.” For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements” and “— Other Agreements.”

Two multi-level parking structures adjacent to Jeppesen Terminal provide in excess of 16,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces.

See “CAPITAL PROGRAM—2018-2022 Capital Program” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Public Parking*.”

## Hotel and Transit Center

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

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

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

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

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

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

***Airport Transit Center.*** The Airport Transit Center opened in April 2016 and serves as the terminus on Regional Transportation District’s (“**RTD**”) commuter rail service from downtown Denver to the Airport.

## Other Facilities

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

## CAPITAL PROGRAM

It is Airport management’s practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis to reflect changes in, among other things (i) the type of projects that it plans to undertake based on current and projected aviation demand and major maintenance needs of facilities and/or equipment, (ii) the scope and timing of individual projects, (iii) project costs, and (iv) the timing and amount of available funding sources. In November 2017, Airport management adopted a new capital program for the Airport for the years 2018 through 2022 (the “**2018-2022 Capital Program**”).

### 2018-2022 Capital Program

The 2018-2022 Capital Program includes projects with a total cost of approximately \$3.5 billion (adjusted for inflation using the Consumer Price Index (“**CPI**”) through 2022) in the following areas of the Airport:

**Table 2**

	<u>in billions</u>
Concourses A, B, and C	\$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
<b>TOTAL</b>	<u>\$3.5</u>

Source: Department of Aviation.

The projects included in the 2018-2022 Capital Program and described herein are expected to be periodically evaluated by the Department with respect to their timing, costs, availability of funding, Airport cash position, any environmental issues that may arise and other factors that might affect the implementation of the 2018-2022 Capital Program. Accordingly, projects currently included in the 2018-2022 Capital Program, their timing and costs are subject to change.



## Major Projects in the 2018-2022 Capital Program

**Concourses A, B, and C.** Major projects include the concourse gate expansion, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program.

*Gate Expansion Project.* In May, 2018, the City commenced the expansion of the Airport's concourses as part of the 2018-2022 Capital Program. This project includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as an increase in the amount of airline and concessions space, including outdoor space, on each concourse. Airport management expects that a majority of the additional gates and space will be revenue-producing in the near and longer term due to current and future airline demand.

On Concourse A, the project will add 12 new mainline gates on the west side of the concourse, with a portion of these gates configured to accommodate both domestic and international operations. The Concourse B expansion will add four new mainline gates on the west side of the concourse and a net of seven new narrow-body mainline gates on the east side of the concourse, as it will replace certain ground loading and regional jet facility operations to increase capacity. The Concourse C expansion will add 16 new mainline gates on the east side of the concourse. All 39 gates are anticipated to be operational by late 2021, with Concourse B's four west-side gates operational by late 2020.

**Jeppesen Terminal.** Major projects include the Great Hall project, development of two new Checked Bag Resolution Areas ("CBRAs") and other baggage system upgrades, additional AGTS train sets and the AGTS car replacement program.

**[[TO BE UPDATED RE LATEST DEVELOPMENTS]]** *Great Hall Project.* As part of the 2018-2022 Capital Program, the City is undertaking renovations to Jeppesen Terminal including the Great Hall (an open area of approximately 1 million square feet located on Levels 5 and 6 of Jeppesen Terminal) designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. The City granted to Denver Great Hall LLC, a Delaware limited liability company (the "**Great Hall Developer**") an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the "**Great Hall Project**"), pursuant to the Development Agreement dated August 24, 2017 (the "**Great Hall Agreement**") between the City, for and on behalf of its Department of Aviation, and the Great Hall Developer. The Great Hall Developer is owned by Denver Great Hall Holdings LLC, which was formed by Ferrovial Airports International Ltd., Saunders Concessions, LLC, and JLC Infrastructure Fund I L.P.A.

Under the Great Hall Agreement, the Great Hall Developer is responsible for, among other things, the renovation and reconfiguration of a portion of the Great Hall and certain other specified areas of the Jeppesen Terminal, including construction of a new TSA screening area on Level 6, construction of commercial concessions in the Jeppesen Terminal and an additional 200,000 square feet of curbside space. Construction for the Great Hall Project commenced July 12, 2018 and is expected to be completed by [November 2021].

After completion of construction, the airline ticket lobbies, passenger screening checkpoint, baggage claim area and much of the associated public circulation space will be operated and maintained by the City, while the Great Hall Developer will operate and maintain substantially all of the concessions in Jeppesen Terminal (all of which are located on Levels 5 and 6). Revenues generated from concessions operated and maintained by the Great Hall Developer (substantially all of which are expected to be generated from food, beverage and retail concessions) will be split 20% to the Great Hall Developer and 80% to the City.

The Great Hall Agreement provides that during the construction period, the City is obligated to make progress payments to the Great Hall Developer up to a maximum total of approximately \$479 million (the “**Progress Payments**”), payable monthly, in arrears as a percentage of design and construction costs incurred by the Great Hall Developer in a relevant month. Upon completion of construction of the Great Hall Project and until the termination of the Great Hall Agreement, the City is required to make monthly supplemental payments (the “**Supplemental Payments**”) to the Great Hall Developer that includes an operations and maintenance component and a capital component. The Supplemental Payments constitute Junior Lien Obligations under the Junior Lien Bond Ordinance and are estimated to range between approximately \$22.9 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) to approximately \$57.4 million (adjusted for inflation using CPI) annually in 2051 (the last full year of the Great Hall Agreement being in effect). See “FINANCIAL INFORMATION—Junior Lien Bonds and Junior Lien Obligations.”

The total design and construction costs of the Great Hall Project are valued at approximately \$650 million, with the Great Hall Developer responsible for approximately \$171 million and the City responsible for approximately \$479 million, constituting Progress Payments. See “SECURITY AND SOURCES OF PAYMENT—Capital Fund.” Progress Payments are expected to be funded from balances available in the Airport’s Capital Fund, a portion of the proceeds from the issuance of prior Airport revenue bonds, and/or additional Airport revenue bonds, which may be issued on parity with or junior to the Series 2019C-D Bonds. Under the Great Hall Agreement, the City also has agreed to fund an additional approximately \$120 million in contingency costs, to the extent required. See “CERTAIN INVESTMENT CONSIDERATIONS—Construction Risks Related to Projects Within the 2018-2022 Capital Program.”]

*Baggage System Improvements.* Major projects in connection with the baggage handling system improvements consist of the development of two new CBRAs that will replace nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new CBRAs; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements.

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

*Landside.* Major projects include the East Bound Peña Boulevard reconstruction, realignment, and widening of various sections of Peña Boulevard and associated roadways as well as the replacement of deteriorating concrete. In addition, this includes the replacement of the parking revenue control system and installation of the parking lot entrance and exit canopies, which are designed to improve parking services.

*DEN Real Estate.* The Department has developed the DEN Strategic Development Plan, which provides guidance on opportunities available for commercial development of about 16,000 acres of non-aviation land. The plan focuses on development districts and infrastructure based on “Smart City” and strategic sustainability concepts. The Department is in the process of finalizing an infrastructure implementation phasing strategy, and planned projects include the funding to construct infrastructure for the initial 1,500 acres of commercial development along the Peña Boulevard corridor, pursuant to the IGA Amendment (as defined herein) with Adams County, to generate additional non-airline revenues to support passenger growth at the Airport.

## **Funding for the 2018-2022 Capital Program**

A portion of the 2018-2022 Capital Program in the amount of approximately \$2.2 billion was funded with proceeds of the Airport System Subordinate Revenue Bonds, Series 2018A issued in the aggregate principal amount of \$2,341,710,000 (the “**Series 2018A Bonds**”) and the Airport System Subordinate Revenue Bonds, Series 2018B issued in the aggregate principal amount of \$184,365,000 (the “**Series 2018B Bonds**”). Airport management currently expects that the remaining funding of the 2018-2022 Capital Program will come from: (i) approximately \$1.3 billion\* of additional Airport system revenue bonds to fund approximately \$1.1 billion\* in project costs, which additional Airport system revenue bonds are expected to consist of Senior Bonds, although all or a portion of such projects may be funded with Subordinate Bonds depending on certain factors existing at the time of issuance; (ii) amounts on deposit in the Capital Fund in the amount of approximately \$161.3 million; (iii) interim financing sources consisting of Subordinate Contract Obligations (described under “FINANCIAL INFORMATION—Subordinate Obligations”); and (iv) grants-in-aid from the FAA and/or the Transportation Security Administration (“TSA”) in the amount of approximately \$116.4 million.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

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

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\* Preliminary, subject to change.

## Airlines Serving the Airport

As of [ ] 1, 2019, the following 26 airlines provide scheduled passenger service at the Airport:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
Alaska Airlines	American Eagle	AeroMéxico
Allegiant Air	Boutique Air	Air Canada <sup>1</sup>
American	Delta Connection	British Airways
Delta	Denver Air Connection	Cayman Airways
Frontier	United Express	Copa Airlines
jetBlue Airways		Edelweiss
Southwest		Icelandair
Spirit Airlines		Lufthansa German Airlines
Sun Country Airlines		Norwegian Air Shuttle <sup>2</sup>
United		Volaris
		WestJet

<sup>1</sup> Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.

<sup>2</sup> Norwegian Air Shuttle includes Norwegian Air Shuttle ASA Limited and Norwegian Air UK LTD.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the table above, as of [ ] 1, 2019, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, ABX Air Inc., Alpine Air Express, Inc., Atlas Air (Prime Air), Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Kalitta Air, LLC, Key Lime Air Corporation, Southern Air, and United Parcel Service. The regional/commuter airline brands listed in the table above include flights operated by Air Wisconsin Airlines, Compass Airlines, Endeavor Air, Envoy Air, ExpressJet, GoJet Airlines, Republic Airlines, SkyWest Airlines and Trans States Airlines. Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.

## Airline Information

**The United Group.** United is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United's route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under its Use and Lease Agreement, which expires in 2035, United currently leases 53 full-service contact gates and 16 ground loading positions. Upon the completion of the gate expansion project pursuant to the 2018-2022 Capital Program, 11 new gates are expected to be added to Concourse B and leased to United. See "CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—Concourses A, B, and C—Gate Expansion Project." In addition to the gate expansions, in October 2018 United expanded its Denver-based flight-training center and is now the largest single-site flight training center in the world.

The United Group (United and United Express) accounted for approximately 43.5% and 42.3% of passenger enplanements at the Airport in 2018 and in 2017, respectively. In addition, the Airport ranked as the 4<sup>th</sup> busiest airport in the United route network based on enplaned passenger data for 2018.

The City makes no representations regarding the financial conditions of United Continental Holdings or United or their future plans generally or with regard to the Airport in particular. See also "—Aviation Activity, and "—Originating and Connecting Passengers" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease

Agreements—*United Use and Lease Agreement*,” “FINANCIAL INFORMATION—Special Facilities Bonds” and “CERTAIN INVESTMENT CONSIDERATIONS—Financial Condition of the Airlines and —Risk of Airline Bankruptcies.”

**Southwest.** Southwest had the second largest market share at the Airport in 2018 and 2017 and accounted for approximately 29.1% and 29.7% of passenger enplanements at the Airport in 2018 and 2017, respectively. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 69 cities to which it currently provides nonstop service from the Airport. In 2018, the Airport was the 4<sup>th</sup> busiest airport in the Southwest system based on scheduled seats.

Southwest leases 25 gates at the Airport pursuant to a Use and Lease Agreement with the City, which expired on December 31, 2018. The City exercised an option to extend the agreement through December 31, 2019 and has an additional option (available only to the City) to extend such term until December 31, 2020. When the Southwest Use and Lease Agreement expires (either on December 31, 2019 after its first one-year extension, or on December 31, 2020 if both one-year options have been exercised), the City expects to renegotiate the Use and Lease Agreement with business provisions that would result in similar Airport financial performance as provided for under the current Use and Lease Agreement. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.” In addition to leasing gates at the Airport, in May 2019 Southwest announced plans to build a \$100 million new maintenance hangar at the Airport, with completion targeted before the end of 2020. The hangar will be the seventh in Southwest’s network.

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

**The Frontier Group.** Frontier and its affiliates had the third largest market share at the Airport in 2017 and 2018, and accounted for approximately 11.5% and 11.4% of passenger enplanements at the Airport in 2018 and 2017, respectively. The Airport is Frontier’s only hub and was the busiest airport in the Frontier system in 2018. As a result of the change of Frontier’s business model from a low-cost carrier to an ultra-low-cost carrier in 2015, the carrier has cut back its connecting traffic at the Airport; however, overall increases in passenger traffic have allowed Frontier to continue to grow.

Frontier leases nine gates at the Airport pursuant to a Use and Lease Agreement with the City, which expired on December 31, 2018. The City exercised an option to extend the agreement through December 31, 2019 and has an additional option (available only to the City) to extend such term until December 31, 2020. When the Frontier Use and Lease Agreement expires (either on December 31, 2019 after its first one-year extension, or on December 31, 2020 after both one-year options have been exercised), the City expects to renegotiate the Use and Lease Agreement with business provisions that would result in similar Airport financial performance as provided for under the current Use and Lease Agreement. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

The City makes no representations regarding the financial conditions of the Frontier Group or their future plans generally or with regard to the Airport in particular. See also “—Aviation Activity” and “—Originating and Connecting Passengers” in this section, “AGREEMENTS FOR USE OF AIRPORT

FACILITIES—Passenger Airlines Use and Lease Agreements” and “CERTAIN INVESTMENT CONSIDERATIONS—Financial Condition of the Airlines” and “—Risk of Airline Bankruptcies.”

**Delta.** Delta had the fourth largest market share at the Airport in 2018. Delta does not use the Airport as a hub, and accounted for 5.4% of passenger enplanements at the Airport in 2018.

**American.** American had the fifth largest market share at the Airport in 2018. With no connecting enplaned passenger traffic, American does not use the Airport as a major hub, and accounted for 5.0% of passenger enplanements at the Airport in 2018.

**Other Airlines.** Other than the United Group, Southwest, the Frontier Group, Delta, and American, no single airline accounted for more than 5.0% of any of passenger enplanements at the Airport in 2018. See “Aviation Activity—Passenger Traffic” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

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

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

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

## **Aviation Activity**

**Passenger Traffic.** Denver’s central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International for 2017, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 20<sup>th</sup> busiest airport in the world based on total passengers. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded these numbers in 2018, servicing 64.5 million passengers while maintaining its national and global rankings. Based on their 2019 schedules, 26 airlines serving the Airport provide direct flights to 211 destinations, including 26 international destinations in 11 countries.

The tables set forth below under “—*Passenger and Revenue Information*” and “—*Summary of Aviation Activity*” present total enplanements at the Airport, enplaned passengers by airline type, and market share of individual airlines serving the Airport for the past five years.

***Passenger and Revenue Information.*** With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues. The Airport was negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. However, with the exception of a 1.2% decrease in 2013, the number of enplaned passengers has consistently increased since 2010. In 2018, the Airport served approximately 32.3 million enplaned passengers (a 5.0% increase over 2017), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 64.2% of passengers originated or terminated their air travel at the Airport in 2018 and 35.8% of passengers made connecting flights at the Airport.

The following table sets forth the number of enplaned passengers at the Airport by passenger type for the past ten years and for the first six months of 2018 and 2019.

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

<b><u>Year</u></b>	<b><u>Enplaned Passengers (millions)</u></b>	<b><u>Percent Change</u></b>	<b><u>Percent Domestic</u></b>	<b><u>Percent International</u></b>
2009	25.128	(2.0) <sup>1</sup>	96.2	3.8
2010	26.025	3.6	96.3	3.7
2011	26.456	1.7	96.8	3.2
2012	26.597	0.5	96.7	3.3
2013	26.285	(1.2)	96.3	3.7
2014	26.737	1.7	95.9	4.1
2015	27.019	1.1	95.9	4.1
2016	29.140	7.9	96.0	4.0
2017	30.714	5.4	95.8	4.2
2018	32.259	5.0	95.4	4.6
2018 <sup>2</sup>	15.428	4.2 <sup>3</sup>	95.1	4.9
2019 <sup>2</sup>				

<sup>1</sup> Compared to 25.650 million enplaned passengers in 2008.

<sup>2</sup> Enplaned passengers through June 30, 2018 and June 30, 2019, respectively.

<sup>3</sup> Percentage changes are from the same period in 2017.

Source: Department of Aviation management records.

Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, accidents involving

commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the occurrence of pandemics and other natural and man-made disasters. See “CERTAIN INVESTMENT CONSIDERATIONS” below.

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first six months of 2018 and 2019.

**Table 4**  
**Enplaned Passengers by Airline Type <sup>1</sup>**

<b>Year</b>	<b>Major/National</b>		<b>Foreign Flag</b>		<b>Regional/Commuter</b>		<b>Charter/ Miscellaneous</b>		<b>Total</b>	
	<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>		<b><u>Airlines</u></b>	
	<b><u>Enplaned</u></b> <b><u>Passengers</u></b>	<b><u>Percent</u></b> <b><u>Change</u></b>	<b><u>Enplaned</u></b> <b><u>Passengers</u></b>	<b><u>Percent</u></b> <b><u>Change</u></b>	<b><u>Enplaned</u></b> <b><u>Passengers</u></b>	<b><u>Percent</u></b> <b><u>Change</u></b>	<b><u>Enplaned</u></b> <b><u>Passengers</u></b>	<b><u>Percent</u></b> <b><u>Change</u></b>	<b><u>Enplaned</u></b> <b><u>Passengers</u></b>	<b><u>Percent</u></b> <b><u>Change</u></b>
2014	21,646,678	1.6%	317,877	0.5%	4,770,855	7.5%	1,274	(99.4)%	26,736,684	1.7%
2015	22,374,695	3.4	338,813	6.6	4,296,830	(9.9)	8,591	38.4	27,018,929	1.1
2016	24,592,838	9.9	404,754	19.5	4,138,502	(3.7)	4,110	(52.2)	29,140,204	7.9
2017	26,288,610	6.9	502,685	24.2	3,921,476	(5.2)	1,240	(69.8)	30,714,011	5.4
2018	27,372,672	4.1	632,681	25.9	4,252,809	8.4	1,055	(14.9)	32,359,217	5.0
<b>Jan- June</b>										
2018 <sup>2</sup>	13,110,501	3.5	308,931	34.0	2,008,214	5.1	703	(22.3)	15,428,349	6.8
2019										

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers. In 2014, the Airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included transferring United Express international operations from the Miscellaneous category to the Regional category.

<sup>2</sup> Percentage changes are from the same period in 2017.

Source: Department of Aviation management records.



The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and for the first six months of 2018 and 2019. Totals may not add due to rounding.

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

<u><b>Airline</b></u>	<u><b>Calendar Year</b></u>					<u><b>January-June</b></u>	
	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
United	24.3%	27.7%	29.3%	30.7%	30.9%	30.4%	
United Express	<u>16.3</u>	<u>14.6</u>	<u>12.7</u>	<u>11.6</u>	<u>12.6</u>	<u>12.4</u>	
Total United Group	40.6	42.3	42.0	42.3	43.5	42.9	
Southwest	26.4	29.3	29.4	29.7	29.1	29.6	
Frontier	18.4	12.4	12.2	11.4	11.5	11.1	
Delta	4.4	4.9	5.1	5.3	5.4	5.4	
American	5.8	6.1	5.6	5.5	5.0	5.3	
Other <sup>1</sup>	<u>4.4</u>	<u>4.9</u>	<u>5.6</u>	<u>5.8</u>	<u>5.6</u>	<u>5.8</u>	
Total Non-United Group	59.4	57.7	58.0	57.7	56.5	57.1	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Columns may not add to totals shown because of rounding.

<sup>1</sup> Includes other airlines with scheduled flights at the Airport.

Source: Department of Aviation management records.

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**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and for the first six months of 2018 and 2019. Totals may not add due to rounding.

**Table 6**

	Calendar Year					January-June	
	2014	2015	2016	2017	2018	2018	2019
<b>Originating Passengers (millions):</b>	16.214	17.353	18.527	19.656	20.746	9.872	
Percent of Total Enplaned	60.6%	64.2%	63.6%	64.0%	64.3%	64.0%	
<b>Connecting Passengers (millions):</b>	10.523	9.666	10.613	11.058	11.513	5.557	
Percent Connecting of Total Enplaned	39.4%	35.8%	36.4%	36.0%	35.7%	36.0%	
<b>United Group Passengers:</b>							
Percent Originating	40.4%	40.4%	40.9%	43.2%	44.8%	44.8%	
Percent Connecting	59.6%	59.6%	59.1%	56.8%	55.2%	55.2%	
<b>Southwest Passengers:</b>							
Percent Originating	72.1%	75.6%	73.5%	72.2%	72.6%	72.3%	
Percent Connecting	27.9%	24.4%	26.5%	27.8%	27.4%	27.7%	
<b>Frontier Passengers:</b>							
Percent Originating	62.6%	78.9%	76.0%	74.7%	73.5%	68.7%	
Percent Connecting	37.4%	21.1%	24.0%	25.3%	26.5%	31.3%	
<b>American Passengers:</b>							
Percent Originating	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Percent Connecting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Delta Passengers:</b>							
Percent Originating	95.7%	95.8%	95.8%	95.7%	95.3%	95.3%	
Percent Connecting	4.3%	4.2%	4.2%	4.3%	4.7%	4.7%	
<b>Average Daily Departures<sup>1</sup>:</b>							
Passenger Airlines:							
United	124	146	167	177	182	175	
United Express	252	219	202	194	226	220	
Southwest	158	168	181	190	191	189	
Frontier	100	66	64	60	63	60	
American	33	33	34	31	30	30	
Delta	26	30	35	38	36	36	
Other	49	47	59	65	53	54	
Total Passenger Airlines	742	709	742	755	781	764	
All-Cargo Airlines	26	26	26	27	29	28	
Total	768	735	768	782	810	792	
Percent Change from Prior Year	(3.0%)	(4.3%)	4.5%	2.0%	2.0%	1.8%	
<b>Landed Weight (billion pounds):</b>							
Passenger Airlines:							
United	7.292	8.214	9.452	10.225	10.642	5.031	
United Express	4.881	4.427	4.148	4.064	4.571	2.185	
Southwest	7.423	7.922	8.610	9.153	9.333	4.553	
Frontier	5.018	3.339	3.306	3.208	3.413	1.593	
American Airlines	1.609 <sup>4</sup>	1.678	1.742	1.759	1.672	0.827	
Delta	1.242	1.390	1.590	1.728	1.809	0.884	
Other	1.571	1.722	2.149	2.356	2.286	1.141	
Total Passenger Airlines	29.036	28.692	30.996	32.492	33.725	16.214	
All-Cargo Airlines	1.315	1.363	1.425	1.392	1.491	0.694	
Total	30.351	30.055	32.421	33.884	35.216	16.907	
Percent Change from Prior Year	(0.8%)	(1.0%)	7.9%	4.5%	3.9%	2.5%	
<b>Enplaned Cargo (million pounds)<sup>2</sup></b>	229.458	238.664	229.410	238.848	258.263	120.147	
Percent Change from Prior Year	3.0%	4.0%	(3.9%)	4.1%	8.1%	4.5%	
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	422,178	424,930	445,019	461,992	462,276	222,525	
Commuter/Military/Taxi/General Aviation	152,983	122,718	127,501	120,494	141,127	68,849	
Total	575,161	547,648	572,520	582,486	603,403	291,374	
Percent Change from Prior Year	(2.0%)	(4.8%)	4.5%	1.7%	3.6%	2.1%	

[Footnotes on next page]



<sup>1</sup> Year 2016 was a leap year and reflects daily usage based on 366 calendar days.

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

Source: Department of Aviation management records.

## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Originating passengers have accounted for over 60% of total enplaned passengers at the Airport since 2014. See "Aviation Activity—*Summary of Aviation Activity*" above.

In 2018, approximately 20.7 million passengers 64.3% of the approximately 32.3 million passengers enplaned at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 30.3%, 32.8%, and 13.1% of originating passengers at the Airport in 2018, respectively. For the first six months of 2019, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately [ ]%, [ ]%, and [ ]% of originating passengers at the Airport, respectively.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier's only hub. Approximately 11.5 million passengers (35.7% of total enplaned passengers) connected from one flight to another in 2018. Nearly all of the passengers using the Airport as a connecting hub connected between the flights of United (including its regional airline affiliates operating as United Express), Southwest, or Frontier, which accounted for approximately 67.3%, 22.4%, and 8.5% of the connecting passengers at the Airport in 2018, respectively. For the first six months of 2019, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately [ ]%, [ ]%, and [ ]% of connecting passengers at the Airport, respectively. See "Aviation Activity—*Summary of Aviation Activity*" above.

## AGREEMENTS FOR USE OF AIRPORT FACILITIES

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

### Passenger Airlines Use and Lease Agreements

**Generally.** Certain of the airlines, inclusive of cargo and passenger airlines, have executed Use and Lease Agreements with the City (as previously defined, the "**Signatory Airlines**") that include preferential use of leased gates. As of [ ], 2019, the passenger Signatory Airlines with leased gates included Frontier, Delta, and American in Concourse A, United in Concourse B, and Southwest, Spirit Airlines, and Alaska Airlines in Concourse C. In addition to the current 101 gates leased by Signatory Airlines, 10 full contact gates are controlled by the Airport and used on a non-preferential use basis by various airlines.

The following Signatory Airlines do not lease gates under their respective Use and Lease Agreements but, rather, either operate from gates pursuant to their affiliation with other Signatory Airlines that lease gates at the Airport, use gates or parking positions managed by the City, use cargo facilities, or use common use international or commuter gates in Concourse A: AeroMéxico, Air Canada, Air Wisconsin Airlines, British Airways, Cayman Airways, Compass Airlines, Copa Airlines, Denver Air Connection,

Edelweiss, Endeavor Air, Envoy Air, ExpressJet, GoJet Airlines, Icelandair, Jazz Aviation, JetBlue Airways Corporation, Lufthansa, Norwegian Air Shuttle ASA Limited, Norwegian Air UK LTD., Republic Airlines, Sky Regional Airlines, Inc., SkyWest Airlines, Sky Regional Airlines, Trans States Airlines, Volaris, and WestJet. See “AVIATION ACTIVITY AND AIRLINES—Airlines Serving the Airport.”

All Use and Lease Agreements with passenger Signatory Airlines originally were set to expire on December 31, 2018 (with the exception of United, which expires in 2035) and include options (available only to the City) to extend such terms for another year until December 31, 2019 and again until December 31, 2020. As of the date of this Official Statement, the City exercised its first one-year option to extend all of such Use and Lease Agreements through December 31, 2019. When the Use and Lease Agreements expire (either on December 31, 2019, or on December 31, 2020 if the second one-year option is exercised), the City expects to renegotiate the Use and Lease Agreements with business provisions that would result in substantially similar terms as provided for under the current Use and Lease Agreements.

In the passenger airline Use and Lease Agreements (1) each passenger Signatory Airline and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Senior Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year, and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

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

The cost per enplaned passenger for all airlines at the Airport for each of the years 2014 through 2018 is set forth in the following table.

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

<u>Year</u>	<u>Cost Per Enplaned Passenger</u>	<u>Percent Change</u>
2014	\$12.22	3.5% <sup>1</sup>
2015	11.82	(3.3)
2016	10.92	(7.6)
2017	10.69	(2.1)
2018	10.47	(2.1)

<sup>1</sup> Compared to the cost per enplaned passenger of \$11.81 for 2013.

Source: Department of Aviation management records.

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

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

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds, Subordinate Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal, (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal, or (c) the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate its Use and Lease Agreement if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 in 1990 dollars (which is approximately \$43.33 in 2018 dollars), which cost threshold has not been reached in the past and is not expected to be reached during the term of the United Use and Lease Agreement.

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

***United Use and Lease Agreement.*** United leases gates under a Use and Lease Agreement originally entered into in January 1992 (as previously defined, the “**United Use and Lease Agreement**”) with substantially the same terms as the other passenger airlines Use and Lease Agreements described in “*Generally*” above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2035. The United Use and Lease Agreement was amended in 1994 and 2001 prior to United’s bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order of the bankruptcy court. After the assumption, and in connection with United’s emergence from bankruptcy generally, the United Use and Lease Agreement was further amended multiple times as further described below. As a result, United currently leases 53 full-service contact gates and seven ground loading positions on Concourse B, as well as nine ground loading positions on Concourse A. See also “*AVIATION ACTIVITY AND AIRLINES—Airline Information—The United Group.*”

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. Consequently, the City has taken steps to mitigate automated baggage system costs over time. Pursuant to the 2005-2 Amendatory Lease Agreement dated January 11, 2006 (the “**2005-2 Amendment**”), the City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million annually in 2008 through the end of the lease term. This reduction was subordinate to the City’s agreement to reduce all airline rates and charges by \$4 million per year from 2004 through 2010. Such reductions may be decreased or cancelled pursuant to the terms of the 2005-2 Amendment.

Pursuant to the 2006 Amendatory Lease Agreement dated July 6, 2006 (the “**2006 Amendment**”), the City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System revenue bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. That bond defeasance has been completed, although the rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended.

Pursuant to the 2012 Lease Amendment (the “**2012 Amendment**”), the City and United further amended the United Use and Lease Agreement to provide conditional rent relief related to the unused and nonoperational automated baggage system space. The 2012 Amendment became effective in July 2012 when the City completed certain conditions precedent, including (1) removing or reclassifying unused and nonoperational baggage system space from United’s leasehold premises on Concourse B, (2) using Airport non-PFC discretionary funds to defease bonds associated with the released space, and (3) using amounts equivalent to approximately 75% of the revenues generated from the \$1.50 portion of the PFCs to pay existing PFC-approved debt service in the Terminal Complex.

The 2014 Lease Amendment dated September 19, 2014 (the “**2014 Amendment**”) extended the term of the United Use and Lease Agreement to February 28, 2035. The 2014 Amendment also made changes to United’s right to reduce its demised premises under the United Use and Lease Agreement. In addition, United agreed to maintain a minimum level of 9.1% of global United Available Seat Miles (“**ASMs**”) subject to the calculations described in the 2014 Amendment. If United fails to meet those ASMs requirements, United is not in default of the United Use and Lease Agreement. However, in the event of such failure, United is required to make certain financial assurance payments to the City, subject to a cap of \$20 million per year in 2015-2018, \$15 million per year in 2019-2021, and \$12 million per year in 2022-2025. United has met the ASMs requirement every year since the 2014 Amendment.

Pursuant to the 2015 Lease Amendment effective as of January 1, 2016, the City and United amended the United Use and Lease Agreement to further modify United’s right to reduce its demised premises.

### **Cargo Operations Leases**

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

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

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

The City has entered into a Use and Lease Agreement with Continental (now a subsidiary of United) with respect to certain support facilities originally built for Continental’s then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In 2014, the City negotiated with United for an early termination of a Continental Special Facilities and Ground Lease to take possession of the former Continental hangar. This hangar and the 58.6 acre site were immediately leased to Frontier through May 2029. On March 1, 2015, after the expiration of the Special Facilities Lease with Sky Chefs, the north campus flight kitchen was leased to Southwest through February 2020. On June 30, 2018, the leases with Continental of an additional flight kitchen, cargo building, as well as a ground support equipment maintenance building expired, and the facilities were leased to Sky Chefs, United Airlines, Southwest Airlines, SkyWest Airlines, and Swissport. In addition, in 1995, the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site. See also “**DENVER INTERNATIONAL AIRPORT—Other Facilities**,” “**FINANCIAL INFORMATION—Outstanding Senior Bonds**; and—**Special Facilities Bonds**.”



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

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see “CERTAIN INVESTMENT CONSIDERATIONS—Risk of Airline Bankruptcies.”

## **Systems Leases**

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

## **Other Agreements**

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

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

Revenues from concessions, advertising, and other services constituted approximately 9% of Airport operating revenues in 2017, approximately 10% of Airport operating revenues in 2018, approximately 8% of Gross Revenues in 2017 and approximately 9% of Gross Revenues in 2018. Unlike the concession programs at most other U.S. airports, the Airport does not have one or two “master concessionaires” under contract who, in turn, sublease the concessions to others. Since its opening in 1995, the Airport’s program has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport.

Under the Great Hall Agreement, the Great Hall Developer has an exclusive license to develop and manage a concession program with respect to substantially all of the concession space located in Levels 5 and 6 of Jeppesen Terminal and will operate the concessions program in accordance with a concessions development and management plan, reviewed by the parties to the Great Hall Agreement every two years and subject to the City’s approval. Revenues generated by concessions operated by the Great Hall Developer (substantially all of which are expected to be generated from food, beverage and retail concessions) will be split 20% to the Great Hall Developer and 80% to the City. Revenues from advertisements and services offered at Jeppesen Terminal will be retained by the City. In 2018, approximately 3% of total concession revenues of the Airport were generated from the food, beverage and retail concessions located in Jeppesen Terminal. See “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Jeppesen Terminal*.”

***Public Parking.*** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City

has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. Public parking revenues constituted approximately 23% of Airport operating revenues and approximately 21% of Gross Revenues in each of 2017 and 2018. The City periodically increases parking rates in an effort to optimize revenue from public parking facilities at the Airport.

***Rental Cars.*** The City has concession agreements with eight rental car companies, which collectively contain twelve brands, to provide service at the Airport. Under the concession agreements which expire on December 31, 2020, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car revenues constituted approximately 9% of Airport operating revenues in each of 2017 and 2018, and approximately 8% of Gross Revenues in each of 2017 and 2018. The City expects to renegotiate the concession agreements with similar business provisions as provided for under the current concession agreements. There can be no assurances that revenues received pursuant to new rental car concession agreements will continue to be pledged as Net Revenues in the future.

***Ground Transportation Services.*** The City charges operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Jeppesen Terminal roadways and curbside. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies (“TNCs”), such as Uber and Lyft. The number of trips of commercial vehicle operators at the Airport has grown recently, due in part to the addition of TNCs servicing the Airport beginning in 2014. Ground transportation services revenues constituted approximately 2% of Airport operating revenues and approximately 2% of Gross Revenues in 2017, and approximately 2% of Airport operating revenues and approximately 2% of Gross Revenues in 2018.

***Airport Hotel.*** The Airport Hotel is a full service hotel consisting of 519 rooms. All of the annual revenues, operating expenses, and Debt Service Requirements associated with the Airport Hotel are the responsibility of the City. Under the HMA between the City and Westin, which expires in 2030, all Airport Hotel revenues remaining after payment of operations and maintenance expenses as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund each month in accordance with provisions of the Senior Bond Ordinance and the Hotel Ordinance. Airport Hotel revenues represented approximately 6% of Airport operating revenues in 2017 and approximately 7% of Airport operating revenues in 2018. See “DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*”.

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

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2014 through 2018 and for the first six months of 2018 and 2019. See also “APPENDIX D—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2018 AND 2017” and “—Management’s Discussion and Analysis of Financial Performance” below.

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**Table 8**  
**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year Ended December 31 <sup>1</sup>					Six months Ended June 30 (unaudited)	
	2014 <sup>3</sup>	2015 <sup>3</sup>	2016 <sup>3</sup>	2017	2018	2018	2019
Operating Revenues:							
Facility Rentals	\$235,774	\$194,004 <sup>4</sup>	\$198,407	\$180,443	\$196,065	\$102,341	
Concession income	55,863	59,677	67,408	68,269	83,297	35,926	
Parking income	167,851	178,478	176,949	176,006	189,890	92,467	
Car rentals	59,655	65,309	66,727	71,806	72,621	36,295	
Landing fees	147,841	147,379	150,850	171,708	161,981	78,365	
Aviation fuel tax	26,298	19,458	18,892	25,993	25,039	13,221	
Hotel	--	3,205 <sup>5</sup>	43,262	47,412	53,304	25,227	
Ground Transportation <sup>2</sup>	7,427	9,669	10,594	12,449	17,313	8,742	
Other sales and charges	10,783	10,357	9,440	14,839	8,850	6,415	
Total operating revenues	711,491	687,536	742,529	768,925	808,360	398,999	
Operating Expenses:							
Personnel services	134,699	148,518	165,114	163,808	173,979	82,907	
Contractual services	194,712	197,459	212,699	223,844	227,918	108,236	
Repair and maintenance projects	57,049	55,358	37,514	14,071	19,423	6,460	
Maintenance, supplies and materials	27,103	32,911	27,547	24,452	24,378	10,551	
Hotel	--	2,557 <sup>5</sup>	26,936	27,357	28,616	13,807	
Total operating expenses before depreciation, amortization and asset impairment	413,563	436,803	469,810	453,532	474,314	221,961	
Operating income before depreciation, amortization and asset impairment	297,928	250,733	272,719	315,393	334,046	177,038	
Depreciation and amortization	183,560	163,714	179,692	183,351	193,009	96,070	
Operating income	114,368	87,019	93,027	132,042	141,037	80,968	
Nonoperating revenues (expenses)							
Passenger facility charges <sup>6</sup>	103,959	106,006	114,230	118,333	123,907	60,212	
Customer Facility Fees <sup>7</sup>	17,215	18,598	19,884	19,492	20,019	9,329	
Investment income	44,030	40,648	39,274	46,779	73,802	17,421	
Interest expense	(176,177)	(169,413)	(156,481)	(188,152)	(214,799)	(90,342)	
Grants	516	622	686	873	--	--	
Other revenue (expense) <sup>8</sup>	1,444	12,645	(5,485)	4,286	(6,716)	(5,190)	
Net nonoperating revenues (expenses)	(9,013)	9,106	12,108	1,611	(3,787)	(8,570)	
Change in net assets before capital contributions	105,355	96,125	105,135	133,653	137,250	72,398	
Capital grants <sup>9</sup>	20,533	20,483	3,553	55,879	26,730	7,000	
Capital contributions	--	--	--	--	--	--	
Change in net assets	\$125,888	\$116,608	\$108,688	\$189,532	\$163,980	\$79,398	

[Footnotes on next page]

- <sup>1</sup> See “— Management’s Discussion and Analysis of Financial Performance” below.
- <sup>2</sup> Year to year revenue increases are driven primarily by increased use by travelers of TNCs. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Ground Transportation Services*.”
- <sup>3</sup> 2015, 2016, 2017 and 2018 include a change in accounting principle due to the adoption of GASB 68. Years prior to 2015 have not been restated for adoption of GASB 68.
- <sup>4</sup> Decrease from Fiscal Year 2014 to Fiscal Year 2015 was due to the 2015 amendment to the United Use Agreement lowering overall costs.
- <sup>5</sup> Reflects a partial year of Airport Hotel operation. The Airport Hotel opened in November 2015.
- <sup>6</sup> These amounts constitute revenues derived from the entire \$4.50 PFC net of the PFC collection fees retained by the airlines. During this period, all PFC revenues have been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See “— Passenger Facility Charges” below.
- <sup>7</sup> Prior to 2014, CFCs were pledged to Special Facilities Bonds that financed certain rental car facilities and were not shown as part of gross revenues. Such Special Facilities Bonds were repaid on January 1, 2014. See also footnote 7 in Table 1 in “SECURITIES AND SOURCES OF PAYMENT—Historical Debt Service Coverage of the Senior Bonds and Subordinate Debt Service Requirements.”
- <sup>8</sup> Includes expenses incurred since February 1995 to maintain and preserve the Stapleton airport site (“**Stapleton**”). See “— Stapleton” below for further information.
- <sup>9</sup> These amounts constitute amounts received from FAA grants.

Sources: Audited financial statements of the Airport System for Fiscal Years 2014-2018 and Department of Aviation for unaudited figures for six months ended June 30, 2018 and June 30, 2019.

## Management’s Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2014 through 2018 as well as six months ended on June 30, 2019 and June 30, 2018. All figures presented below are approximate unless otherwise stated.

***Six Months Ended June 30, 2019 vs. Six Months Ended June 30, 2018.*** [Operating revenues at the Airport totaled \$[ ] million, an increase of \$[ ] million, or [ ]%, for the six-month period ended June 30, 2019, as compared to the six-month period ended June 30, 2018. Airline revenue totaled \$[ ] million, an increase of \$[ ] million, or [ ]%, that was driven by budgeted increases in rates and charges. Non-airline revenue totaled \$[ ] million, an increase of \$[ ] million, or [ ]%, due to an increase in parking revenues driven by new parking rates implemented in February 2018. In addition, an increase in total passengers of [ ]% drove incremental revenue gains in other commercial revenue sources. Non-airline revenue represented [ ]% of total operating revenue, up from [ ]% during the same period in 2018.

Operating expenses, exclusive of depreciation and amortization, totaled \$[ ] million for the six-month period ended June 30, 2019, an increase of \$[ ] million, or [ ]%, as compared to the six-month period ended June 30, 2018. The increase compared to the prior year was primarily driven by increases in contractual services, repair and maintenance projects, and personnel.

Total non-operating revenues increased by \$[ ] million, or [ ]%, which was primarily due to increases in PFCs, as a result of increases in enplanements, as well as increases in interest revenue.

In 2018 and 2017, capital grants totaled \$[ ] million and \$[ ] million, respectively. The decrease in 2018 is driven by the timing of Transportation Security Administration grant revenues related to a capital project to update the CBRA, and improve the throughput of the checked baggage handling system.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2019 compared to the same period in 2018 is included as part of the financial statements of the Airport System appearing as “APPENDIX E—

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR SIX MONTHS ENDED JUNE 30, 2019 AND 2018.”]

**2018 vs. 2017.** Operating revenue at the Airport totaled \$808.4 million, an increase of \$39.4 million, or 5.1%, for the year ended December 31, 2018, as compared to year ended December 31, 2017. Facility rentals increased by \$15.6 million in 2018 compared to 2017, but were partially offset by a reduction in landing fees of \$9.7 million. Additional drivers of incremental revenue increases included parking revenue due to a rate increase effective in February, 2018, as well as concession revenue, due to increases in passenger volumes and advertising revenues.

Operating expenses, exclusive of depreciation and amortization, totaled \$474.3 million for the year ended December 31, 2018, an increase of \$20.8 million, or 4.6%, as compared to the year ended December 31, 2017. The increase compared to the prior year was primarily driven by increases in contractual services and repair and maintenance projects.

Total non-operating revenues, net of non-operating expenses, decreased by \$5.4 million in 2018. The issuance of the Series 2018A Bonds and Series 2018B Bonds was the primary driver of an increase in investment income of \$27.0 million, as well as an offsetting interest expense of \$26.6 million. The decrease over the prior year was also driven by expenses related to the environmental remediation of Stapleton property, as well as the disposition of assets which have been replaced, or are no longer in service.

In 2018 and 2017, capital grants totaled \$26.7 million and \$55.9 million, respectively. The decrease in 2018 from 2017 was driven by TSA grant funding for a capital project to improve the throughput of the checked baggage handling system. The majority of this capital contribution was based on costs incurred in 2017.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2018 compared to 2017 is included as part of the financial statements of the Airport System appearing as “APPENDIX D—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2018 AND 2017.”

**2017 vs. 2016.** Operating revenues at the Airport were \$768.9 million, an increase of \$26.3 million, or 3.6%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increase in revenue was driven by an increase in landing fee revenue, partially offset by a decline in facility rentals. In addition, incremental increases in operating revenues were primarily driven by an increase in passenger volume.

Operating expenses, exclusive of depreciation and amortization, were \$453.5 million for the year ended December 31, 2017, a decrease of \$16.3 million, or 3.5%, as compared to the year ended December 31, 2016. The decrease over the prior year was driven by a reduction in repair and maintenance projects as well as a decrease in personnel expenses due to increased vacancy rates and a reduction in snow personnel spend. The decrease was partially offset by an increase in contractual services.

Total non-operating revenues, net of non-operating expenses, decreased by \$13.2 million, or 109.0%, in 2017. This is primarily due to the reduction in capitalized interest in 2017, as well as losses in investment accounts.

In 2017 and 2016, capital grants totaled \$55.9 million and \$3.6 million, respectively. The increase in 2017 was driven by TSA grant funding for a capital project to improve the throughput of the checked baggage handling system, as well as FAA grant funding to maintain and rehabilitate runways and taxiways.

**2016 vs. 2015.** Operating revenues at the Airport were \$742.5 million for the year ended December 31, 2016, an increase of \$55.0 million (8.0%), as compared to the year ended December 31, 2015. The increase in revenue was primarily driven by Airport Hotel revenues due to the Airport Hotel being fully operational for two months in 2015 (compared to a full year in 2016), and increases in concessions revenues due to the opening of new locations and an increase in enplaned passengers. Airport Hotel revenue for the year ended December 31, 2016, the Airport Hotel's first full year of operation, was \$43.2 million.

Operating expenses, exclusive of depreciation and amortization, were \$469.8 million for the year ended December 31, 2016, an increase of \$33.0 million, or 7.6%, as compared to year ended December 31, 2015. Personnel services increased \$16.6 million, or 11.2%, in 2016, primarily due to a \$14.5 million pension expense as measured under GASB 68, as well as increases in annual salaries and benefits. Contractual services increased by \$15.2 million, or 7.7%, due to an increase in snow removal expenses during the first two quarters of 2016 compared to the first two quarters of 2015, as well as an increase in professional services throughout the year. Repair and maintenance decreased by (\$17.8) million, or (32.2%), primarily due to variances in project scope when compared to prior year. Maintenance, Supplies and Materials decreased by (\$5.4) million, or (16.3%), due to decreased spend on computer equipment and less snow-removal chemicals used during the 2016 fiscal year.

Hotel expenses between 2016 and 2015 increased \$24.4 million due to the hotel being fully operational for 2016. The 2016 hotel expenses were \$26.9 million.

Total non-operating revenues, net of non-operating expenses, increased by \$3.0 million, or 33.0%, in 2016. This is primarily due to the proceeds from the sale of Stapleton land, as well as changes in the fair value of swap derivatives.

In 2016 and 2015, capital grants totaled \$3.6 million and \$20.5 million, respectively.

**2015 vs. 2014.** Operating revenues at the Airport were \$687.5 million for the year ended December 31, 2015, a decrease of \$24.0 million (3.4%), as compared to the year ended December 31, 2014. The decrease in revenue was primarily related to lower facility rentals due to changes in leased space, reduced rental rates, the buyout of a United hangar in 2014, and lower aviation fuel tax receipts due to a decrease in the price of fuel during the year. Airport Hotel revenue of \$3.2 million in 2015 was a new revenue source for the Airport with the opening of the Airport Hotel on November 19, 2015.

Operating expenses, exclusive of depreciation and amortization, were \$436.8 million for the year ended December 31, 2015, an increase of \$23.2 million (5.6%) as compared to the year ended December 31, 2014. The increase was primarily attributable to an increase in personnel services of \$13.8 million (10.3%) in 2015 due to annual salary increases and benefits along with additional full time positions due to new facilities. Additionally, maintenance, supplies and materials increased by \$5.8 million (21.4%) due to increased spending on computer equipment and snow related chemicals. Contractual services increased by \$2.7 million (1.4%) primarily due to snow removal related expenses, utilities, and compute software subscriptions. Airport Hotel expenses were \$2.6 million in 2015.

Total nonoperating expenses, net of nonoperating revenues, increased by \$18.1 million in 2015. The increase was primarily due to an increase in land sales proceeds related to the redevelopment of Stapleton.

In 2015 and 2014, capital grants totaled \$20.5 million and \$20.5 million, respectively.

## **Pension Plan**

The Airport provides its employees with pension benefits through the Denver Employees Retirement Plan (“**DERP**”). DERP administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered through the DERP Retirement Board in accordance with the City’s Revised Municipal Code and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan’s assets. The Airport’s share of the City’s total contributions to DERP was \$10,872,722 for Fiscal Year 2018 and \$9,512,531 for Fiscal Year 2017. As of December 31, 2018 and 2017, the Airport reported a liability of \$140,679,374 and \$153,873,601, respectively, for its proportionate share of the net pension liability related to DERP.

For additional information about DERP and the Airport’s pension liability, see Note 16 of the Airport’s audited financial statements in “APPENDIX D—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2018 AND 2017.”

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## Outstanding Senior Bonds

The following table sets forth the Senior Bonds that are currently outstanding, including certain Series of Senior Bonds that may be refunded with a portion of the proceeds of the Series 2019C-D Bonds.

**Table 9**  
**Outstanding Senior Bonds**  
**[TO BE UPDATED BASED ON ISSUANCE OF 2019A-B BONDS]**

<b>Issue</b>	<b><u>Amount Prior to Series</u></b> <b><u>2019C-D Bonds Issuance</u></b>	<b><u>Amount After Series</u></b> <b><u>2019C-D Bonds Issuance</u></b>
Series 1992C Bonds <sup>1</sup>	\$ 40,080,000	
Series 1992F Bonds <sup>2,3,4</sup>	19,100,000	
Series 1992G Bonds <sup>2,3</sup>	15,800,000	
Series 2002C Bonds <sup>2,3,4</sup>	26,200,000	
Subseries 2007F1 Bonds <sup>2,4,5</sup>	37,625,000	
Subseries 2007F2 Bonds <sup>2,4,5</sup>	37,925,000	
Subseries 2007G1 Bonds <sup>2,3,4</sup>	59,700,000	
Subseries 2007G2 Bonds <sup>2,3,4</sup>	59,700,000	
Series 2008B Bonds <sup>2,3,4</sup>	50,600,000	
Subseries 2008C1 Bonds <sup>2,3,4</sup>	86,800,000	
Subseries 2008C2 Bonds <sup>2,3,4</sup>	100,000,000	
Subseries 2008C3 Bonds <sup>2,3,4</sup>	100,000,000	
Series 2009A Bonds <sup>6</sup>	150,480,000	
Series 2009B Bonds	65,290,000	
Series 2009C Bonds <sup>2,3,4</sup>	100,955,000	
Series 2010A Bonds	150,050,000	
Series 2011A Bonds	182,420,000	
Series 2011B Bonds	9,010,000	
Series 2012A Bonds	261,645,000	
Series 2012B Bonds	492,925,000	
Series 2012C Bonds	30,285,000	
Series 2016A Bonds <sup>4</sup>	223,735,000	
Series 2016B Bonds <sup>4, 6</sup>	92,930,000	
Series 2017A Bonds	232,980,000	
Series 2017B Bonds	21,280,000	
Series 2019C Bonds		
Series 2019D Bonds		
<b>Total</b>	<b>\$[2,646,975,000]</b>	

<sup>1</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to economically defease \$40,080,000 of the Series 1992C Bonds. However, the defeasance did not satisfy all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Series 1992C Bonds are reflected as still being outstanding.

<sup>2</sup> These Senior Bonds bear interest at variable interest rates. Except for the Series 2007F1-F2 Bonds, these Senior Bonds bear interest at a rate indexed to one-month LIBOR.

<sup>3</sup> These Senior Bonds are owned by certain financial institutions as described in “—Credit Facility Obligations Related to Senior Bonds” below. The City’s repayment obligations to those financial institutions constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>4</sup> A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2018 appended to this Official Statement as “Appendix D,” effectively converting the variable rate bonds to fixed rates and converting the fixed rate bonds to variable rates.

<sup>5</sup> The Series 2007F1-F2 Bonds are currently in an auction rate mode.

<sup>6</sup> The Series 2009A Bonds and Series 2016B Bonds are being refunded and defeased in full with proceeds of the Series 2019C-D Bonds.

Sources: The Department of Aviation and the Municipal Advisor.

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

***Credit Facility Obligations Related to Senior Bonds.*** The following series of Senior Bonds were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City, for and on behalf of its Department of Aviation: Series 1992F, Series 1992G, Series 2002C, Series 2007G1-G2, Series 2008B, Series 2008C1, Series 2008C2-C3\*, and Series 2009C. The reimbursement agreements constitute Credit Facilities as defined by the Senior Bond Ordinance and the City's repayment obligation pursuant to such Credit Facilities constitute Credit Facility Obligations, as defined in the Senior Bond Ordinance, which have a lien on Net Revenues on a parity with the Senior Bonds and any other Senior Obligations issued under the Senior Bond Ordinance. Each of the reimbursement agreements include representations, covenants, and agreements in addition to those contained in the Senior Bond Ordinance. A breach of any of these covenants could result in a default under the related reimbursement agreement and the Senior Bond Ordinance. See "CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds."

**Table 10**

<u>Senior Bonds</u>	<u>Outstanding Principal Amount<sup>1</sup></u>	<u>Current Interest Rate Mode</u>	<u>Final Maturity Date</u>	<u>Financial Institution</u>	<u>Last Day of the Initial Period<sup>2</sup></u>
Series 1992F	\$19,100,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 1992G	15,800,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2002C	26,200,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2007G1-G2	119,400,000	Indexed Floating Rate	11/15/2031	BMO Harris Investment Corp.	12/01/2023
Series 2008B	50,600,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2008C1	86,800,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2008C2-C3 <sup>3</sup>	200,000,000	Indexed Floating Rate	11/15/2031	Royal Bank of Canada and RBC Capital Markets, LLC	08/29/2019
Series 2009C	<u>100,955,000</u>	Indexed Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2020
Total	\$618,855,000				

<sup>1</sup> As of [ ] 1, 2019.

<sup>2</sup> Indicates the end date of the initial period (or extension of initial period) during which the applicable financial institution has agreed to own the related Series of Senior Bonds at the index rate set forth in the related reimbursement agreement. Prior to the end of the initial period, the City may request the applicable financial institution to repurchase the related Series of Senior Bonds or provide liquidity or credit enhancement necessary to facilitate the conversion of such Series to a new interest rate mode. If the financial institution does not respond or rejects the City's request in its sole discretion, the City will be required to repurchase or redeem such Series of Senior Bonds on the last day of the applicable initial period for a purchase price of 100% of the par amount plus accrued interest to such date.

\* Expected to be refunded with proceeds of the Series 2019A-B Bonds.

<sup>3</sup> Expected to be refunded with proceeds of the Series 2019A-B Bonds.  
Source: The Department of Aviation and the Municipal Advisor.

### **Outstanding Subordinate Bonds**

The City, for and on behalf of the Department, has previously issued the following Subordinate Bonds (i) the Series 2013A-B Subordinate Bonds that are currently outstanding in the aggregate principal amount of \$684,290,000, (ii) the Series 2015A Subordinate Bonds that are currently outstanding in the aggregate principal amount of \$148,175,000, (iii) the Series 2018A Subordinate Bonds that are currently outstanding in the aggregate principal amount of \$2,341,710,000; and (iv) the Series 2018B Subordinate Bonds that are currently outstanding in the aggregate principal amount of \$184,365,000. No other Subordinate Bonds are currently outstanding. The City anticipates issuing \$[\_\_\_\_\_] \* in aggregate principal amount of Series 2019A-B Bonds as additional Subordinate Bonds on or about the time of issuance of the Series 2019C-D Bonds.

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

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\* Preliminary, subject to change.

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

The following table sets forth the City's estimated Debt Service Requirements for the Senior Bonds upon the issuance of the Series 2019C-D Bonds (which were calculated taking into account the related outstanding Subordinate Hedge Facility Obligations) and the Subordinate Debt Service Requirements. For purposes of this table, Debt Service Requirements for series of Senior Bonds with respect to which there are related Subordinate Hedge Facility Obligations, were calculated using the related swap rates and assuming the swap cash flows occur on the same lien level with such Senior Bonds. As described in the footnotes to the table, certain assumptions were made by the City with respect to the interest rates on the Subordinate Hedge Facility Obligations. See "Subordinate Obligations—*Outstanding Subordinate Hedge Facility Obligations*" below.

**Table 11**  
**Estimated Senior Bonds Debt Service Requirements**  
**and Subordinate Debt Service Requirements**  
**[TO BE COMPLETED WITH ACTUAL AMOUNTS UPON ISSUANCE]**

Fiscal Year Ending December 31*	Outstanding Senior Bonds Debt Service Requirements <sup>1, 2, 3</sup>	Series 2019C-D Bonds Principal*	Series 2019C-D Bonds Interest	Total Outstanding Senior Bond Debt Service Requirements <sup>4</sup>	Total Outstanding Subordinate Bonds Debt Service Requirements* <sup>5</sup>	Total Senior Bonds and Subordinate Bonds Debt Service Requirements* <sup>1, 2, 3, 4, 5</sup>
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
Total						

[footnotes on next page]

\* Preliminary, subject to change.

<sup>1</sup> Includes Debt Service Requirements for the economically defeased Senior Bonds and related Subordinate Hedge Facility Obligations. See “— Outstanding Senior Bonds” above.

<sup>2</sup> Variable rate interest and interest rate swap payments are computed assuming one-month LIBOR equals 2.71%, three-month LIBOR equals 2.81%, and SIFMA equals 1.85%.

<sup>3</sup> Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.

<sup>4</sup> Does not include debt service on the Series 2009A Bonds and the Series 2019B Bonds, which are expected to be refunded by the Series 2019C-D Bonds.

<sup>5</sup> [Does not include debt service on the Series 2008C2-C3 Bonds, which are expected to be refunded by the Series 2019A-B Bonds.]

Source: Municipal Advisor.

## **Subordinate Obligations**

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

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

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**Outstanding Subordinate Hedge Facility Obligations.** Since 1998, the City has entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Senior Bond Ordinance and the Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2018 appended to this Official Statement. The following table is a summary of the interest rate swap agreements outstanding as of [\_\_\_\_], 2019 that are Subordinate Hedge Facility Obligations. See also “— Master Derivatives Policy” below and “APPENDIX D—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2018 AND 2017.”

**Table 12**  
**[TO BE UPDATED BASED ON ISSUANCE OF SERIES 2019A-B BONDS]**

<u>Year of the Swap Agreement<sup>1</sup></u>	<u>Counterparty<sup>2</sup></u>	<u>Notional Amount (in million)</u>	<u>Termination Date</u>	<u>Payable Swap Rate</u>	<u>Receivable Swap Rate</u>	<u>Fair Value to the City as of [__/__/2019] (in millions)<sup>3</sup></u>
1998	Goldman Sachs Capital Markets, L.P.	\$90.08	11-15-2025	4.7600%	70% 1M LIBOR+0.1%	
1998	Societe Generale, New York Branch	90.08	11-15-2025	4.7190%	70% 1M LIBOR+0.1%	
1999	Goldman Sachs Capital Markets, L.P.	91.78	11-01-2022	5.6179%	SIFMA	
1999	Merrill Lynch Capital Services, Inc.	45.89	11-01-2022	5.5529%	SIFMA	
2002	Goldman Sachs Capital Markets, L.P.	91.78	11-01-2022	SIFMA	76.33% 1M LIBOR	
2005	JP Morgan Chase Bank	41.99	11-15-2025	3.6874%	70% 1M LIBOR	
2006A	JP Morgan Chase Bank	113.70	11-15-2025	4.0085%	70% 1M LIBOR	
2006A	Societe Generale, New York Branch	37.90	11-15-2025	4.0085%	70% 1M LIBOR	
2006B	JP Morgan Chase Bank	41.99	11-15-2025	SIFMA	4.0855%	
2008A	Royal Bank of Canada	75.80	11-15-2025	4.0085%	70% 1M LIBOR	
2008B	Loop Financial Products	90.08	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	
2009A	Loop Financial Products	45.89	11-01-2022	5.6229%	SIFMA	
		<u>\$856.94</u>				

<sup>1</sup> The year in which the swap agreement was entered does not relate to the associated series of Senior Bonds. See Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2018 appended to this Official Statement for information relating to the associated series of Senior Bonds for each swap agreement.

<sup>2</sup> Certain swaps may be terminated in connection with the refunding of the Refunded 2016B Bonds and the issuance of the Series 2019A-B Bonds.

<sup>3</sup> Reflects mid-market valuations, including accrued, but unpaid interest as provided to the City by BLX Group, the City’s swap monitoring service provider. Totals may not add due to rounding.

Source: The Department of Aviation and the Municipal Advisor.

**Subordinate Credit Facilities Obligations.** Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds. The City, for and on behalf of the Department, has entered into a Subordinate Credit Facility to secure the Series 2015A Subordinate Bonds and the Series 2017C Subordinate Bonds. The City’s obligations to the financial institutions providing such Subordinate Credit Facilities constitute Subordinate Credit Facilities Obligations under the Subordinate Bond Ordinance.

## Junior Lien Bonds and Junior Lien Obligations

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, subordinate commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and Subordinate Obligations.

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

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

Pursuant to the Junior Lien Bond Ordinance, the City also adopted the Supplemental General Junior Lien Bond Ordinance, Ordinance No. 17-0973, Series of 2017 (the “**Great Hall Ordinance**”), which declared an obligation of the City, for and on behalf of the Department, to make monthly Supplemental Payments under the Great Hall Agreement a Junior Lien Contract Obligation (the “**Great Hall Junior Lien Obligation**”). The monthly Supplemental Payments are expected to range between approximately \$22.9 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) and approximately \$57.4 million (adjusted for inflation using CPI) annually in 2051 (the last full year of the Great Hall Agreement being in effect). Such monthly Supplemental Payments and any flow of funds described in the Great Hall Agreement do not modify in any manner the flow of funds required under the Senior Bond Ordinance. See “CAPITAL PROGRAM—Major Projects in the 2018-2022 Capital Program—*Jeppesen Terminal*.”

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

## **Special Facilities Bonds**

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

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

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

## **Installment Purchase Agreements**

The City is currently a party to certain Installment Purchase Agreements with Sovereign Capital Leasing, Banc of America Public Capital Corp, and Santander Bank NA, which were entered into in order to provide for the financing of certain portions of the Airport’s capital program, including, among other things, the acquisition of technology equipment, the acquisition of various runway maintenance, snow removal and emergency vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in Jeppesen Terminal and the funding of the portion of the costs of modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage “in-line” with the existing baggage systems facilities. As of December 31, 2018, \$7.6 million of principal note payments were outstanding under these Installment Purchase Agreements, compared to \$11.1 million at December 31, 2017.

The obligation of the City under each Installment Purchase Agreement to make payments thereunder is a special obligation of the City payable solely from the Capital Fund and such other legally available funds as the City may apply, but the City has not pledged any moneys in the Capital Fund or any other revenues of the Airport System to the payment of these Installment Purchase Agreements.

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

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



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

### **Passenger Facility Charges**

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

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

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenues for the years 2014 through 2018 and the first six months of 2018 and 2019 are set forth in the following table.

**Table 13**  
**PFC Revenues**

<u>Year</u>	<u>PFC Revenues (thousands)<sup>1</sup></u>	<u>Percent Change</u>
2014	\$103,959	0.1% <sup>2</sup>
2015	106,006	2.0
2016	114,230	7.8
2017	118,333	3.6
2018	123,907	4.7
2018 <sup>3</sup>	60,212	--
2019 <sup>3</sup>		

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

<sup>2</sup> Compared to PFC revenues of \$103,032,044 in 2013.

<sup>3</sup> PFC revenues collected through June 30, 2018 and June 30, 2019, respectively.

Sources: Audited financial statements of the Airport System for Fiscal Years 2014-2018 and Unaudited Financial Statements of the Airport System for six months ended June 30, 2019 and June 30, 2018 (attached hereto as Appendix E).

The City's authorization to impose the PFC (obtained pursuant to the existing PFC applications approved by the FAA) expires upon the earlier of February 1, 2029, or the collection of approximately \$3.5 billion of PFC revenues, net of collection fees. Through December 31, 2018, the City collected approximately \$2.1 billion in PFC revenues, constituting approximately 60% of the total authorized amount. In addition, the City's authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Bond Ordinances, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduce or terminate the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds, the Subordinate Bonds and Junior Lien Bonds and to comply with the Senior Rate Maintenance Covenant, the Subordinate Rate Maintenance Covenant, and the similar covenant contained in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT—Rate Maintenance Covenants" and "CERTAIN INVESTMENT CONSIDERATIONS—Availability of PFCs."

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

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

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

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

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

## **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. State aviation fuel tax receipts remitted to the Airport were approximately \$16.8 million in 2017 and \$15.2 million in 2018, such increase resulting primarily from increases in jet fuel prices.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is also treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts allocated to the Airport Revenue Fund were approximately \$9.2 million in 2017 and \$9.9 million in 2018.

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

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

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

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

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

### **Stapleton**

When the Airport opened in February 1995, the City ceased aviation operations at the Stapleton International Airport (“**Stapleton**”) and proceeded to dispose of Stapleton’s approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers, and open space and parks was approved by the City Council in March 1995 (the “**Redevelopment Plan**”). In 1998, the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation (“**SDC**”), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates, and disposes of the Stapleton site in accordance with the Redevelopment Plan.

The SDC has sold all developable land and open space. An additional area of open space of approximately [11.1] acres has been dedicated for parks and other public use space that remains to be transferred to the City Parks Department. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund in accordance with the Senior Bond Ordinance. See “SECURITY AND SOURCES OF PAYMENT—Capital Fund.”

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

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

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

The City has prepared annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2017 using a noise modeling system known as “ARTSMAP.” Prior to 2014, Class I and Class II violations were identified using ARTSMAP and the City made mitigation payments to Adams County and the cities in which the property affected by the noise violation was located. The Fiscal Year 2017 report identified one potential Class II noise violation, which was cured without payment coming due. The Fiscal Year 2018 report identified one potential Class II noise violation, which as of [\_\_\_\_], 2019 has not been repeated. No potential Class II noise violations, including no noise contour violations, were reported in the first half of 2019 and the City expects that noise levels, determined using ARTSMAP, will likely not exceed the Noise Standards during the second half of 2019. The City, however, has received Notices of Violation from Adams County (based on non-ARTSMAP system). On July 2, 2018 a lawsuit was filed by Adams County against the City in Jefferson County District Court of Colorado alleging, among other things, breach by the City of the Adams County IGA based on the City’s continued use of ARTSMAP and on May 21, 2019 Adams County, the City of Thornton, the City of Aurora and the City of Brighton (the “**Plaintiffs**”) filed a Third Amended Complaint (the “**Amended Complaint**”) alleging, among other things, additional Class II violations in 2014 through 2016 that remained uncured in the succeeding calendar year and requesting the court order certain relief with respect to those violations. See “LITIGATION—Current Litigation Relating to the Adams County IGA” for more information.

**Land Use; IGA Amendment.** The Adams County IGA contains provisions governing and restricting land use on and around the Airport. In response to the City’s plans for regional development and potential new land uses at the Airport, the City (acting as the City and County of Denver) and Adams County entered into the IGA Amendment. Pursuant to the IGA Amendment, the parties agreed to amend the land use regulations contained in the Adams County IGA in order to provide greater opportunities for businesses to locate on land surrounding the Airport. The City also paid \$10 million to Adams County as partial consideration for (i) the modification of land use regulations, (ii) the authority granted to the City to designate certain land parcels for development (each, a “**Development Parcel**”) under the provisions of the IGA Amendment, and (iii) increased opportunities for the City to lease, develop and use certain land surrounding the Airport. In addition, the City agreed to annually pay to Adams County an amount equal to 50% of the revenue derived from City taxes (with certain exceptions described in the IGA Amendment) imposed upon the development or use of any Development Parcel. Such revenues are required to be shared among Adams County and the cities of Aurora, Commerce City, Brighton, Thornton and Federal Heights. The total amount of acreage the City may designate as Development Parcels may not exceed 1,500 acres in the aggregate. Adams County, with the consent of the applicable municipality, may agree to increase the

number of acres available for designation as Development Parcels at any time by an amendment to the Adams County IGA as provided therein without voter approval.

### **Investment Policy**

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

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

Consistent with the City Charter, the City adopted a written investment policy on March 3, 2015 that implements the following strategies: (1) no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises, supranationals, local agency government investment pools, money market funds and repurchase agreements; (2) the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the credit quality, liquidity or yield of the portfolio in response to market conditions or risk preferences; and (3) if securities owned by the City are downgraded by a nationally recognized rating agency to a level below the credit rating required by the City’s investment policy, it will be the policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. The decision will be based on current maturity for such securities, the economic outlook for the issuer, and other relevant factors, including certain restrictions related to the duration of such investments, maximum limits within asset portfolios, rating restrictions, and diversification requirements. The City’s Chief Financial Officer will be notified of any such downgrades and the decision made by the City’s investment team.

### **Master Derivatives Policy**

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

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

The Master Derivatives Policy does not restrict the City in the use of Swaps but requires the City to consider certain strategies in applying Swaps, including: (i) managing the City's exposure to floating and fixed interest rates through interest rate swaps, caps, floors, collars and other swaptions products; (ii) hedging floating rate risk with caps, collars, basis swaps and other instruments; (iii) locking in fixed rates in current markets for use at a later date through the use of forward swaps, swaptions, rate locks, options and forward delivery products; (iv) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; (v) more rapidly accessing the capital markets than may be possible with conventional debt instruments; (vi) managing the City's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt debt; and (vii) other applications to enable the City to lower costs or strengthen the City's balance sheet.

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

## **Insurance**

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. The Airport and the City share a property insurance policy with a total loss limit of \$4 billion, subject to a \$100,000 per occurrence deductible. This is based on a reported value of approximately \$5.9 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$135 million (which is included in the \$5.9 billion total). Terrorism and non-certified acts of terrorism are included under the Airport's property insurance. As an additional cost savings initiative, Airport management has determined that it is not cost effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately \$1.7 billion. An Airport Owners and Operators Liability policy is maintained with a \$500 million per occurrence liability limit. War risk is included in this coverage with a \$150 million limit and terrorism risk is included at full policy limits. The Airport also maintains business interruption insurance with a total loss limit of \$25 million in the event of a disaster-related closing or interruption in operation of the Airport, and maintains various other insurance policies including environmental pollution liability with a total loss limit of \$10 million in the aggregate, network security with a total loss limit of \$20 million in the aggregate, crime insurance with a total loss limit of \$10 million in the aggregate, and fine arts coverage shared with the City with a total loss limit of \$450 million in the aggregate. The Airport retains \$2.5 million to self-insure for primary workers' compensation liability, and maintains a \$2 million policy for excess workers' compensation liability.

## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of Article X, Section 20 of the State constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. "Enterprises" are defined as government-owned businesses authorized to issue their own revenue bonds and receiving fewer than 10% of their annual revenues in grants from all State and

local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **CERTAIN INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2019C-D Bonds involve investment risks and considerations. Prospective investors should read this Official Statement, including appendices thereto, in its entirety. The factors set forth below, among others, may affect the security for the Series 2019C-D Bonds. The information below does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2019C-D Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase and ownership of the Series 2019C-D Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Furthermore, additional risk factors not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Net Revenues. There can be no assurance that other risks or considerations not discussed herein are or will not become material in the future.

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

The Series 2019C-D Bonds are payable solely from and secured by a senior pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the General Bond Ordinance. Gross Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, business travel substitutes, including teleconferencing, videoconferencing and web-casting; accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the occurrence of pandemics and other natural and man-made disasters, some of which are discussed in further detail hereafter in this section. See also “AVIATION ACTIVITY AND AIRLINES” above.

The airline industry is cyclical and subject to competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant impact on the industry. As a result, airline financial performance can fluctuate dramatically from one reporting period to the next.

In addition to revenues received from the airlines, the Airport derives a significant portion of its revenues from parking and from concessionaires including merchandisers, car rental companies, restaurants, and others. See “FINANCIAL INFORMATION.” Past declines in Airport passenger traffic have adversely affected, and future declines may adversely affect, parking revenues and the commercial



operations of many of such concessionaires. Severe financial difficulties affecting a concessionaire could lead to a reduction in, or failure to pay, rent due under its lease agreement with the Airport or could lead to the cessation of operations of such concessionaire. Additionally, new technologies (such as autonomous vehicles) and new business strategies in established markets such as commercial ground transportation and car rentals may occur, which could have an impact on passengers' choice of ground transportation mode and revenues from parking and various ground transportation services.

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

The major air carriers operating at the Airport, by local market share, are United, Southwest, Frontier, American, and Delta. Except for these airlines, no single airline accounted for more than 5.0% of passenger enplanements at the Airport in 2018 or more than 5.0% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2018. Major domestic airlines have joined or may be forming alliances with other major domestic airlines. Depending on which airlines serving the Airport merge or join alliances, the result may be fewer flights by one or more airlines, which decreases could be significant. For example, United Group and Southwest were responsible for 43.5% and 29.1%, respectively, of the Airport's passenger enplanements in 2018. If either of these airlines were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. While historically when airlines have reduced or ceased operations at the Airport other airlines have absorbed the traffic with no significant adverse impact on Airport revenues, it is possible that were United or Southwest to cease or significantly cut back operations at the Airport, Gross Revenues, PFC collections and costs for other airlines serving the Airport could be adversely affected.

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

### **Current Economic Conditions**

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

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

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

The ability of the Airport to derive revenues from its operations depends largely upon the financial health of the airlines serving the Airport and the airline industry as a whole. The financial results of the airline industry has historically been volatile and many carriers have had extended periods of unprofitability

in the past. The airline industry is sensitive to a variety of factors, including the cost and availability of labor, fuel, aircraft, supplies and insurance; general economic conditions; international trade; currency values; competitive considerations, including effects of airline ticket pricing; governmental regulations, including security and climate change-related regulations; taxes imposed on airlines and passengers; maintenance and environmental requirements; passenger demand for air travel; strikes and other union activities; availability of financing; and disruptions caused by airline accidents, criminal accidents, public health concerns and acts of war or terrorism.

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in the Middle East or other petroleum producing regions could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Fuel prices peaked between 2011 and 2014 before significantly decreasing in mid-2014. While fuel prices have declined in the past few years due to strong global supply, increased U.S. oil production and other factors, fuel prices have risen steadily since August 2017, though not to the levels of 2011 to 2014, and further increases in the cost of aviation fuel may occur in the future. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse impact on the air transportation industry by increasing airline operating costs and reducing airline profitability.

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

See “— Dependence on Levels of Airline Traffic and Related Activity,” “—Current Economic Conditions,” and “—Risk of Airline Bankruptcies” in this section and “AVIATION ACTIVITY AND AIRLINES” above.

### **Ability to Meet Senior Rate Maintenance Covenant**

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

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires, and others, and/or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Use and Lease Agreements

acknowledge the existence of the Senior Rate Maintenance Covenant and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges.

### **Security, Public Health and Natural Disasters Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities and terrorist attacks may influence passenger travel behavior and air travel demand. Travel behavior also may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters, all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. Any decrease in passenger activity at the Airport would cause a corresponding decline in Gross Revenues. The City is unable to predict how serious the impact of security, natural disasters, or future pandemic may become, what effect they may have on air travel to and from the Airport, and whether any such effects will be material.

### **Cybersecurity Risks**

Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure of the Airport and any airlines serving the Airport may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Cybersecurity incidents could result from unintentional events, such as breaches caused by employee error, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's computer networks for the purposes of misappropriating assets or information or causing operational disruption and damage. Additionally, cybersecurity breaches could cause material disruption to the Airport's operations and the safety and efficiency of the air travel industry generally.

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

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

### **Force Majeure Events**

The Airport's ability to generate Gross Revenues also is at risk from other force majeure events, such as extreme weather events and other natural occurrences, fires, explosions, spills of hazardous substances, strikes and lockouts, sabotage, or wars, terrorist or other attacks, blockades or riots. No

assurance can be given that such events will not occur while the Series 2019C-D Bonds are outstanding. Although the Airport has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance and business interruption insurance, no assurance can be given that such insurance will always be available in sufficient amounts, at a reasonable cost or available at all, or that insurers will pay claims in a timely manner or at all.

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

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

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

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. The United States Environmental Protection Agency (the “EPA”) has taken steps towards regulation of greenhouse gas (“GHG”) emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the GHG and black carbon emissions of aircraft engines endanger public health and welfare. On June 10, 2015, the EPA proposed to find that GHG emissions from certain aircraft cause and contribute to pollution that endangers public health and welfare. The endangerment finding and a related cause/contribute finding were finalized on July 25, 2016 and published as a final rule in the Federal Register Vol. 81, No. 157 on August 15, 2016, as the EPA Administrator found that GHGs emitted from certain classes of engines used in certain aircraft are contributing to air pollution that endangers public health and welfare; however, the final rule has not yet been codified in the Code of Federal Regulations and the EPA has not yet issued proposed or finalized aircraft engine GHG emissions standards.

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

The Airport depends on federal funding not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, air traffic control, and other FAA staffing and facilities. The FAA currently operates under the FAA Modernization and Reform Act of 2012 (the “**2012 Reauthorization Act**”), the FAA Extension, Safety, and Security Act of 2016 (the “**2016 Reauthorization Act**”), as such acts were extended under the Disaster Tax Relief and Airport and Airway Extension Act, the Consolidated Appropriations Act, 2018, and the 2018 Reauthorization Act. The 2018 Reauthorization Act retained the federal cap on PFCs at \$4.50 and does not provide any increase in such rate, and authorized

\$3.35 billion per year for the **AIP** during the authorization period (which runs through September 30, 2023). The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA. See “FINANCIAL INFORMATION—Federal Grants and Other Funding; Financial and Performance Audits.”

FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The City is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, (ii) result in adjustments to the 2018-2022 Capital Program and future capital programs, and/or (iii) extend the timing for completion of certain projects.

Prior to the 2018 Reauthorization Act, Congress enacted over 20 continuing resolutions providing temporary funding for the FAA and its programs, and during this period, funding for non-essential operations of the FAA was terminated once. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the FAA authority expires on September 30, 2023. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

Federal funding received by the Airport also could be adversely affected by implementation of certain provisions of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration could adversely affect FAA operations, TSA budgets, and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions. The full impact of such sequestration measures on the Airport is unknown at this time.

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

A substantial portion of Gross Revenues available for payment of debt service is derived from rentals, fees and charges imposed upon the Signatory Airlines under the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in February 2035 and the other existing Use and Lease Agreements expire in December 31, 2019, with the option (available only to the City) to extend such agreements until December 31, 2020. As of the date of this Official Statement, the City is in the process of extending all such Use and Lease Agreements by one year to expire on December 31, 2020. Any of such Use and Lease Agreements may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof or that challenges will not be made by airlines to the rates and charges established by the City or its method of allocating particular costs. See “— Risk of Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.”

Upon the expiration or termination of a Use and Lease Agreement, an airline is required to surrender the leased premises to the City. Holding over by a Signatory Airline following the expiration of the term of a Use and Lease Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, a Signatory

Airline is subject to all the terms and conditions of the Use and Lease Agreement. Rent, fees, and charges for each month of such holding over are required to be paid by the airline to the City in an amount that is generally equal to the monthly rental, fees, and charges required for the month prior to the end of the term of such agreement. The City may encounter significant expenses, delays and potentially nonpayment of amounts owed by the airline following the expiration or termination of the related Use and Lease Agreement should the City be required to pursue legal action to enforce the Use and Lease Agreements.

### **Risk of Airline Bankruptcies**

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay outstanding Senior Bonds and Subordinate Bonds, including the Series 2019C-D Bonds. See also “AVIATION ACTIVITY AND AIRLINES—Airline Information” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements.” The following is a discussion of various impacts to the Airport of an airline bankruptcy.

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

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

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

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

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

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

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

## **Enforcement of Remedies**

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

The rights and remedies available to the Owners of the Series 2019C-D Bonds may become subject to, among other things, the federal bankruptcy code; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; equity principles; limitations on the specific enforcement of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and regulatory and judicial actions that are subject to discretion and delay. The foregoing could subject the Owners of the Series 2019C-D Bonds to, among other things, judicial discretion and interpretation of rights; the automatic stay provisions of the federal bankruptcy code; rejection of significant agreements; avoidance of certain

payments to the Owners of the Series 2019C-D Bonds as preferential payments; assignments of certain obligations, including those in favor of the Owners of the Series 2019C-D Bonds; significant delays, reductions in payments and other losses to the Owners of the Series 2019C-D Bonds; an adverse effect on the liquidity and values of the Series 2019C-D Bonds; additional borrowings, which borrowings may have a parity lien on Net Revenues; alterations to the interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the General Subordinate Bond Ordinance or the Series 2019C-D Bonds.

Legal opinions to be delivered concurrently with the delivery of the Series 2019C-D Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2019C-D Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, as well as limitations on legal remedies against cities in the State. In the event the City fails to comply with its covenants under the Senior Bond Ordinance or the Subordinate Bond Ordinance, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2019C-D Bonds.

### **Availability of PFCs**

As described herein, prior to January 1, 2019, two-thirds of the PFCs received by the City (the \$3.00 portion of the \$4.50 PFC) were irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds. The City determined not to extend such irrevocable commitment after December 31, 2018. In addition, one-third of the PFCs received by the Airport pursuant to certain PFC applications (the \$1.50 portion of the \$4.50 PFC) were considered Gross Revenues under the General Bond Ordinance through 2018. Commencing on January 1, 2019, all PFC revenues received by the City are now included in Gross Revenues until such time as the Manager gives written notice to the Treasurer that such PFCs, or a portion thereof, shall no longer be included in Gross Revenues for purposes of the Bond Ordinances. See "FINANCIAL INFORMATION—Passenger Facility Charges." PFCs that are designated as Gross Revenues are taken into account in determining whether the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenants have been met as described under "SECURITY AND SOURCES OF PAYMENT—Rate Maintenance Covenants."

The Airport's receipt of PFC revenues is subject to several risks. First, the Airport's current PFC authorization expires on February 1, 2029. Second, the amount of PFCs received by the Airport in future years depends on the actual number of PFC-eligible passenger enplanements at the Airport. If enplanements decline so will the Airport's PFC revenues. Third, the Airport's authority to impose PFCs may be terminated (subject to procedural safeguards) for various reasons, including for a failure by the Airport to observe FAA requirements regarding use of these revenues. See "FINANCIAL INFORMATION—Passenger Facility Charges."

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



shortfall in PFC revenues may cause the Airport to increase rentals, fees and charges at the Airport to meet the Debt Service Requirements on the Senior Bonds and Subordinate Debt Service Requirements.

### **Access to Credit Markets; Availability of Funding for the 2018-2022 Capital Program**

The City plans to access the credit markets in future years in order to issue additional Airport System revenue bonds to finance portions of the 2018-2022 Capital Program or future capital programs, remarket existing Airport System revenue bonds, and extend the terms of reimbursement agreements related to certain variable rate Senior Bonds. In order to extend or replace such reimbursement agreements, the City may determine that it is necessary to remarket such series of Senior Bonds, potentially resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets, like those which occurred in 2008-2010, may cause the City to reduce or delay portions of the 2018-2022 Capital Program or future capital programs.

The estimated costs of and the projected schedule for the 2018-2022 Capital Program and certain other information regarding projects included in the 2018-2022 Capital Program are described in “CAPITAL PROGRAM” above. The proposed capital projects are subject to a number of uncertainties, and capital project budgets are updated from time to time. The funding plan for the 2018-2022 Capital Program, as described herein, assumes that a combination of the proceeds of Airport System revenue bonds, moneys on deposit in the Airport’s Capital Fund, and various federal grants will be received in amounts and at times necessary to pay the costs of portions of the 2018-2022 Capital Program.

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

### **Construction Risks Related to Projects Within the 2018-2022 Capital Program**

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

Such occurrences or similar occurrences may cause the completion of projects within the 2018-2022 Capital Program to be delayed or cost more than planned. If certain projects within the 2018-2022 Capital Program that will generate Gross Revenue, such as the concourse gate expansion project or the Great Hall Project, should be delayed for any reason for which monetary damages from a contractor, subcontractor, supplier or materialman would be insufficient to compensate it for the loss of Gross Revenues resulting from such delay, Gross Revenues may be adversely affected, and the payment of debt service on the Senior Bonds and the Subordinate Bonds, including the Series 2019C-D Bonds may likewise be adversely affected. In addition, failure to complete projects in the 2018-2022 Capital Program could adversely affect the Gross Revenues.

Under the Great Hall Agreement, the Great Hall Developer is responsible for the design and construction of the Great Hall Project and has agreed to complete the construction of the Great Hall Project in accordance with certain milestones and deadlines and to operate, maintain, and manage the food, beverage, and retail concessions program at Jeppesen Terminal. The Great Hall Agreement sets forth certain relief events for which the Great Hall Developer will be entitled to monetary compensation, a points system to measure the Great Hall Developer's performance under the Great Hall Agreement, and certain events of default that trigger remedies, step-in rights and/or termination of the Great Hall Agreement. The Great Hall Agreement terminates at the end of 2051, subject to an earlier termination in accordance with its terms, including upon certain limited termination events. Such termination events include termination (i) by the City for, among other things, convenience (in the City's sole discretion if it determines that a termination is in the City's best interest) and failure of the Great Hall Developer to perform the work on the Great Hall Project in the manner set forth in the Great Hall Agreement or complete the Great Hall Project by a date specified in the Great Hall Agreement, (ii) by the Great Hall Developer for, among other things, the continuance of discretionary suspensions of work by the City, and (iii) by either party upon the occurrence of an extended delay event or certain compensation events for which the applicable cap to compensation has been reached. Upon early termination, a compensation payment would be owed by the City to the Great Hall Developer in an amount determined based on a variety of factors, such as the type of termination event and the timing of termination.

#### **[RISKS RELATED TO GREAT HALL PROJECT TO BE UPDATED]**

Failure to complete the Great Hall Project in a timely manner, due to construction delays or other events within and out of the City's control, together with certain other adverse events, including, but not limited to, the Great Hall Developer's inability to complete the concessions areas on time, a later than anticipated commencement of concessions collections, and the occurrence of certain compensation, delay or termination events under the Great Hall Agreement, may require the City to make compensation payments to the Great Hall Developer and may adversely affect the receipt of Gross Revenues, and thus, the payment of Debt Service on the Senior Bonds and Subordinate Bonds, including the Series 2019C-D Bonds.

There can be no assurance that the construction of any project within the 2018-2022 Capital Program, including, without limitation, the Great Hall Project or concourse gate expansion project will be completed on time; that any or all of the required permits, approvals and reviews will be obtained at all or in a timely manner that will permit such projects to be constructed on schedule; that the Airport and/or airline operations will not be affected by any delay in completion or commencement of operation of the such projects; or that the remedies available to the City as a result of any failure to perform by any contractor, subcontractor or supplier and/or termination of agreements with such parties (including the termination of the Great Hall Agreement) would be sufficient to compensate it for the loss of Gross Revenues resulting from such delay or termination, or that any such events will not adversely affect the ability of the City to generate and realize Gross Revenues.

#### **Airport Hotel Risks**

The principal sources of revenues from the Airport Hotel, which is owned by the Airport and managed by Westin, are room rentals, food sales to guests and other related charges and fees. See "DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*" for a description of the Airport Hotel. The primary risk associated with the receipt of room rentals and food sales is the occupancy level of the Airport Hotel. A number of factors that may impact the occupancy level and that are beyond the control of the Airport or Westin include adverse changes in the national economy and levels of tourism, competition from other hotels, sales taxes, energy costs, governmental rules and policies, gasoline and other fuel prices, airline fares and the national economy. In addition, because hotel rooms are

rented for a relatively short period of time compared to most commercial properties, hotels respond more quickly to adverse economic conditions and competition than do other commercial properties that are rented for longer periods of time, which could impact, among other things, the average daily room rate (“**ADR**”).

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

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

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

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

An event of default under a reimbursement agreement could result in an event of default under the Senior Bond Ordinance, which is an event of default under the Subordinate Bond Ordinance. Under the Senior Bond Ordinance, the consent of the owners of not less than 10% in principal amount of the Senior Bonds Outstanding is required to accelerate payment of the Senior Bonds upon an event of default. See “APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE XII—Defaults, Rights and Remedies of Bondowners.” See also “—Enforcement of Remedies” above.

### **LIBOR Risk Factors**

Some of the outstanding Senior Bonds as well as some of the outstanding Subordinate Hedge Facility Obligations have payments referenced off of the London interbank offered rate (“**LIBOR**”). Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to the calculation of LIBOR across a range of maturities and currencies, and certain financial institutions that are member banks surveyed by the British Bankers’ Association in setting daily LIBOR have entered into agreements with the U.S. Department of Justice, the U.S. Commodity Futures Trading Commission and/or the Financial Services Authority in order to resolve the investigations.

LIBOR and other indices which are deemed “benchmarks” are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted.

The United Kingdom’s Finance Conduct Authority (“FCA”), a regulator of financial services firms and financial markets in the United Kingdom, has stated that they will plan for a phase out of LIBOR with a target end to the indices in 2021. It is not possible to predict the effect of the FCA announcement, any changes in the method in which LIBOR rates are determined, or any other reforms to LIBOR that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR-based securities, such as certain outstanding Senior Bonds, and LIBOR-based swap agreements such as certain Subordinate Contract Obligations, or result in the phasing out of LIBOR as a reference rate for securities and other financial instruments. In addition, changes announced by the FCA in the method pursuant to which LIBOR rates are determined may result in a sudden or prolonged increase or decrease in LIBOR rates, may affect the level of interest payments made by the City on certain outstanding Senior Bonds and under certain swap agreements, and may affect the market value of such swap agreements. Furthermore, uncertainty about LIBOR and the nature and timing of adoption of LIBOR alternatives may adversely impact the current and future trading market for, and the market price of, LIBOR-based financial instruments, such as certain swap agreements.

### **Credit Risk of Swap Counterparties**

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

The occurrence of certain events, including non-payment or a ratings downgrade of the applicable swap providers if not cured, could give the other party to the swap agreement the ability to cause a termination thereof (or might result in automatic termination in the case of a bankruptcy). The amount due in connection with any such termination could be owed by, or to, the Airport depending on interest rate conditions at the time of termination regardless of fault. The amount owed may be substantial, and any such termination could leave the parties unhedged. A termination may be avoided by novating the swap to another party, or the burden of the Airport having to pay any such termination payment may be alleviated by entering into a replacement swap on the same terms as the terminating swap but with the new swap provider’s payment of an upfront fee which could be used to pay all or a portion of the termination payment. The availability of such options would depend on the applicable termination events, and the parties’ creditworthiness and market conditions at the time. See “FINANCIAL INFORMATION—Subordinate Obligations.”

### **Forward Looking Statements**

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

## Potential Tax Law Changes

From time to time, there are legislative proposals in Congress and in state legislatures that, if enacted, could alter or amend the treatment of the Series 2019C-D Bonds for federal and state tax purposes or adversely affect the market value or marketability of the Series 2019C-D Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, from time to time regulatory actions are announced or proposed, and litigation is threatened or commenced, which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2019C-D Bonds. It cannot be predicted whether any such regulatory action will be implemented, whether any particular litigation or judicial action will be commenced or, if commenced, how it will be resolved, or whether the Series 2019C-D Bonds or the market value or marketability thereof would be affected thereby. Prospective purchasers of the Series 2019C-D Bonds should consult their tax advisors regarding any future, pending or proposed legislation, regulatory initiatives, rulings or litigation as to which Bond Counsel expresses no opinion. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019C-D Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. See “TAX MATTERS.”

## LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. Except as described in following section, “— Current Litigation Relating to the Adams County IGA,” the City believes that any liability assessed against the City as a result of such claims or lawsuits, which are not covered by insurance or accounted for in the 2018-2022 Capital Program, would not materially adversely affect the financial condition or operations of the Airport System.

### Current Litigation Relating to the Adams County IGA

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

In order to negotiate an informal resolution to the underlying dispute, the City and Claimants entered into a tolling agreement which expired on July 1, 2018 (the “**Tolling Agreement**”). Pursuant to the Tolling Agreement, the parties covenanted not to initiate any lawsuit or action arising from or related to the Adams County IGA’s provision concerning noise monitoring system requirements and, in turn, any time-related defenses would be tolled for the duration of the effective term of the Tolling Agreement.

Additionally, the Claimants agreed to withdraw the 2014, 2015, and 2016 Notices of Violation, without prejudice as to any future resubmittal. The Tolling Agreement did not constitute an admission of existence of a claim or liability by the City.

The parties were not able to resolve the underlying dispute prior to the expiration of the Tolling Agreement. On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the “**Original Complaint**”). The Original Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County IGA as a result of the City’s continued use of ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the Adams County IGA. In conjunction with this declaratory relief, the Original Complaint seeks an injunction of the City’s continued use of ARTSMAP and specific performance including, among other things, (i) use of an alternative noise monitoring system and for the City to recalculate and re-report the annual calculation of compliance with the Noise Standards for 2014 through 2018 and future years using such alternative noise monitoring system, (ii) installation of additional noise monitoring terminals in and around the Airport to sufficiently measure compliance with the Noise Standards under the Adams County IGA; and (iii) supply of a terminal at the Adams County offices to allow real-time, continuous monitoring of such alternative noise monitoring system data.

Additionally, the City received Notices of Violation from the Claimants dated July 2, 2018, once again asserting Class I and Class II violations by the City for each of 2014 through 2016 and additional violations for 2017. The Notices of Violations asserted a total of 168 Class II violations in 2014 through 2017 and claim a noise mitigation payment for said Class II violations of \$84,000,000 plus interest. Pursuant to the enforcement process specified in the Adams County IGA (described under “FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County – *Noise Mitigation*”), the City and Adams County jointly petitioned to the FAA to implement changes in flight procedures or Airport operations as necessary to achieve and maintain the Noise Standards. The FAA has not responded to the joint petition within the time period prescribed in the Adams County IGA and the City has determined not to exercise its authority to impose rules and regulations at the Airport so as to achieve and maintain the Noise Standards. Following such determination, on May 21, 2019, the Plaintiffs filed the Amended Complaint, which, in addition to allegations made in the Original Complaint, alleges between 93 and 108 Class II violations in 2014 through 2016 that remained uncured in the succeeding calendar year and, in addition to the relief sought in the Original Complaint, seeks (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of \$500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year.

The City filed an answer (“**Answer**”) to the Original Complaint on July 31, 2018. The Answer asserted multiple affirmative defenses, including failure to state a claim, governmental immunity, estoppel, and that the City of Aurora and City of Brighton lack standing. In addition, the City denied that there have been any Class II violations and that it is, or could be, liable for any noise mitigation payments. The City also requested that the Court (i) reform the Adams County IGA to provide that the City’s use of a modeling system (such as ARTSMAP) complies with the requirements under the Adams County IGA for measuring compliance with the Noise Standards, and (ii) declare that the \$500,000 noise mitigation payment per Class II violation under the Adams County IGA and the specific payment sought by Adams County in Notices of Violations for alleged Class II violations in 2014 through 2017 is an unenforceable penalty or that section of the Adams County IGA is invalid.

On March 4, 2019, the City filed a Motion for Summary Judgment (the “**Motion**”) requesting that the Court determine all claims in the City’s favor. The Claimants responded on April 1, 2019, and the City replied on April 15, 2019, closing briefing on the Motion. The court has not yet ruled on the Motion. In the Motion, the City argued that both the statute of limitations and the doctrine of claim preclusion preclude Claimants from challenging the use of ARTSMAP, the noise monitoring system used by the City since the Airport opened in 1995. If the Motion is successful all claims in the Third Amended Complaint would be dismissed.

The City also filed an Answer to the Amended Complaint (“**Answer to Amended Complaint**”) on June 7, 2019. The Answer to Amended Complaint asserts multiple affirmative defenses similar to those asserted in the City’s Answer described above, including, but not limited to, failure to state a claim, governmental immunity, estoppel, statute of limitations, laches, preemption by federal law, failure to exhaust contractual enforcement processes, and that the City of Aurora and City of Brighton lack standing. In addition, the City denies that there have been any additional Class II violations and that it is, or could be, liable for any noise mitigation payments. The City also requests, among other things, that the court dismiss the Amended Complaint, award the City damages, and declare that the noise mitigation payments that Adams County seeks for 2014-2017 are unenforceable penalties.

The City intends to vigorously defend against all claims alleged in the Complaint. However, if the Court grants the relief sought, the City may be required to make changes to the operations of the Airport and flight procedures that could materially adversely affect Net Revenues and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given regarding the outcome of this litigation or whether the Claimants will file additional claims in the future alleging new violations. To the extent the City becomes obligated to pay all or a portion of any noise mitigation payments, the City expects to include such amounts in its calculation of future airlines rates and charges.

## **RATINGS**

[S&P Global Ratings, Fitch, Inc. and Moody’s Investors Service, Inc.] have published ratings of “[A+]” (stable outlook), and “[AA-]” (stable outlook), and “[A1]” (stable outlook)] respectively, with respect to the Series 2019C-D Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2019C-D Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2019C-D Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings is likely to have an adverse effect on the market price of the Series 2019C-D Bonds.

## **[VERIFICATION OF MATHEMATICAL COMPUTATIONS]**

The accuracy of, among other things, the mathematical computations of amounts deposited into the Escrow Accounts to pay when due the principal and accrued interest on the Refunded Bonds on their respective redemption dates will be verified by [\_\_\_\_], Denver, Colorado. See “PLAN OF FINANCE.”]

## **UNDERWRITING**

The Series 2019C-D Bonds are being purchased from the City by Barclays Capital Inc. (the “**Representative**”), as representative of the underwriters set forth on the cover page hereof (the “**Underwriters**”). The Series 2019C-D Bonds are being purchased at a price equal to \$\_\_\_\_\_, being the aggregate principal amount of the 2019C-D Bonds, [plus/less original issue premium/discount of \$\_\_\_\_\_] and less an underwriting discount of \$\_\_\_\_\_. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Representative (the “**Bond Purchase Agreement**”), the Underwriters agree to accept delivery of and pay for all of the Series 2019C-D Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer.

## **RELATIONSHIP OF CERTAIN PARTIES**

Royal Bank of Canada is a beneficial owner of the Series 2008C2-C3 Credit Facility Bonds, and is a counterparty for three Subordinate Hedge Facility Obligations with the City related to interest rate swap agreements. Royal Bank of Canada is the parent company of RBC Capital Markets, LLC, one of the Underwriters.

## **EXPERTS**

Frasca & Associates, LLC, is serving as Municipal Advisor to the City with respect to the Series 2019C-D Bonds. It is also a “Financial Consultant” as defined in the Senior Bond Ordinance.

## **CONTINUING DISCLOSURE**

In order to provide certain continuing disclosure with respect to the Series 2019C-D Bonds in accordance with Rule 15c2-12, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2019C-D Bonds in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain specified events. See “APPENDIX F—FORM OF CONTINUING



DISCLOSURE UNDERTAKING” for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

## **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2019C-D Bonds are subject to the approval of Hogan Lovells US LLP, Denver, Colorado, Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado.

## **TAX MATTERS**

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2019C-D Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of such Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2019C-D Bonds, Hogan Lovells US LLP, Bond Counsel to the City, will provide an opinion, substantially in the form appended to this Official Statement, to the effect that, under existing law, interest on the Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, except with respect to interest on any Series 2019C Bonds for any period during which such Series 2019C Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates.

The foregoing opinion will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2019C-D Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2019C-D Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2019C-D Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2019C-D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2019C-D Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2019C-D Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2019C-D Bond based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2019C-D Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2019 Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2019C-D Bond. Purchasers of Series 2019C-D Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2019C-D Bonds.

Other than the matters specifically referred to above, Bond Counsel to the City express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2019C-D Bonds. Prospective purchasers of the Series 2019C-D Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2019C-D Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2019C-D Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2019C-D Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2019C-D Bonds; (3) interest on the Series 2019C-D Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2019C-D Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2019C-D Bonds.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2019C-D Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2019C-D Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2019C-D Bonds could adversely affect their value and liquidity.

Bond Counsel to the City will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the City are not binding on the courts or the Service; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2019C-D Bonds, the exclusion of interest on the Series 2019C-D Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2019C-D Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**Prospective purchasers of Series 2019C-D Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2019C-D Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.**

## **FINANCIAL STATEMENTS**

The audited financial statements of the Airport System as of and for the years ended December 31, 2018 and 2017 are attached to this Official Statement as “APPENDIX D—ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2018 AND 2017.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in “APPENDIX D” hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of “APPENDIX D” was not sought or obtained.

The unaudited financial statements of the Airport System for six months ended June 30, 2018 and June 30, 2019 (the most recent quarterly unaudited financials available) are attached to this Official Statement as “APPENDIX E—UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018”.

The financial statements present financial information only with respect to the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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## MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2019C-D Bonds, a copy of the Senior Bond Ordinance and the Subordinate Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

## CITY AND COUNTY OF DENVER, COLORADO

By: \_\_\_\_\_  
Manager of Aviation/Chief Executive Officer

By: \_\_\_\_\_  
Chief Financial Officer, as the Manager of  
Finance/*ex-officio* Treasurer

\* \* \*

## **APPENDIX A**

### **AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE**

## **APPENDIX B**

### **THE SERIES 2019 SUPPLEMENTAL ORDINANCE**

## APPENDIX C

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department, the Paying Agent, the Registrar or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019C-D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2019C-D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019C-D Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2019C-D Bonds. The Series 2019C-D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). One fully registered bond certificate will be issued for each maturity of the Series 2019C-D Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2019C-D Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2019C-D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019C-D Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019C-D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019C-D Bonds except in the event that use of the book-entry system for the Series 2019C-D Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019C-D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019C-D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019C-D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019C-D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019C-D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019C-D Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2019C-D Bonds may wish to ascertain that the nominee holding the Series 2019C-D Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2019C-D Bonds within a maturity of the Series 2019C-D Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consider or vote with respect to the Series 2019C-D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019C-D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2019C-D Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments



with respect to the Series 2019C-D Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative to DTC, is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Beneficial Owner must give notice to elect to have its Series 2019C-D Bonds purchased or tendered through its Participant to the Remarketing Agent, and will effect delivery of such Series 2019C-D Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2019C-D Bonds on DTC's records to the Remarketing Agent. The requirement for physical delivery of Series 2019C-D Bonds in connection with a mandatory tender or mandatory purchase will be deemed satisfied when the ownership rights of the Series 2019C-D Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2019C-D Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2019C-D Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the Series 2019C-D Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2019C-D Bonds. In that event, certificates representing the Series 2019C-D Bonds will be printed and delivered to DTC.

\* \* \*

**APPENDIX D**

**ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS  
2018 AND 2017**

**APPENDIX E**

**UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR  
SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

## **APPENDIX F**

### **FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**APPENDIX G**  
**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX H**  
**ECONOMIC AND DEMOGRAPHIC INFORMATION**