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

\$120,005,000	**\$83,725,000**
SERIES 2019C	**SERIES 2019D**
(FIXED RATE – NON-AMT)	**(TERM RATE – NON-AMT)**
(Private Activity)	**(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 and redeem certain outstanding Airport System revenue bonds, (2) pay the costs of terminating swaps associated with certain outstanding Airport System revenue 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 May 15, 2020, 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 May 15, 2020, and semiannually thereafter on each May 15 and November 15, and mature on the date set forth on the inside cover page hereof, subject to tender for purchase and redemption prior to maturity as described herein. **This Official Statement describes the Series 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."

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 November 15, 2019.

BARCLAYS

ESTRADA HINOJOSA **RAMIREZ & CO., INC.** **RBC CAPITAL MARKETS**

Dated: November 6, 2019

MATURITY SCHEDULE

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

(CUSIP© six digit issuer No. 249182)

$120,005,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2019C BONDS
(FIXED RATE – NON-AMT)
(Private Activity)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP© No.
2026	$ 8,775,000	5.00%	1.540%	NC6
2027	9,210,000	5.00	1.650	ND4
2028	9,675,000	5.00	1.760	NE2
2029	10,155,000	5.00	1.850	NF9
2030	10,670,000	5.00	1.940*	NG7
2031	11,200,000	5.00	2.010*	NH5
2032	11,760,000	5.00	2.070*	NJ1
2033	12,345,000	5.00	2.120*	NK8
2034	12,960,000	5.00	2.160*	NL6
2035	13,610,000	5.00	2.200*	NM4
2036	9,645,000	5.00	2.230*	NN2

$83,725,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2019D BONDS
(TERM RATE – NON-AMT)
(Governmental)

		Initial Term Rate Period				
Maturity (November 15)	Principal Amount	Purchase Date Following End of Initial Term Rate Period	Interest Rate	Yield	Stepped Rate	CUSIP© No.
2031	$83,725,000	November 15, 2022	5.00%	1.390%	8.00%	NP7

© CUSIP is a registered trademark of The American Bankers Association. CUSIP Global Services is managed on behalf The American Bankers Association by Standard & Poor Global Market Intelligence. None of the City, for and on behalf of its Department, or any of the Underwriters assumes any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the owners of the Series 2019C-D Bonds. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019C-D Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

* Yield to first optional call date of November 15, 2029.

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	Deborah Ortega
Kevin Flynn	Amanda Sandoval
Christopher Herndon	Amanda Sawyer
Chris Hinds	Jamie Torres
Paul Kashmann	

Auditor

Timothy M. O'Brien

Clerk and Recorder, *Ex-Officio* Clerk

Paul D. López

Cabinet Officials

Allegra "Happy" Haynes	Deputy Mayor, Manager/Executive Director of the Department of Parks and Recreation
Brendan J. Hanlon	Chief Financial Officer, as the Manager of Finance/*ex officio* Treasurer
Kristin M. Bronson, Esq.	City Attorney
Laura Aldrete	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
Brandon Gainey	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

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.

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

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

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."

TABLE OF CONTENTS

Page

(THIS PAGE INTENTIONALLY LEFT BLANK)

OFFICIAL STATEMENT

RELATING TO

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

AIRPORT SYSTEM REVENUE BONDS

$120,005,000	**$83,725,000**
SERIES 2019C	**SERIES 2019D**
(FIXED RATE – NON-AMT)	**(TERM RATE – NON-AMT)**
(Private Activity)	**(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 (the "**Series 2019C Bonds**") and Airport System Revenue Bonds, Series 2019D (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 2018, the Airport was ranked as the 5th busiest airport in the nation and the 20th busiest airport in the world based on total passengers in 2018 and served approximately 64.5 million passengers in 2018, maintaining its national and global rankings compared to 2017 and exceeding the 61.4 million passengers served in 2017. See "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. As of October 1, 2019, 26 passenger airlines provided scheduled service at the Airport, including ten major/national passenger airlines, 11 foreign flag 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 63.9% in 2017. Approximately 35.8% of passengers made connecting flights at the Airport in 2018, compared to approximately 36.1% in 2017. For the first nine months of 2019, the Airport served approximately 25.9 million enplaned passengers compared to 24.2 million enplaned passengers for the first nine months of 2018, constituting an approximate 7.4% increase.

For the nine-month period ended September 30, 2019, as compared to the nine-month period ended September 30, 2018, operating revenues at the Airport were $659.9 million, an increase of $51.3 million, or 8.4%. For the nine-month period ended September 30, 2019, as compared to the nine-month period ended September 30, 2018, operating expenses at the Airport, exclusive of depreciation and amortization, were $346.4 million, an increase of $21.4 million, or 6.6%. For a discussion of operating revenues and expenses for 2018 compared to 2017 and additional information regarding the nine-month period ended September 30, 2019 as compared to the nine-month period ended September 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 44.7% of passenger enplanements at the Airport for the first nine 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 27.2% of passenger enplanements at the Airport for the first nine months of 2019. Southwest currently leases 25 gates at the Airport under a Use and Lease Agreement with the City.

Frontier Airlines Inc. ("**Frontier**") had the third largest market share at the Airport in 2018, accounting for 11.5% of passenger enplanements at the Airport in 2018 and 12.2% of passenger enplanements at the Airport for the first nine 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 nine months of 2019, Delta and American accounted for 5.4% and 4.7% of passenger enplanements at the Airport.

Except for the United Group, Southwest, Frontier, Delta, and American, 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**") enacted on July 11, 2019 by the Denver City Council (the "**City Council**"). The Series 2019 Supplemental Ordinance authorizes the issuance of multiple series of Senior Bonds, including the Series 2019C-D Bonds and two other series of bonds defined therein as Series 2019A Bonds and Series 2019B Bonds. The series of Senior Bonds designated as Series 2019A Bonds and the Series 2019B Bonds in the Series 2019 Supplemental Ordinance have not been issued and are not being issued in connection with this offering. The City, for and on behalf of the Department, does not anticipate issuing any Senior Bonds under the Series 2019 Supplemental Ordinance other than the Series 2019C-D Bonds. The descriptions of the Series 2019 Supplemental Ordinance herein relate only to the issuance of the Series 2019C-D Bonds described herein. The City, for and on behalf of the Department, previously issued its Airport System Subordinate Revenue Bonds, Series 2019A and Series 2019B pursuant to the Subordinate Bond Ordinance (defined below), which bonds do not constitute senior bonds and are not described in this Official Statement.

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 $81,470,000 of the outstanding principal amount of the 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 date 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 May 15, 2020, and semiannually thereafter on each May 15 and November 15 and on the Purchase Date (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—*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 of the Refunded Bonds, and assuming the scheduled principal payments due on the Senior Bonds on November 15, 2019 are made, there will be approximately $2,281,740,000 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, 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. Assuming scheduled principal payments due on the Subordinate Bonds on November 15, 2019 are made, there will be approximately $3,494,480,000 aggregate principal amount of Subordinate Bonds Outstanding as of such date. 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 Senior Bond Ordinance and the Subordinate Bond Ordinance, the City adopted Ordinance No. 17-0972, Series of 2017, designated as the General Junior Lien Bond Ordinance (the "**Junior Lien Bond Ordinance**"). The City, for and on behalf of the Department, has previously incurred the Hotel Junior Lien Obligation (defined herein) which constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. 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. However, the City's obligation to make monthly Supplemental Payments pursuant to the Great Hall Junior Lien Obligation will terminate upon the termination of the Great Hall Agreement, which will be effective November 12, 2019. 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,*" "DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments," 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 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."

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 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 the 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.

A portion of the proceeds of the Series 2019C Bonds will be applied on the date of issuance of the Series 2019C Bonds to current refund and redeem all of the Series 2009A Bonds (previously defined as the "**Refunded 2009A Bonds**") at par:

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP*
Series 2009A	2026	$10,795,000	5.25%	249182 AE6
Series 2009A	2027	11,360,000	5.25	249182 AF3
Series 2009A	2028	11,960,000	5.25	249182 AG1
Series 2009A	2029	12,585,000	5.25	249182 AH9
Series 2009A	2031	15,000,000	5.00	249182 AP1
Series 2009A	2036	88,780,000	5.25	249182 AJ5

A portion of the proceeds of the Series 2019D Bonds will be applied on the date of issuance of the Series 2019D Bonds to current refund and redeem the following Series 2016B Bonds (previously defined as the "**Refunded 2016B Bonds**") at par:

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP*
Series 2016B	2031	$81,470,000	Index Rate	249182 KA3

* 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.

Sources:	**Series 2019C Bonds**	**Series 2019D Bonds**
Principal Amount	$120,005,000.00	$83,725,000.00
Original Issue Premium[1]	31,159,920.00	8,850,569.75
Other Available Airport Moneys[2]	4,162,882.69	141,793.95
Total	$155,327,802.69	$92,717,363.70
Uses:		
To the redemption of the Refunded 2009A Bonds	$154,411,350.00	--
To the redemption of the Refunded 2016B Bonds	--	$81,470,000.00
Hedge Facility Termination Payment[3]	--	10,634,000.00
Costs of Issuance[4]	916,452.69	613,363.70
Total	$155,327,802.69	$92,717,363.70

[1] See "UNDERWRITING" and "TAX MATTERS."
[2] Includes transfers from the Bond Fund and release from the Bond Reserve Fund created under the Senior Bond Ordinance.
[3] Consists of termination payments and costs associated with the termination of a Subordinate Hedge Facility Obligation associated with the Series 2016B Bonds. See Table 13 in "FINANCIAL INFORMATION—Subordinate Obligations" for a discussion of swap termination.
[4]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 redemption 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 May 15, 2020, 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, 2030, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2029, 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**").

Purchase in Lieu of Redemption. In lieu of mandatory redemption, the City may surrender to the Paying Agent for cancellation any Series 2019C Bonds purchased on the open market, and such Series 2019C Bonds are required to be cancelled by the Paying Agent. If any Series 2019C Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such Series 2019C Bonds so purchased that are to be reduced as a result of such cancellation. In the 2019 Supplemental Ordinance, the City covenants and agrees that any Series 2019C Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Paying Agent for cancellation.

Partial Redemption of the Series 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, mandatory sinking fund redemption and optional redemption prior to maturity as described below in "*—Tender Provisions*" and "*—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. The initial Term Rate Period for the Series 2019D Bonds will commence on the delivery date and end on the day preceding the Purchase Date set forth on the inside cover page hereof. Upon expiration of the initial Term Rate Period, unless the City has given notice of its election to convert the Series 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, redeemed, 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 May 15, 2020, 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, 2022, 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 "—*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 Ordinance. 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 (5) additional information required to be contained in the Conversion Notice.

End of Term Rate. In the event the City has not given Term Rate Continuation Notice or a Conversion Notice with respect to Series 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 will 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 will 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. 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 will bear interest at the rate of 8.00% 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 Series 2019D Bonds are subject to conversion from the Term Rate to another Interest Rate Determination Method from time to time at the option of the City, with such right to be exercised by delivery of a Conversion Notice to the Paying Agent and the Remarketing Agent for the Series 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, 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 the Term Rate Period for the 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^{th}) 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 "SECURITY AND SOURCES OF PAYMENT—Pledge of Net Revenues." See also, "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 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 "—*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.

Redemption Prior to Maturity.

Optional Redemption. The Series 2019D Bonds are subject to redemption, at the option of the City, in whole or in part, in Authorized Denominations on the day immediately following the last day of the initial Term Rate Period at a redemption price equal to the principal amount thereof, plus accrued but unpaid interest, if any, without premium.

Mandatory Sinking Fund Redemption. The Series 2019D Bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest, if any, to the Redemption Date, without premium, on November 15 in each of the years and in the principal amounts set forth in the following table.

Year of Redemption	Principal Amount to be Redeemed
2026	$15,815,000
2027	15,895,000
2028	16,100,000
2029	16,205,000
2030	14,755,000
2031[1]	4,955,000

[1] Final maturity amount and not mandatory sinking fund redemption payment

Purchase in Lieu of Redemption. In lieu of mandatory redemption, the City may surrender to the Paying Agent for cancellation any Series 2019D Bonds purchased on the open market, and such Series 2019D Bonds are required to be cancelled by the Paying Agent. If any Series 2019D Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such Series 2019D Bonds so purchased that are to be reduced as a result of such cancellation. In the 2019 Supplemental Ordinance, the City covenants and agrees that any Series 2019D Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Paying Agent for cancellation.

Partial Redemption of the Series 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 redemption of the Refunded Bonds and assuming that scheduled principal payments due on the Senior Bonds and Subordinate Bonds on November 15, 2019 are made, the aggregate principal amount of all Senior Bonds and Subordinate Bonds Outstanding as of such date will be $2,281,740,000 and $3,494,480,000, respectively. The City, for and on behalf of the Department, has also incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior Bonds, (2) Subordinate Bonds and Subordinate Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds and

Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See "FINANCIAL INFORMATION—Outstanding Senior Bonds, —Outstanding Subordinate Bonds, —Subordinate Obligations, and —Junior Lien Bonds and Junior Lien Obligations."

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

Gross Revenues do not include, among other things, 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.

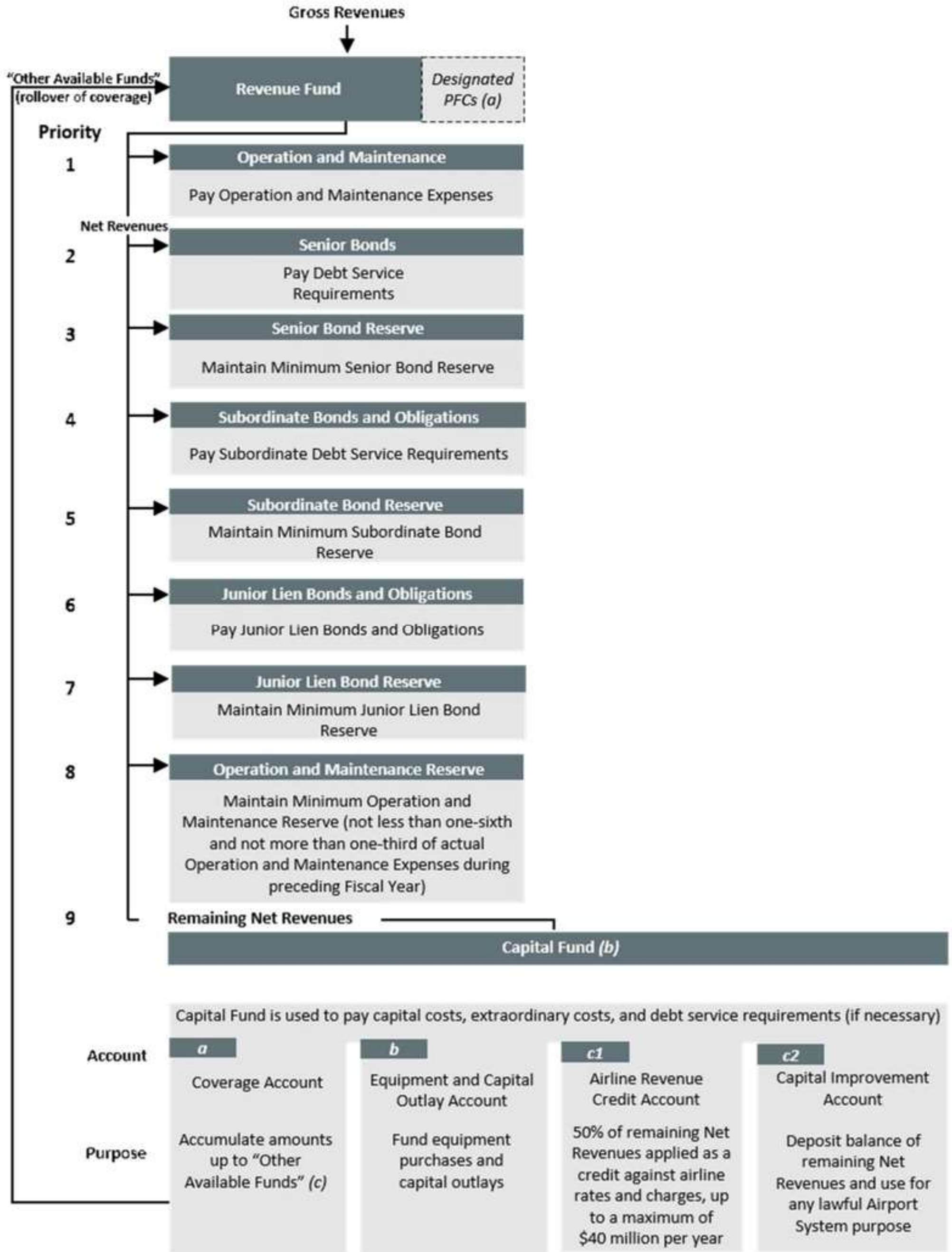
In addition, in any Fiscal Year, the City is permitted to transfer Other Available Funds from the Capital Fund to the Revenue Fund for purposes of meeting rate maintenance covenants for such Fiscal Year under the Senior Bond Ordinance. The Senior Bond Ordinance defines "**Other Available Funds**", with 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.

[Remainder of Page Intentionally Left Blank]

Flow of Funds Under the Bond Ordinances



(a) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues. See "FINANCIAL INFORMATION—Passenger Facility Charges."

(b) The account structure for the Capital Fund may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance, the Subordinate Bond Ordinance, or the Junior Lien Bond Ordinance.

(c) Under the Senior Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements.

Bond Reserve Fund

The Senior Bond Ordinance creates the Bond Reserve Fund within the Airport System Fund. Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds, including the Series 2019C-D 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 the Senior Bond Ordinance, the Subordinate Bond Ordinance, or the Junior Lien Bond Ordinance, but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue Credit Account, and the Capital Improvement Account for the purposes described in the flow of funds diagram set forth above in the subsection entitled "Flow of Funds; Revenue Fund."

The amount on deposit in the Capital Fund as of October 1, 2019, was approximately $463.0 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) $397.2 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" and " —Funding for the 2018-2022 Capital Program."

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				
	2014	2015	2016	2017	2018
Gross Revenues, not including Designated Passenger Facility Charges[1]	$751,428[7]	$754,688[7]	$808,110[7]	$838,815[7]	$884,336[7]
Designated Passenger Facility Charges [2]	34,977	35,328	35,133	37,656	40,851
Gross Revenues [1]	786,405[7]	790,016[7]	843,243[7]	876,471[7]	925,187[7]
Operation and Maintenance Expenses [1]	(355,769)	(377,199)	(417,140)	(425,005)	(445,801)
Net Revenues	430,636	412,817	426,103	451,466	479,386
Other Available Funds [3]	54,833	50,320	51,574	47,090	43,091
Total Amount Available for Debt Service	$485,469	$463,137	$477,677	$498,556	$523,287
Senior Bond Debt Service [4]	$289,287	$271,935	$276,562	$264,814	$258,545
Committed Passenger Facility Charges [5]	(69,953)	(70,656)	(70,267)	(76,454)	(82,940)
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 [6]	$49,088	$61,233	$88,619	$93,891	$101,344
Debt Service Requirements for the Senior Bonds	$219,334	$201,279	206,295	188,360	175,605
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[8]	192%	196%	198%	217%	234%
Recalculated Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements[8]	164%	160%	150%	160%	168%

[1] 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."

[2] 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*."

[3] 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."

[4] 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.

[5] 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."

[6] Includes amounts required to pay any Subordinate Bonds and any Subordinate Obligations, including Subordinate Hedge Facility Obligations. See "FINANCIAL INFORMATION—Subordinate Obligations."

[7] 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.

[8] 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 2018, the Airport was ranked as the 5th busiest airport in the nation and the 20th busiest airport in the world based on total passengers, servicing 64.5 million passengers in 2018, exceeding the 2017 total number of passengers served and maintaining its national and global rankings compared to 2017. 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 include improvements to the security screening area, curbside space, and commercial concessions. See "—Great Hall Project Developments" below and "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.*"

Great Hall Project Developments

The City, for and on behalf of the Department, is undertaking renovations to Jeppesen Terminal including the Great Hall (an open area of approximately 1 million square feet located on Levels 5 and 6 of Jeppesen Terminal) designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. The City, for and on behalf of the Department, 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 the Department, and the Great Hall Developer. On August 12, 2019, the City, for and on behalf of the Department, exercised its right to terminate the Great Hall Agreement for convenience, which termination will be effective November 12, 2019. As a result of such termination, the City, for and on behalf of the Department, owes a termination payment to the Great Hall Developer in the amount determined pursuant to the terms of the Great Hall Agreement. The City, for and on behalf of the Department, expects that it will work together with the Great Hall Developer to implement the termination procedures under the Great Hall Agreement, including determining the amount of the termination payment. Currently, the City, for and on behalf of the Department, estimates such termination payment to be in the range of \$170 million to \$210 million. While the final amount of the termination payment may not be finalized by November 12, 2019, the City, for and on behalf of the Department, expects to be able to fully pay the termination payment and expects that it will be funded primarily with a combination of proceeds of its Series 2018 Subordinate Bonds (as defined herein) and amounts on deposit in the Capital Improvement Account of the Capital Fund. It is not anticipated that any funds from the General Fund or any non-Airport funds will be used to fund the termination payment amount. See "SECURITY AND SOURCES OF PAYMENT—Capital Fund" and "CAPITAL PROGRAM—Funding for the 2018-2022 Capital Program." Furthermore, the City, for and on behalf of the Department, does not anticipate any issues in assuming control and operation of the Great Hall Project upon termination of the Great Hall Agreement.

In addition, prior to the notice of termination of the Great Hall Agreement, the Great Hall Developer filed relief event claims under the Great Hall Agreement claiming additional compensation and construction schedule relief due primarily to concrete strength issues. The City, for and on behalf of the Department, retained a consultant to evaluate compensation and construction schedule relief and did not concur with the claims filed in the relief event claims, as described in more detail in the City's voluntary notice posted on EMMA on August 9, 2019. The Great Hall Developer has not withdrawn the relief event claims after the City, for and on behalf of the Department, elected to terminate the Great Hall Agreement for convenience and it is possible that the Great Hall Developer will continue to pursue its claims for compensation after the termination.

Since its election to terminate the Great Hall Agreement, the City, for and on behalf of the Department, has been diligently working on all aspects of project transition to recapture control and operations of the Great Hall Project on November 12, 2019. It has begun the procurement process for selecting a new project team, including a program management firm, a lead design firm and a construction manager/general contractor to complete construction of the initial phase of the Great Hall Project that has been commenced by the Great Hall Developer. It is expected that the procurement process will be completed and the construction of the Great Hall Project will resume in the first quarter of 2020. The final completion date of the Great Hall Project (which is anticipated to be later than the original completion date of November 2021), is not expected to be set until the procurement process for the project team is finished. Upon completion of the Great Hall Project, the City, for and on behalf of the Department, expects to operate any commercial development in the Jeppesen Terminal and retain 100 percent of the revenues generated therefrom. See "CERTAIN INVESTMENT CONSIDERATIONS—

Construction Risks Related to Projects Within the 2018-2022 Capital Program" for a discussion of risks related to the Great Hall Project.

The City, for and on behalf of the Department, projects that the design and construction costs of the Great Hall Project will remain at the original budgeted amount of $770 million, which includes $120 million of contingency costs. This budgeted amount includes a portion of the termination payment that represents project value costs that were originally part of the construction budget, but does not include any additional compensation, if any, claimed by the Great Hall Developer in its relief event claims. In order to meet such original construction budget, the City, for and on behalf of the Department, is working to reduce the scope of the Great Hall Project without compromising the original project goals to enhance security of passengers and the Airport, improve passenger flow and increase and improve concessions areas. The construction costs are anticipated to be funded with proceeds of the Series 2018 Subordinate Bonds, amounts on deposit in the Capital Fund, and future bond issuances.

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

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

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

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
Capital Program Total Cost

	in billions
Concourses A, B, and C	$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	$3.5

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.

Great Hall Project. As part of the 2018-2022 Capital Program, the City is undertaking the Great Hall Project more particularly described in "DENVER INTERNATIONAL AIRPORT – Great Hall Project Developments."

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 and Series 2018B issued in the aggregate principal amount of $2,626,075,000 (the "**Series 2018 Subordinate Bonds**"). Airport management currently expects that the remaining funding of the 2018-2022 Capital Program will come from: (i) approximately $1.1 billion of additional Airport system revenue bonds to fund approximately $870.4 million 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 $357 million; and (iii) 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."

Airlines Serving the Airport

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

Major/National	Regional/Commuter	Foreign Flag
Alaska Airlines	American Eagle	AeroMéxico
Allegiant Air	Boutique Air	Air Canada[1]
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[2]
United		Volaris
		WestJet

[1] Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.
[2] 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 October 1, 2019, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, ABX Air Inc., Air Transport International, Alpine Air Express, Inc., Atlas Air (Prime Air), Bemidji Aviation Services, Inc., Cargolux Airlines International, 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, Mesa 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. 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, for 2019 year to date, the Airport ranked as the 3rd busiest airport in the United route network based on scheduled flights.

The City makes no representations regarding the financial conditions of United Airlines Holdings or the United Group or their future plans generally or with regard to the Airport in particular. See also "— Aviation Activity, and "—Originating and Connecting Passengers" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements—*United Use and Lease Agreement*," "FINANCIAL INFORMATION—Special Facilities Bonds" and "CERTAIN INVESTMENT CONSIDERATIONS—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 over 62 cities to which it currently provides nonstop service from the Airport. In addition, for 2019 year to date, the Airport ranked as the 3rd busiest airport in the Southwest system based on scheduled flights.

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."

Frontier. Frontier 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 Frontier 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, Frontier, Delta, and American, no single airline accounted for more than 5.0% 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, 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 2018, the Airport was ranked as the 5th busiest airport in the nation and the 20th busiest airport in the world based on total passengers, servicing 64.5 million passengers in 2018 and maintaining its national and global rankings compared to 2017. Based on their 2019 actual and scheduled activity, 26 airlines serving the Airport provide direct flights to 215 destinations, including 26 international destinations in 12 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.

[Remainder of Page Intentionally Left Blank]

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 nine months of 2018 and 2019.

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

Year	Enplaned Passengers (millions)	Percent Change	Percent Domestic	Percent International
2009	25.128	(2.0)[1]	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	95.8	4.2
2015	27.019	1.1	95.9	4.1
2016	29.140	7.9	96.1	3.9
2017	30.714	5.4	95.8	4.2
2018	32.259	5.0	95.4	4.6
2018[2]	24.158	4.4[3]	95.3	4.7
2019[2]	25.934	7.4	95.4	4.6

[1] Compared to 25.650 million enplaned passengers in 2008.
[2] Enplaned passengers through September 30, 2018 and September 30, 2019, respectively.
[3] 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 nine months of 2018 and 2019.

Table 4
Enplaned Passengers by Airline Type [1]

	Major/National Airlines		Foreign Flag Airlines		Regional/Commuter Airlines		Charter/ Miscellaneous Airlines		Total Airlines	
Year	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**
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)	32,259,217	5.0
Jan-Sept										
2018[2]	20,479,525	3.3	492,176	30.3	3,185,679	8.4	837	(24.0)	24,158,217	4.4
2019	21,964,323	7.3	532,911	8.3	3,435,935	7.9	1,165	39.2	25,934,334	7.4

[1] 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.
[2] Percentage changes are from the same period in 2017.
Source: Department of Aviation management records.

[Remainder of Page Intentionally Left Blank]

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

Table 5
Percentage of Enplaned Passengers by Airline

	Calendar Year					January-September	
Airline	**2014**	**2015**	**2016**	**2017**	**2018**	**2018**	**2019**
United	24.3%	27.7%	29.3%	30.7%	30.9%	30.6%	32.1%
United Express	16.3	14.6	12.7	11.6	12.6	12.6	12.6
Total United Group	40.6	42.3	42.0	42.3	43.5	43.2	44.7
Southwest	26.4	29.3	29.4	29.7	29.1	28.9	27.2
Frontier	18.4	12.4	12.2	11.4	11.5	11.4	12.2
Delta	4.4	4.9	5.1	5.3	5.4	5.4	5.4
American	5.8	6.1	5.6	5.5	5.0	5.1	4.7
Other[1]	4.4	4.9	5.6	5.8	5.6	6.0	5.8
Total Non-United Group	59.4	57.7	58.0	57.7	56.5	56.8	55.3
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.
[1] Includes other airlines with scheduled flights at the Airport.
Source: Department of Aviation management records.

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 nine months of 2018 and 2019. Totals may not add due to rounding.

[Remainder of Page Intentionally Left Blank]

Table 6
Summary of Selected Aviation Activity

	Calendar Year					January-September	
	2014	**2015**	**2016**	**2017**	**2018**	**2018**	**2019**
Originating Passengers (millions):	16.214	17.353	18.527	19.656	20.746	15.587	16.739
Percent of Total Enplaned	60.6%	64.2%	63.6%	64.0%	64.3%	64.5%	64.5%
Connecting Passengers (millions):	10.523	9.666	10.613	11.058	11.513	8.571	9.196
Percent Connecting of Total Enplaned	39.4%	35.8%	36.4%	36.0%	35.7%	35.5%	35.5%
United Group Passengers:							
Percent Originating	40.4%	40.4%	40.9%	43.2%	44.8%	44.7%	45.1%
Percent Connecting	59.6%	59.6%	59.1%	56.8%	55.2%	55.3%	54.9%
Southwest Passengers:							
Percent Originating	72.1%	75.6%	73.5%	72.2%	72.6%	73.4%	72.3%
Percent Connecting	27.9%	24.4%	26.5%	27.8%	27.4%	26.6%	27.7%
Frontier Passengers:							
Percent Originating	62.6%	78.9%	76.0%	74.7%	73.5%	72.1%	78.0%
Percent Connecting	37.4%	21.1%	24.0%	25.3%	26.5%	27.9%	22.0%
American Passengers:							
Percent Originating	100.0%	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%	0.0%
Delta Passengers:							
Percent Originating	95.7%	95.8%	95.8%	95.7%	95.3%	95.3%	95.3%
Percent Connecting	4.3%	4.2%	4.2%	4.3%	4.7%	4.7%	4.7%
Average Daily Departures[1]:							
Passenger Airlines:							
United	124	146	167	177	182	180	197
United Express	252	219	202	194	226	227	246
Southwest	158	168	181	190	191	190	192
Frontier	100	66	64	60	63	63	72
American	33	33	34	31	30	30	30
Delta	26	30	35	38	36	37	37
Other	49	47	59	65	53	56	54
Total Passenger Airlines	742	709	742	755	781	783	828
All-Cargo Airlines	26	26	26	27	29	28	30
Total	768	735	768	782	810	811	858
Percent Change from Prior Year	*(3.0%)*	*(4.3%)*	*4.5%*	*1.8%*	*3.6%*	*2.6%*	*5.8%*
Landed Weight (billion pounds):							
Passenger Airlines:							
United	7.292	8.214	9.452	10.225	10.642	7.882	8.830
United Express	4.881	4.427	4.148	4.064	4.571	3.428	3.676
Southwest	7.423	7.922	8.610	9.153	9.333	6.935	7.005
Frontier	5.018	3.339	3.306	3.208	3.413	2.546	2.903
American Airlines	1.609[4]	1.678	1.742	1.759	1.672	1.268	1.232
Delta	1.242	1.390	1.590	1.728	1.809	1.368	1.397
Other	1.571	1.722	2.149	2.356	2.286	1.785	1.844
Total Passenger Airlines	29.036	28.692	30.996	32.492	33.725	25.212	26.887
All-Cargo Airlines	1.315	1.363	1.425	1.392	1.491	1.050	1.158
Total	30.351	30.055	32.421	33.884	35.216	26.262	28.045
Percent Change from Prior Year	*(0.8%)*	*(1.0%)*	*7.9%*	*4.5%*	*3.9%*	*2.9%*	*6.8%*
Enplaned Cargo (million pounds)[2]	229.458	238.664	229.410	238.848	258.263	184.951	211.368
Percent Change from Prior Year	*3.0%*	*4.0%*	*(3.9%)*	*4.1%*	*8.1%*	*6.4%*	*14.3%*
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	422,178	424,930	445,019	461,992	462,276	345,600	365,410
Commuter/Military/Taxi/General Aviation	152,983	122,718	127,501	120,494	141,127	106,672	112,774
Total	575,161	547,648	572,520	582,486	603,403	452,272	478,184
Percent Change from Prior Year	*(2.0%)*	*(4.8%)*	*4.5%*	*1.7%*	*3.6%*	*2.7%*	*5.7%*

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

2 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, or 64.3% of the approximately 32.3 million enplaned passengers at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 30.3%, 32.8%, and 13.1% of originating enplaned passengers at the Airport in 2018, respectively. For the first nine months of 2019, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 31.3%, 30.5%, and 14.7% of originating enplaned passengers at the Airport, respectively.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier's only hub. Approximately 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 nine months of 2019, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 69.2%, 21.3%, and 7.5% 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 October 1, 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, and is in the process of extending all such Use and Lease Agreements by one year to expire on December 31, 2020. 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

Year	Cost Per Enplaned Passenger	Percent Change
2014	$12.22	3.5%[1]
2015	11.82	(3.3)
2016	10.92	(7.6)
2017	10.69	(2.1)
2018	10.56	(2.1)

[1] 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 had 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. Upon termination of the Great Hall Agreement effective November 12, 2019, the City will assume responsibility for operating all concessions, and 100% of the revenues generated by such concessions will go to the City. Additionally, 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 "DENVER INTERNATIONAL AIRPORT – Great Hall Project

Developments" and "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 1-2% of Gross Revenues in each of 2017 and 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 nine 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.

[Remainder of Page Intentionally Left Blank]

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[1]					Nine months Ended September 30 (unaudited)	
	2014[3]	2015[3]	2016[3]	2017	2018	2018	2019
Operating Revenues:							
Facility Rentals	$235,774	$194,004[4]	$198,407	$180,443	$196,065	$155,442	$165,060
Concession income	55,863	59,677	67,408	68,269	83,297	55,384	70,922
Parking income	167,851	178,478	176,949	176,006	189,890	140,086	147,103
Car rentals	59,655	65,309	66,727	71,806	72,621	57,087	60,364
Landing fees	147,841	147,379	150,850	171,708	161,981	119,607	131,267
Aviation fuel tax	26,298	19,458	18,892	25,993	25,039	19,262	19,919
Hotel	--	3,205[5]	43,262	47,412	53,304	39,925	47,086
Ground Transportation[2]	7,427	9,669	10,594	12,449	17,313	13,544	14,315
Other sales and charges	10,783	10,357	9,440	14,839	8,850	8,276	3,876
Total operating revenues	711,491	687,536	742,529	768,925	808,360	608,613	659,912
Operating Expenses:							
Personnel services	134,699	148,518	165,114	163,808	173,979	121,963	130,772
Contractual services	194,712	197,459	212,699	223,844	227,918	157,312	168,015
Repair and maintenance projects	57,049	55,358	37,514	14,071	19,423	8,471	6,962
Maintenance, supplies and materials	27,103	32,911	27,547	24,452	24,378	16,074	17,329
Hotel	--	2,557[5]	26,936	27,357	28,616	21,196	23,360
Total operating expenses before depreciation, amortization and asset impairment	413,563	436,803	469,810	453,532	474,314	325,016	346,438
Operating income before depreciation, amortization and asset impairment	297,928	250,733	272,719	315,393	334,046	283,597	313,474
Depreciation and amortization	183,560	163,714	179,692	183,351	193,009	142,782	147,971
Operating income	114,368	87,019	93,027	132,042	141,037	140,815	165,503
Nonoperating revenues (expenses)							
Passenger facility charges[6]	103,959	106,006	114,230	118,333	123,907	95,225	99,457
Customer Facility Fees[7]	17,215	18,598	19,884	19,492	20,019	16,053	16,772
Investment income	44,030	40,648	39,274	46,779	73,802	28,683	69,923
Interest expense	(176,177)	(169,413)	(156,481)	(188,152)	(214,799)	(143,714)	(204,331)
Grants	516	622	686	873	--	--	--
Other revenue (expense)[8]	1,444	12,645	(5,485)	4,286	(6,716)	(1,421)	902
Net nonoperating revenues (expenses)	(9,013)	9,106	12,108	1,611	(3,787)	(5,174)	(17,277)
Change in net assets before capital contributions	105,355	96,125	105,135	133,653	137,250	135,641	148,226
Capital grants[9]	20,533	20,483	3,553	55,879	26,730	25,748	6,228
Capital contributions	--	--	--	--	--	--	--
Change in net assets	$125,888	$116,608	$108,688	$189,532	$163,980	$161,389	$154,454

[Footnotes on next page]

1 See "— Management's Discussion and Analysis of Financial Performance" below.
2 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*."
3 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.
4 Decrease from Fiscal Year 2014 to Fiscal Year 2015 was due to the 2015 amendment to the United Use Agreement lowering overall costs.
5 Reflects a partial year of Airport Hotel operation. The Airport Hotel opened in November 2015.
6 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.
7 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."
8 Includes expenses incurred since February 1995 to maintain and preserve the Stapleton airport site ("**Stapleton**"). See "— Stapleton" below for further information.
9 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 nine months ended September 30, 2018 and September 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 nine months ended on September 30, 2019 and September 30, 2018. All figures presented below are approximate unless otherwise stated.

Nine Months Ended September 30, 2019 vs. Nine Months Ended September 30, 2018. Operating revenues at the Airport totaled $659.9 million, an increase of $51.3 million, or 8.4%, for the nine-month period ended September 30, 2019, as compared to the nine-month period ended September 30, 2018. Airline revenue totaled $296.3 million, an increase of $21.3 million, or 7.7%, that was driven by budgeted increases in rates and charges. Non-airline revenue totaled $363.6 million, an increase of $30.0 million, or 9.0%, due to an increase in concessions revenues, driven by an increase in enplaned passengers. In addition, an increase in total passengers of 7.4% drove incremental revenue gains in other commercial revenue sources. Non-airline revenue represented 55.1% of total operating revenue, up from 54.8% during the same period in 2018.

Operating expenses, exclusive of depreciation and amortization, totaled $346.4 million for the nine-month period ended September 30, 2019, an increase of $21.4 million, or 6.6%, as compared to the nine-month period ended September 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 $38.5 million, or 25.8%, primarily due to an increase in investment income resulting from bond proceeds associated with the Series 2018 Subordinate Bonds.

Total non-operating expenses increased $50.6 million, or 32.7%, primarily due to interest expense associated with the Series 2018 Subordinate Bonds.

In 2019 and 2018, capital grants totaled $6.2 million and $25.7 million, respectively. The 2018 grants included Transportation Security Administration grant funding 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 nine 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 NINE MONTHS ENDED SEPTEMBER 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 2018 Subordinate 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."

[Remainder of Page Intentionally Left Blank]

Outstanding Senior Bonds

The following table sets forth principal amounts of the Senior Bonds that (i) are outstanding prior to the issuance of the Series 2019C-D Bonds; (ii) will be outstanding after the issuance of the Senior Bonds without taking into account principal payments due on November 15, 2019 and (iii) will be outstanding assuming all principal payments due on November 15, 2019 are made.

Table 9
Outstanding Senior Bonds

Issue	Amount Prior to Series 2019C-D Bonds Issuance	Amount After Series 2019C-D Bonds Issuance Prior to 11/15/19 Principal Payment	Amount After Series 2019C-D Bonds Issuance Assuming 11/15/19 Principal Payment
Series 1992C Bonds[1]	$ 40,080,000	$ 40,080,000	$ 40,080,000
Series 1992F Bonds[2,3,4]	19,100,000	19,100,000	17,500,000
Series 1992G Bonds[2,3]	15,800,000	15,800,000	14,500,000
Series 2002C Bonds[2,3,4]	26,200,000	26,200,000	23,400,000
Subseries 2007F1 Bonds[2,4,5]	37,625,000	37,625,000	37,625,000
Subseries 2007F2 Bonds[2,4,5]	37,925,000	37,925,000	37,925,000
Subseries 2007G1 Bonds[2,3,4]	59,700,000	59,700,000	59,700,000
Subseries 2007G2 Bonds[2,3,4]	59,700,000	59,700,000	59,700,000
Series 2008B Bonds[2,3,4]	50,600,000	50,600,000	45,600,000
Subseries 2008C1 Bonds[2,3,4]	86,800,000	86,800,000	79,100,000
Series 2009A Bonds[6]	150,480,000	--	--
Series 2009B Bonds	65,290,000	65,290,000	65,290,000
Series 2009C Bonds[2,3,4]	100,955,000	100,955,000	87,355,000
Series 2010A Bonds	150,050,000	150,050,000	134,005,000
Series 2011A Bonds	182,420,000	182,420,000	137,990,000
Series 2011B Bonds	9,010,000	9,010,000	9,010,000
Series 2012A Bonds	261,645,000	261,645,000	260,620,000
Series 2012B Bonds	492,925,000	492,925,000	487,360,000
Series 2012C Bonds	30,285,000	30,285,000	30,285,000
Series 2016A Bonds[4]	223,735,000	223,735,000	219,575,000
Series 2016B Bonds[4, 6]	92,930,000	10,920,000	--
Series 2017A Bonds	232,980,000	232,980,000	210,110,000
Series 2017B Bonds	21,280,000	21,280,000	21,280,000
Series 2019C Bonds	--	120,005,000	120,005,000
Series 2019D Bonds	--	83,725,000	83,725,000
Total	$2,446,975,000	$2,418,755,000	$2,281,740,000

1 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.

2 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.

3 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.

4 A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 13 to the audited financial statements of the Airport System for Fiscal Year 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.

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

6 All of the Series 2009A Bonds and a portion of the Series 2016B Bonds in the principal amount of $81,470,000 are being refunded and redeemed in full with proceeds of the Series 2019C-D Bonds. See "PLAN OF FINANCING—Purpose 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, 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
Credit Facility Obligations Related to Senior Bonds

Senior Bonds	Outstanding Principal Amount[1]	Current Interest Rate Mode	Final Maturity Date	Financial Institution	Last Day of the Initial Period[2]
Series 1992F	$17,500,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 1992G	14,500,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2002C	23,400,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2007G1-G2	119,400,000	Daily Floating Rate	11/15/2031	BMO Harris Investment Corp.	12/01/2023
Series 2008B	45,600,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2008C1	79,100,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2009C	87,355,000	Indexed Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2020
Total	$386,855,000				

[1] As of November 15, 2019. Assumes payment of principal amounts due on such date.
[2] Indicates the end date of the initial period (or extension of initial period) during which the applicable financial institution has agreed to own the related Series of Senior Bonds at the index rate set forth in the related reimbursement agreement. Prior to the end of the initial period, the City may request the applicable financial institution to repurchase the related Series of Senior Bonds or provide liquidity or credit enhancement necessary to facilitate the conversion of such Series to a new interest rate mode. If the financial institution does not respond or rejects the City's request in its sole discretion, the City will be required to repurchase or redeem such Series of Senior Bonds on the last day of the applicable initial period for a purchase price of 100% of the par amount plus accrued interest to such date.
Source: The Department of Aviation and the Municipal Advisor.

Outstanding Subordinate Bonds

The following table sets forth principal amounts of the Subordinate Bonds that (i) are currently outstanding and (ii) will be outstanding on November 15, 2019, assuming all principal payments due on such date are made.

Table 11
Outstanding Subordinate Bonds

Issue	Current Amount Prior to 11/15/19 Principal Payment	Amount Assuming 11/15/19 Principal Payment
Series 2013A Bonds	$ 308,400,000	$ 304,220,000
Series 2013B Bonds	375,890,000	369,905,000
Series 2015A Bonds[1]	148,175,000	131,855,000
Series 2018A Bonds	2,341,710,000	2,341,710,000
Series 2018B Bonds	184,365,000	184,365,000
Series 2019A Bonds[2]	145,875,000	145,875,000
Series 2019B Bonds[2]	22,710,000	16,550,000
Total	$3,527,125,000	$ 3,494,480,000

[1] The Series 2015A Bonds include a Credit Facility and Reimbursement Agreement with Bank of America, N.A.
[2] The Series 2019A-B Bonds include a Credit Facility and Reimbursement Agreement with State Street Public Lending Corporation.

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

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

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

[Remainder of Page Intentionally Left Blank]

Table 12
Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

Fiscal Year Ending December 31	Outstanding Senior Bonds Debt Service Requirements [1, 2, 3, 4]	Series 2019C-D Bonds Principal [5]	Series 2019C-D Bonds Interest [5]	Total Outstanding Senior Bond Debt Service Requirements	Total Outstanding Subordinate Bonds Debt Service Requirements [6]	Total Senior Bonds and Subordinate Bonds Debt Service Requirements [1, 2, 3, 4, 6]
2020	$265,267,758	--	$10,186,500	$275,454,258	$136,026,647	$411,480,905
2021	251,377,689	--	10,186,500	261,564,189	153,328,869	414,893,058
2022	242,395,751	--	10,291,282	252,687,033	214,695,132	467,382,165
2023	243,966,929	--	8,390,599	252,357,528	235,472,547	487,830,075
2024	219,054,654	--	8,403,697	227,458,351	258,466,053	485,924,404
2025	236,328,042	--	8,378,091	244,706,133	255,474,287	500,180,420
2026	135,901,772	$ 24,590,000	8,371,471	168,863,243	258,524,075	427,387,318
2027	130,998,360	25,105,000	7,480,438	163,583,798	258,735,838	422,319,636
2028	139,732,986	25,775,000	6,569,948	172,077,934	258,784,075	430,862,009
2029	140,567,717	26,360,000	5,622,671	172,550,388	254,558,906	427,109,294
2030	138,806,749	25,425,000	4,651,059	168,882,808	242,430,081	411,312,889
2031	135,976,231	16,155,000	3,711,652	155,842,883	241,664,875	397,507,758
2032	105,049,656	11,760,000	3,016,000	119,825,656	241,668,425	361,494,081
2033	64,387,431	12,345,000	2,428,000	79,160,431	239,008,013	318,168,444
2034	26,232,481	12,960,000	1,810,750	41,003,231	227,407,513	268,410,744
2035	26,368,981	13,610,000	1,162,750	41,141,731	223,981,313	265,123,044
2036	31,162,031	9,645,000	482,250	41,289,281	216,668,638	257,957,919
2037	45,399,179	--	--	45,399,179	216,003,275	261,402,454
2038	45,948,290	--	--	45,948,290	216,006,525	261,954,815
2039	46,502,373	--	--	46,502,373	202,419,250	248,921,623
2040	24,244,500	--	--	24,244,500	191,442,863	215,687,363
2041	24,376,700	--	--	24,376,700	186,995,738	211,372,438
2042	23,303,650	--	--	23,303,650	182,526,938	205,830,588
2043	22,444,700	--	--	22,444,700	182,497,375	204,942,075
2044	--	--	--	--	148,389,750	148,389,750
2045	--	--	--	--	148,386,000	148,386,000
2046	--	--	--	--	148,384,500	148,384,500
2047	--	--	--	--	148,386,250	148,386,250
2048	--	--	--	--	148,386,500	148,386,500
Total	$2,765,794,610	$203,730,000	$101,143,658	$3,070,668,268	$6,036,720,251	$9,107,388,515

1 Excludes Debt Service Requirements for the economically defeased Senior Bonds which are Outstanding under the Senior Bond Ordinances and includes related Subordinate Hedge Facility Obligations. See "— Outstanding Senior Bonds" above.
2 Variable rate interest and interest rate swap payments are computed assuming one-month LIBOR equals 3.25%, three-month LIBOR equals 3.25%, and SIFMA equals 2.50%. Auction rate securities are assumed at 2.83%.
3 Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.
4 Includes debt service on the Series 2009A Bonds and a portion of the Series 2019B Bonds, which are expected to be refunded by the Series 2019C-D Bonds.
5 Assumes the Series 2019D Bonds are remarketed on 11-15-2022 as variable rate bonds using the interest rate assumptions outlined in footnote 2.
6 Excludes interest payments funded with prior bond proceeds.

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.

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 October 1, 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 13
Outstanding Subordinate Hedge Facility Obligations

Year of the Swap Agreement[1]	Counterparty[2]	Notional Amount (in million)	Termination Date	Payable Swap Rate	Receivable Swap Rate	Fair Value to the City as of 10/1/2019 (in millions)[3]
1999	Goldman Sachs Capital Markets, L.P.	91.78	11-01-2022	5.6179%	SIFMA	$ (6.1)
1999	Merrill Lynch Capital Services, Inc.	45.89	11-01-2022	5.5529%	SIFMA	(3.0)
2002	Goldman Sachs Capital Markets, L.P.	91.78	11-01-2022	SIFMA	76.33% 1M LIBOR	0.1
2005	JP Morgan Chase Bank	41.99	11-15-2025	3.6874%	70% 1M LIBOR	(4.5)
2006A*	JP Morgan Chase Bank	113.70	11-15-2025	4.0085%	70% 1M LIBOR	(11.1)*
2006A	Societe Generale, New York Branch	37.90	11-15-2025	4.0085%	70% 1M LIBOR	(3.7)*
2006B	JP Morgan Chase Bank	41.99	11-15-2025	SIFMA	4.0855%	5.1
2008A	Royal Bank of Canada	75.80	11-15-2025	4.0085%	70% 1M LIBOR	(7.4)*
2008B	Loop Financial Products	90.08	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	(13.0)
2009A	Loop Financial Products	45.89	11-01-2022	5.6229%	SIFMA	(3.0)
		$676.79				$ (46.8)

* The 2006A Swap with JP Morgan Chase Bank is being terminated with proceeds of the Series 2019D Bonds.

1 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.

2 Certain swaps may be terminated in connection with the refunding of the Refunded 2016B Bonds.

3 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. 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 were scheduled to begin in 2022 (the first full year after the anticipated completion of the Great Hall Project). The City's obligation to make monthly Supplemental Payments under the Great Hall Agreement will terminate upon the termination of the Great Hall Agreement effective November 12, 2019. See "DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments."

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 nine months of 2018 and 2019 are set forth in the following table.

Table 14
PFC Revenues

Year	PFC Revenues (thousands)[1]	Percent Change
2014	$103,959	0.9% [2]
2015	106,006	2.0
2016	114,230	7.8
2017	118,333	3.6
2018	123,907	4.7
2018[3]	95,225	--
2019[3]	99,457	4.4%

[1] These amounts constitute the revenues derived from the entire $4.50 PFC net of the collection fees retained by the airlines.
[2] Compared to PFC revenues of $103,032,044 in 2013.
[3] PFC revenues collected through September 30, 2018 and September 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 nine months ended September 30, 2019 and September 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 October 1, 2030, 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 and effective January 1, 2019, (i) terminated the Committed Passenger Facility Charges and related irrevocable commitments to the payment of the Debt Service Requirements of Senior Bonds, and (ii) included all PFCs received by the City pursuant to all existing and future PFC applications, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues (the "**Designated Passenger Facility Charges**"), in Gross Revenues under the Bond Ordinances. The amounts resulting from the collection of the Designated Passenger Facility Charges are to continue to be included in Gross Revenues in each Fiscal Year until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges, or a portion thereof, are no longer to be included in Gross Revenues for purposes of the Bond Ordinances. PFC revenues that are included in Gross Revenues may be applied by the City to any lawful purpose authorized by PFC applications approved by the FAA, including paying debt service on debt issued to finance PFC eligible projects. See "SECURITY AND SOURCES OF PAYMENT — Pledge of Net Revenues; — Flow of Funds; Revenue Fund; and — Table 1 Historical Net Revenues and Debt Service Coverage of the Senior Bonds and Subordinate Debt Service Requirements."

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 October 1, 2019 has not been repeated. No potential Class II noise violations, including no noise contour violations, were reported in the first nine months of 2019 and the City expects that noise levels, determined using ARTSMAP, will likely not exceed the Noise Standards during the rest 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. On June 19, 2019 the City received an updated Notice of Violation alleging sixteen Class I and twenty-five Class II violations in 2017, and a new Notice of Violations alleging five Class I and twenty-one Class II violations in 2018. 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 will require credit enhancement consistent with the Master Derivatives Policy. In cases where the counterparty's obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the City is required to thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it fully meets the City's requirements.

Insurance

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. The Airport and the City share a property insurance policy with a total loss limit of $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. Additionally, the grounding of the Boeing 737 MAX airplanes in March, 2019 affected airline operations across the country, including Signatory Airlines and Southwest, in particular. However, Southwest took steps to prioritize the Airport over some of its other top airports by reducing capacity at other airports to preserve capacity at the Airport. There can be no assurance that Southwest will continue to prioritize the Airport over its other top airports for the duration of the Boeing 737 MAX airplanes grounding. As a result of such factors, airline operating and 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. 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. While parking revenues at the Airport have increased in 2018 and are expected to increase in 2019 due to increases in rates in the past two years (the most recent of which occurred in September 2019), there can be no assurances that parking demand or revenue will not decline in the future. 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. The Airport has experienced growth in recent years in ground transportation revenue driven by fees paid by TNCs for use of Airport facilities, and continues to monitor and manage ground transportation and parking revenue opportunities. However, new technologies (such as autonomous vehicles) and new business strategies in established markets such as commercial ground transportation and car rentals may occur, which could have an impact on passengers' choice of ground transportation mode and revenues from parking and various ground transportation services.

Concentration of Airline Market Share

The major air carriers operating at the Airport, by local market share, are United, Southwest, Frontier, Delta, and American. 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, Delta or American 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. For example, regulations pertaining to greenhouse gas ("**GHG**") emissions, including regulations which may be promulgated under provisions of the Clean Air Act, 42 U.S.C. Section 7491 et. seq., as amended (the "**CAA**") may affect operations of airlines and the Airport.

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, 3023). The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA. See "FINANCIAL INFORMATION—Federal Grants and Other Funding; Financial and Performance Audits."

FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The City is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, (ii) result in adjustments to the 2018-2022 Capital Program 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 October 1, 2030. 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.

On August 12, 2019, the City, for and on behalf of the Department, exercised its right to terminate the Great Hall Agreement for convenience, which termination will be effective November 12, 2019. While the final amount of the termination payment will not be known on the termination date, the City, for and on behalf of the Department, currently anticipates that the termination payment will be in the range of $170 million to $210 million, and that it will be funded from a combination of proceeds of the Series 2018 Subordinate Bonds and amounts on deposit in the Capital Improvement Account of the Capital Fund. See "SECURITY AND SOURCES OF PAYMENT – Capital Fund."

The City, for and on behalf of the Department, has begun the procurement process for a new contractor to complete construction of the initial phase of the Great Hall Project that is currently underway, and anticipates finalizing the procurement process and resuming construction in the first quarter of 2020. The City, for and on behalf of the Department, currently projects that the design and construction costs of the Great Hall Project will be at the original budgeted amount of $770 million, which includes $120 million in contingency costs. In order to meet such original construction budget, the City, for and on behalf of the Department, is working to reduce the scope of the project without compromising the original project goals to enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. The final completion date of the Great Hall Project (which is anticipated to be later than the original completion date of November 2021), is not expected to be set until the procurement process for the project team is finalized.

Delays to construction of the Great Hall Project due to reprocurement or general construction risks described above may result in increased costs beyond the originally budgeted amount, delay of the completion date, potential loss of concessions revenue due to concessions opportunities not being available or being delayed, and prolonged inconvenience to travelers. Furthermore, there may be additional costs or payments required to be made to any new contractor selected to complete the construction of the Great Hall Project. See "DENVER INTERNATIONAL AIRPORT – Great Hall

Project Developments." There can be no assurances that the procurement process will be completed on the anticipated schedule or that the projected design and construction costs will fall within the original budgeted amount.

Failure to complete the Great Hall Project in a timely manner, due to construction delays or other events within and outside of the City's control, together with certain other adverse events, including, but not limited to, an inability to complete the concessions areas on time and a later than anticipated commencement of concessions collections, 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.

In addition, prior to the notice of termination of the Great Hall Agreement, the Great Hall Developer filed relief event claims under the Great Hall Agreement claiming additional compensation and construction schedule relief due primarily to concrete strength issues. The City, for and on behalf of the Department, retained a consultant to evaluate compensation and construction schedule relief and did not concur with the claims filed in the relief event claims, as described in more detail in the City's voluntary notice posted on EMMA on August 9, 2019. The Great Hall Developer has not withdrawn the relief event claims after the City, for and on behalf of the Department, elected to terminate the Great Hall Agreement for convenience. It is possible that the Great Hall Developer will continue to pursue its claims for compensation after the termination. As of the date of this Official Statement, the amount of the claims has not been determined; however, the City, for and on behalf of the Department, anticipates being able to pay relief claim compensation, if any, from funds available in the Capital Improvement Account of the Capital Fund.

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, for and on behalf of the Department, as a result of any failure to perform by any contractor, subcontractor or supplier and/or termination of agreements with such parties (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. Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations and requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks." The disappearance of a "benchmark" or changes in the matter of administration of a "benchmark" could have materially adverse consequences in relation to securities linked to such "benchmark."

Central banks around the world, including the U.S. Federal Reserve, have commissioned working groups that include market participants (the "**Alternative Rate Committees**") with the goal of finding suitable replacements for their currency's LIBOR that are based on observable market transactions. The search for replacements accelerated after the Financial Stability Board reported that uncertainty surrounding the integrity of LIBOR represents a potentially serious systemic vulnerability and risk due to limited transactions in the underlying inter-bank lending market. In July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "**FCA**"), which regulates LIBOR, announced that it expects that it would not be in a position to sustain LIBOR through its influence or legal compulsion powers after the end of 2021 and called for an orderly transition over a four to five-year period from LIBOR to the reference rates selected by the Alternative Rate Committees. Any transition away from LIBOR, as well as the uncertainty surrounding the future of LIBOR and future regulatory and market developments, could have a materially adverse effect on the current and future trading market for, and the market price of, LIBOR-based financial instruments, such as certain swap agreements, including swap agreements related to certain of the Airport's Senior Bonds and Subordinate Contract Obligations.

Credit Risk of Swap Counterparties

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

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

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 identity 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 year 2014 through 2017. On June 19, 2019 the City received an updated Notice of Violation alleging sixteen Class I and twenty-five Class II violations in 2017, and a new Notice of Violations alleging five Class I and twenty-one Class II violations in 2018. On September 3, 2019, Adams County filed a case management order in which it affirmed that it would seek $33,000,000 plus interest in noise mitigation payments for certain violations identified in the Notices of Violation. 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.

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 trial began on September 30, 2019 and concluded on October 4, 2019. As of the date of this Official Statement, no ruling has been issued.

The City intends to continue 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), "AA-" (stable outlook), and "A1" (positive 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.

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 $243,056,304.56, being the aggregate principal amount of the 2019C-D Bonds, plus original issue premium of $40,010,489.75 and less an underwriting discount of $684,185.19 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 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 nine months ended September 30, 2018 and September 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 NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 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.

[Remainder of Page Intentionally Left Blank]

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: /s/ Kim Day
Manager of Aviation/Chief Executive Officer

By: /s/ Brendan J. Hanlon
Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer

* * *

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX A

AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE

(THIS PAGE INTENTIONALLY LEFT BLANK)

BY AUTHORITY

ORDINANCE NO 20180777 **COUNCIL BILL NO. 18-0777**

SERIES OF 2018 **COMMITTEE OF REFERENCE:**

BUSINESS, ARTS, WORKFORCE & AERONAUTICAL SERVICES

A BILL

An ordinance concerning the Airport System of the City and County of Denver; amending and restating Ordinance No. 626 of Series 1984, as previously amended, known as the "1984 Airport System General Bond Ordinance"; concerning the Airport Facilities of the City and County of Denver; establishing general provisions relating to Airport System Revenue Bonds to be issued by the City, for and on behalf of its Department of Aviation; providing the forms, terms, and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, and the security therefor; providing for the collection and disposition of revenues derived from the operation of such Airport Facilities; pledging such revenues to the payment of the Bonds; providing various covenants, agreements, and other details, and making other provisions concerning Airport Facilities, the Bonds, Refunding and Improvement Projects, and Airport Facilities Revenues; ratifying action previously taken and relating to the foregoing matters; providing other matters relating thereto; declaring an emergency; and providing the effective date hereof.

PREFACE

This ordinance (referred to herein as the "2018 Amended and Restated Airport System General Bond Ordinance") is adopted by the City Council of the City and County of Denver, Colorado.

DEFINITIONS

All defined terms in this 2018 Amended and Restated Airport System General Bond Ordinance have the meanings set forth in Section 102.A of this 2018 Amended and Restated Airport System General Bond Ordinance, except where the context by clear implication otherwise requires.

RECITALS

(1) The City is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter and is a political subdivision of the State.

2018101479
Page: 1 of 106
08/10/2018 04:10 PM R $2.00 D $0.00
City & County of Denver ORD

(2) Subject to certain exceptions, all legislative powers possessed by the City, conferred by Article XX, State Constitution, or contained in the Charter, as either has from time to time been amended, or otherwise existing by operation of law, are vested in the City Council.

(3) Pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home-rule city, and the 1984 General Bond Ordinance, the City has acquired certain airport facilities.

(4) The Charter vests in the Department of Aviation the management and control of the Airport System. Pursuant to the Enterprise Ordinance, the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution. The Enterprise Ordinance provides that the City owns the Department; the Manager of the Department is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager.

(5) After all prerequisite action, the City, for and behalf of the Department, has heretofore issued the Prior Bonds pursuant to the 1984 General Bond Ordinance.

(6) Pursuant to the 1984 General Bond Ordinance, which authorizes the issuance of bonds and other financial obligations payable from the Net Revenues of the Airport System and having a lien thereon subordinate to the lien thereon in favor of the Bonds, Obligations and any additional bonds or obligations on a parity therewith, the City has adopted the General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance.

(7) The City, as requested by the Manager of the Department, desires to amend, restate and replace in its entirety, the 1984 General Bond Ordinance with this 2018 Amended and Restated General Bond Ordinance in order to (i) enable the usage of EMMA, or any successor in kind thereto, for the submission and posting of certain documents, (ii) establish the applicability of the Supplemental Act, (iii) add the concept of a Securities Depository as a depository for Bonds, (iv) replace gender specific language, (iv) approve and adopt the 2018 Amendments, and (v) create a single document which contains the Prior Amendments and the 2018 Amendments.

(8) The 1984 General Bond Ordinance provides the following with respect to amendments:

a. Section 1301 of the 1984 General Bond Ordinance provides that the City may adopt a Supplemental Ordinance amending or supplementing the 1984 General Bond Ordinance, without the consent of or notice to the owners of the Bonds, for certain purposes as described therein;

b. Section 1302 of the 1984 General Bond Ordinance provides that, in addition to any amendments or supplements described in Section 1301 thereof, the 1984 General Bond Ordinance may be amended or supplemented by a Supplemental Ordinance, without receipt by the City of any additional consideration, but with the written consent of the owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds Outstanding at the time of the adoption of such Supplemental Ordinance and affected by such amendment or supplement;

c. Section 1304 of the 1984 General Bond Ordinance provides that notice, as described therein, of any proposed amendment under the provisions of Section 1302 thereof shall be mailed to the owners of all Bonds then Outstanding and to the Purchaser, or any successor thereof known to the Clerk, of the Bonds then Outstanding; and

d. Section 1305 of the 1984 General Bond Ordinance provides that whenever, within one year from the date of a notice under the provisions of Section 1304 thereof, there shall be filed in the office of the Clerk an instrument or instruments executed by the required number of owners, which instrument or instruments shall refer to the proposed Supplemental Ordinance described in such notice and shall specifically consent to and approve the adoption of such Supplemental Ordinance, thereupon, the Council may adopt such Supplemental Ordinance and such Supplemental Ordinance shall become effective.

(9) The provisions of certain agreements entered into by the City, or by the City, for and on behalf of the Department, in connection with the Bonds or the Airport System, including but not limited to certain agreements with credit enhancement providers, hedge facility providers and equipment vendors, establish certain limitations on the ability of the City to

amend the 1984 General Bond Ordinance or require the consent of the other parties to such agreements in connection with amendments to the 1984 General Bond Ordinance.

(10) Additionally, Section 1303 of the General Subordinate Bond Ordinance prohibits amendments to the 1984 General Bond Ordinance without the consent of the owners of any outstanding subordinate bond or subordinate obligation affected thereby, unless such amendment does not materially and prejudicially affect the right of such owner.

(11) The required number of owners of Outstanding Prior Bonds have consented to the 2018 Amendments pursuant to Section 1302 of the 1984 General Bond Ordinance. The 2018 Amendments do not require any additional consent of, or notice to, owners of Outstanding Prior Bonds in order to provide for City Council approval thereof and inclusion in this 2018 Amended and Restated General Bond Ordinance.

(12) The owners of outstanding subordinate bonds and subordinate obligations under the General Subordinate Bond Ordinance have consented to the 2018 Amendments in accordance with Section 1303 of the General Subordinate Bond Ordinance. The owners of any junior lien bonds or junior lien obligations under the General Junior Lien Bond Ordinance have consented to the 2018 Amendments in accordance with Section 1303 of the General Junior Lien Bond Ordinance.

(13) All amendments (other than the 2018 Amendments) to the 1984 General Bond Ordinance set forth in this 2018 Amended and Restated General Bond Ordinance are being enacted pursuant to Section 1301 of the 1984 General Bond Ordinance and do not require (i) consent of or notice to the owners as contemplated in Section 1302 of the 1984 General Bond Ordinance, (ii) notice as contemplated in Section 1304 of the 1984 General Bond Ordinance or (iii) filing of consent to the adoption of this 2018 Amended and Restated General Bond Ordinance as contemplated in Section 1305 of the 1984 General Bond Ordinance. Additionally, such amendments do not materially and prejudicially affect the right of the owners of any subordinate bonds or the beneficiaries of any subordinate obligations as contemplated by Section 1303 of the General Subordinate Bond Ordinance.

(14) The Council has determined and does hereby declare that it is necessary and appropriate that the 1984 General Bond Ordinance be amended, supplemented, restated and replaced in its entirety, as provided in this 2018 Amended and Restated General Bond Ordinance and that:

A. Notice of the 2018 Amendments under the provisions of Section 1302 has been given in accordance with Section 1304 of the 1984 General Bond Ordinance;

B. There has been filed in the office of the Clerk an instrument executed by the required number of owners, referring to this 2018 Amended and Restated Airport System General Bond Ordinance and specifically consenting to and approving the adoption of the 2018 Amendments, all as provided in Section 1305 of the 1984 General Bond Ordinance;

C. All consents of parties to agreements entered into by the City, or by the City, for and on behalf of the Department, in connection with the Bonds or the Airport System, which are required with respect to the 2018 Amendments have been or will be obtained;

D. There has been filed in the office of the Clerk an instrument executed by the owners of subordinate bonds and subordinate obligations in accordance with the General Subordinate Bond Ordinance, referring to this 2018 Amended and Restated Airport System General Bond Ordinance and specifically consenting to and approving the adoption of the 2018 Amendments, all as provided in Section 1303 of the General Subordinate Bond Ordinance;

E. No additional consent to the amendments and supplements to the 1984 General Bond Ordinance as set forth in this 2018 Amended and Restated General Bond Ordinance is required under the provisions of Section 1302 and no notice thereof is required to be given in accordance with Section 1304 of the 1984 General Bond Ordinance; and

F. The 2018 Amendments have been consented to by the owners of subordinate bonds and subordinate obligations in accordance with the General Subordinate Bond Ordinance and by the owners of junior lien bonds and junior lien obligations in accordance with the Section 1303 of the General Junior Lien Bond Ordinance. All other amendments and supplements to the 1984 General Bond Ordinance set forth herein do not materially and prejudicially affect the rights of the owners of the subordinate bonds or junior lien bonds or beneficiaries of any subordinate obligations or junior lien obligations.

(15) This 2018 Amended and Restated Airport System General Bond Ordinance is intended to govern the issuance of, and establish general provisions relating to, revenue bonds issued by the City, and by the City, for and on behalf of the Department, payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts of the Airport System as herein provided.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

ARTICLE I
SHORT TITLE, DEFINITIONS, OTHER INTERPRETIVE AND LEGISLATIVE MATTERS, AND EFFECTIVE DATE

Section 101. Short Title. This ordinance may be cited as the "2018 Amended and Restated Airport System General Bond Ordinance."

Section 102. Meanings and Construction.

A. Definitions. For all purposes of this Instrument and of any instrument amendatory hereof or supplemental hereto, except where the context by clear implication otherwise requires:

(1) "1984 General Bond Ordinance" means Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to time by, and amended and restated in its entirety by this Instrument.

(2) "1997 Subordinate Bond Ordinance" means Ordinance No. 549, Series of 1997, cited as the "1997 Airport System Subordinate Bond Ordinance," as amended and supplemented.

(3) "2018 Amendments" means amendments to the 1984 General Bond Ordinance reflected in this 2018 Amended and Restated Airport System General Bond Ordinance and set forth in the instrument filed in the office of the Clerk which have been consented to in writing by the requisite percentage of owners of the Prior Bonds but not approved and adopted by the City Council prior to this 2018 Amended and Restated Airport System General Bond Ordinance, which 2018 Amendments are hereby approved and adopted by the City pursuant this 2018 Amended and Restated Airport System General Bond Ordinance.

(4) "Accreted Value" when used with respect to a Capital Appreciation Bond as of a given date means the principal amount thereof plus accrued interest thereon to that date.

(5) "Acquire" means to open, lay out, establish, purchase, construct, secure, install, reconstruct, lease, option, receive, or otherwise acquire, or any combination thereof.

(6) "Airport" or "Airport System" means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City:

(a) Stapleton International Airport;

(b) Denver International Airport;

(c) All other airports, heliports or functionally similar aviation facilities; and

(d) All other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices.

The terms do not include any Special Facilities, except to the extent otherwise provided herein.

(7) "Airport Consultant" means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager of the Department on behalf and in the name of the City:

(a) Who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but

(b) Who is not in the regular employ or control of the City.

(8) "Airport Engineer" means the engineer for the Airport System, in the regular control and employ of the Manager of the Department on behalf of the City, or his or her designee, and his or her successor in functions, if any.

(9) "Airport System Fund" means the separate fund designated as the "City and County of Denver, Airport System Fund," created in Section 501 hereof, which fund consists of a self-balancing group of accounts and subaccounts relating to the Airport System, and to which the various accounts herein created or otherwise designated relate.

(10) "Attorney" means the attorney for the Airport System, in the regular control and employ of the City, or his or her designee, and his or her successor in functions, if any.

(11) "Attorney's Opinion" means an opinion signed by an attorney or by a firm of attorneys of recognized standing (who may be the Attorney), elected, retained, and compensated by the City.

(12) "Auditor" means the auditor of the City, or his or her designee, and his or her successor in functions, if any.

(13) "Balloon Maturities" means, with respect to any series of Bonds or other Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, that portion of that series which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Bonds or other Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument.

(14) "Bond Fund" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund," created in Section 502(D) hereof.

(15) "Bond Requirements" for any period means the Debt Service Requirements payable during such period excluding the amount of any Obligations payable (or for which reserves are required to be deposited) during such period.

(16) "Bond Reserve Fund" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund" created in Section 502(E) hereof.

(17) "Bonds" means bonds, notes, certificates, commercial paper, or other securities issued by the City or by the City, for and on behalf of the Department, pursuant to the provisions of this Instrument which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including without limitation Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds, Subordinate Bonds, or any Obligations (except as represented by any bonds registered in the name of any provider of any Credit Facility or its nominee as a result of a purchase by a draw on the Credit Facility).

(18) "Book-Entry System" means a system under which either (a) bond certificates are not issued and the ownership of bonds is reflected solely by a register, or (b) physical certificates in fully registered form are issued to the Securities Depository or to its nominee as registered owner, with the certificated bonds held by and "immobilized" in the custody of the Securities Depository, and under which records maintained by persons, other than the Registrar, constitute the written record that identifies the ownership and transfer of the beneficial interests in those bonds.

(19) "Capital Appreciation Bonds" means Bonds which by their terms appreciate in value to a stated face amount at maturity.

(20) "Capital Fund" means the special and separate account designated as the "City and County of Denver, Airport System Capital Improvement and Replacement Fund," created in Section 502(G) hereof.

(21) "Capitalized Interest Account" means the special and separate subaccount within the Project Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account," created in Section 504(A) hereof.

(22) "Charter" means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

(23) "City" means the municipal corporation and body corporate and politic known as the City and County of Denver, Colorado, and the term includes any municipal corporation which may succeed to ownership of the Airport System. As the context requires, the term also means the City, for and on behalf of the Department.

(24) "City Council" or "Council" means the city council of the City, also designated in the Charter as the "board of councilmen," and includes any successor governing body of the City.

(25) "Clerk" means the Clerk and Recorder, ex-officio Clerk of the City, or a deputy clerk of the City whenever the Clerk is unable to act in such capacity, or their designees, and their successors in functions, if any.

(26) The term "commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal

Reserve System, which has a shareholders' equity (e.g., capital stock, surplus, and undivided profits), however denominated, of $25,000,000.00 or more, and which is located within the United States, and such term includes, without limitation, any trust bank.

(27) "Completion Bonds" means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

(28) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) 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).

(29) "Cost" means the City's costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation:

(a) The costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;

(b) The costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;

(c) Administrative and general overhead costs;

(d) The costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the Federal Government, or by any other person, or any combination thereof;

(e) The costs of surveys, appraisals, plans, designs, specifications, or estimates;

(f) The costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;

(g) The costs of publishing, reproducing, posting, mailing, or recording;

(h) The costs of contingencies or reserves;

(i) Interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility;

(j) The costs of amending any resolution, ordinance or other instrument relating to Bonds;

(k) The costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans;

(l) The costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises;

(m) The costs of demolition, removal, and relocation;

(n) All other lawful costs as may be determined by the Manager of the Department.

(30) "Credit Enhanced Bonds" means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

(31) "Credit Facility" means any letter of credit, policy of bond insurance, surety bond, guaranty or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

(32) "Credit Facility Obligations" means repayment or other obligations incurred by the City, for and on behalf of the Department, pursuant to a credit agreement or similar

instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

(33) "Debt Service Requirements" for any period means the sum of:

(i) The amount required to pay the interest on any Bonds during such period;

(ii) The amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and

(iii) The amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured hereunder during such period,

in each case computed as follows:

(a) No payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates.

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate

Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by Section 704(B) hereof; or (iii) required by the rate maintenance covenant of Section 901 hereof, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance.

(c) Further, in any computation relating to the issuance of additional Bonds required by Section 704 hereof and any computation required by the rate maintenance covenant in Section 901 hereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii) and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account.

(d) Any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate Debt Service Requirements shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in paragraph (b) above) to be made by the City under the Hedge Facility.

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition than applies to such maturity.

(f) If all or any portion of an outstanding series of Bonds constitutes Short-Term/Demand Obligations, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Bonds only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

(g) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

(34) "Department" means the Department of Aviation of the City and its successor in functions, if any, which has been designated by the City as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

(35) "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or any successor thereto.

(36) "Enterprise Ordinance" means Ordinance No. 755, Series of 1993.

(37) The term "equip" means to furnish machinery, vehicles, furniture, apparatus, or other equipment, or any combination thereof.

(38) "Escrow Account" means any special and separate account established with an Escrow Bank in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

(39) "Escrow Bank" means a trust bank, designated by Supplemental Ordinance to administer an Escrow Account.

(40) "Event(s) of Default" means the events stated in Section 1203 hereof.

(41) "Facilities" and "Airport Facilities" means any real, personal, or real and personal property, or any interest therein (other than Special Facilities, except to the extent otherwise provided herein) comprising a part of the Airport System, including without limitation land for environmental or noise abatement purposes.

(42) "Federal Government" means the United States, or any agency, instrumentality, or corporation thereof.

(43) "Federal Securities" means bills, certificates, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States.

(44) "Financial Consultant" means any financial consultant which is appointed by the City with respect to any series of Bonds.

(45) "Fiscal Year" means the twelve months commencing on January 1 of any calendar year and ending on December 31 of the same calendar year, or any other 12-month period which the appropriate authority designates as the fiscal year for the operation of the Airport System.

(46) "Fitch" means Fitch, Inc. and its successors.

(47) "General Junior Lien Bond Ordinance" means Ordinance No. 17-0972, Series of 2017, cited as "Airport System General Junior Lien Bond Ordinance," as amended and supplemented from time to time.

(48) "General Subordinate Bond Ordinance" means the 1997 Subordinate Bond Ordinance as amended and restated in its entirety pursuant to the provisions of Ordinance No. 302, Series of 2013, as amended and supplemented from time to time.

(49) "Gross Revenues" means 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. The term includes, without limitation, all 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; on and after January 1, 1994, the revenues from the City's sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided herein, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include:

(a) Any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund;

(b) Any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States;

(c) Any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements;

(d) Except as otherwise provided herein, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals;

(e) The proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption;

(f) Any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified;

(g) Any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance;

(h) Any Hedge Termination Payments received by the City; and

(i) Any Released Revenues in respect of which there have been filed with the Clerk a Manager's certificate, an Airport Consultant's certificate, and an opinion of Bond Counsel and the other documents contemplated in the definition of "Released Revenues."

(50) "Hedge Facility" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction entered into by the City, for and on behalf of the Department, and a Hedge Provider, which is intended to be integrated with and to convert or limit the interest rate on any Bonds.

(51) "Hedge Facility Obligations" means payment obligations of the City, for and on behalf of the Department, in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under this Instrument on a parity with the Bonds.

(52) "Hedge Provider" means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

(53) "Hedge Termination Payment" means any amount payable to the City, for and on behalf of the Department, or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

(54) The term "improve" means to extend, enlarge, add to, widen, lengthen, better, alter, reconstruct, or otherwise improve; but the term does not mean to generally maintain or otherwise repair in minor and periodic respect.

(55) "Improvement Project" means any project to acquire, improve or equip (or any combination thereof) Facilities, as authorized and described by Supplemental Ordinance.

(56) "Independent Accountant" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City:

(a) Who is, in fact, independent and not under the control of the City;

(b) Who does not have any substantial interest, direct or indirect, with the City; and

(c) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

(57) "Instrument" means this 2018 Amended and Restated Airport System General Bond Ordinance, as amended and supplemented from time to time by any Supplemental Ordinance; and the term "instrument of the City," "amendatory instrument," "supplemental instrument," or any phrase of similar import, means any ordinance adopted by the Council.

(58) "Interest Account" means the special and separate subaccount within the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Interest Account," created in Section 504(B) hereof.

(59) "Investment Securities" means, to the extent the following are permitted investments under the City's investment policy, as such investment policy may be amended from time to time:

(a) Federal Securities; and

(b) If the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following:

(i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon;

(ii) Interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders' equity (e.g., capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to $10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof);

(iii) Bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(iv) Repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof;

(v) Banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase;

(vi) New housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government;

(vii) Obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds;

(viii) Commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase;

(ix) Investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies;

(x) Any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either:

(A) That are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or

(B) As to which the following apply:

(1) such bonds or other obligations are fully secured as to principal, interest and any redemption

premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and

(2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(xi) Obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation.

(xii) Investment Agreements with:

(A) A Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens;

(B) A bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies. The agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement;

(C) An insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies. The agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement; and

(D) A corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment. The agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement; and

(xiii) Such other investments as the Treasurer may be authorized to make with the general funds of the City.

(60) "Manager" or "Manager of the Department" means the Manager of the City's Department of Aviation, or his or her designee and successor in functions, if any (being the successor in title to the Manager of the Department of Aviation as of March 1, 2015).

(61) "Mayor" means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

(62) "Minimum Bond Reserve" means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short-Term/Demand Obligations. With respect to any series of Bonds, 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (x) such series of Bonds matures over a thirty-year term from its date of issuance, (y) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (z) is payable on a substantially level annual debt service basis assuming the rate so determined.

(63) "Minimum Operation and Maintenance Reserve" means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance

Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager of the Department not more often than once in each Fiscal Year.

(64) "Moody's" means Moody's Investors Service, Inc. and its successors.

(65) "Net Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

(66) "Net Rent Lease" means a lease or license of facilities relating to the Airport System or Special Facilities entered into by the City, for and on behalf of the Department, pursuant to which the lessee or licensee agrees to pay to the City, for and on behalf of the Department, rentals or other payments during the term thereof for the use of certain facilities, and to pay in addition all operation and maintenance expenses relating to such facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

(67) The term "newspaper" means a newspaper printed in the English language, published at least once each calendar week.

(68) "Obligations" means Credit Facility Obligations, Contract Obligations and Hedge Facility Obligations.

(69) "Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the City, for and on behalf of the Department, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation:

(a) Engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System;

(b) Fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System;

(c) Payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) Any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith;

(e) The reasonable charges of the Paying Agent and any other depositary bank relating to Bonds;

(f) Costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries;

(g) Costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds;

(h) Costs of any utility services furnished to the Airport System by the City or otherwise;

(i) Periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and

(j) All other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System.

The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as a part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required herein); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided herein); and any liabilities imposed on the City, including without limitation negligence in the operation of the Airport System.

(70) "Operation and Maintenance Fund" means the special and separate account designated as the "City and County of Denver, Airport System Operation and Maintenance Fund," created in Section 502(C) hereof.

(71) "Operation and Maintenance Reserve Account" means the special and separate subaccount in the Operation and Maintenance Fund designated as the "City and County of Denver, Airport System Operation and Maintenance Reserve Account," created in Section 504(F) hereof.

(72) "Option Bonds" means Bonds which by their terms may be tendered for payment by and at the option of the owners thereof prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the owners thereof.

(73) "Other Available Funds" means for any Fiscal Year the amount determined appropriate by the Manager of the Department 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 such Fiscal Year.

(74) "Other Defeasance Securities" means any type of security or obligation, in addition to Federal Securities, that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category of, or are otherwise approved by, such Rating Agencies; provided that such security or obligation must be a permitted investment under the City's investment policy as then in effect.

(75) "Outstanding" when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except:

(a) any Bonds cancelled or paid by or on behalf of the City on or before such date;

(b) any Bonds which are deemed to be paid pursuant to Section 1101 hereof or for which sufficient moneys are held in trust pursuant to Section 309 and Section 517 hereof;

(c) any Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered; and

(d) except any Bonds held as Bank Bonds (as defined in any related Supplemental Ordinance), any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance.

In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

(76) The term "owner" or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book-entry form; provided that with respect to any series of Bonds which is insured by a bond insurance policy, the term "owner" for purposes of all consents, directions, and notices provided for in this Instrument and any applicable Supplemental Ordinance, shall mean the issuer of such bond insurance policy so long as such policy issuer has not defaulted under its policy.

(77) "Paying Agent" means the Treasurer, or one or more commercial banks or trust banks, designated by Supplemental Ordinance as agent of the City for the payment of Bonds, including any successors thereof. As the context requires, the term also includes the Treasurer, or one or more commercial banks or trust banks, so designated as co-paying or alternate paying agent of the City for the payment of Bonds, including any successors thereof.

(78) The term "person" means a corporation, firm, other body corporate (including without limitation the Federal Government, the State, or any other body corporate and politic other than the City), partnership, association, or individual, and also includes an executor, administrator, trustee, receiver, or other representative appointed according to law.

(79) "Pledged Revenues" means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(80) "Principal Account" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Principal Account," created in Section 504(C) hereof.

(81) "Prior Amendments" means amendments to the 1984 General Bond Ordinance consented to in writing by the requisite percentage of owners of the Prior Bonds and previously approved and duly adopted by the City Council.

(82) "Prior Bonds" means the following series of Bonds heretofore issued by the City for and on behalf of the Department pursuant to the 1984 General Bond Ordinance and which are currently Outstanding:

i. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 640, Series of 1992;

ii. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992F," as authorized by the 1984 General Bond Ordinance and Ordinance No. 643, Series of 1992;

iii. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992G," as authorized by the 1984 General Bond Ordinance and Ordinance No. 644, Series of 1992;

iv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 800, Series of 2002;

v. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007F," as authorized by the 1984 General Bond Ordinance and Ordinance No. 625, Series of 2007;

vi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007G," as authorized by the 1984 General Bond Ordinance and Ordinance No. 626, Series of 2007, as amended and restated by Ordinance No. 722, Series of 2007;

vii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2008B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 322, Series of 2008;

viii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2008C1-C3," as authorized by the 1984 General Bond Ordinance and Ordinance No. 483, Series of 2008;

ix. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009A-B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 578, Series of 2009;

x. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 577, Series of 2009;

xi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2010A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 107, Series of 2010;

xii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 181, Series of 2011;

xiii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 489, Series of 2011;

xiv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 490, Series of 2012;

xv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 490, Series of 2012;

xvi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 491, Series of 2012; and

xvii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 16-0979, Series of 2016;

xviii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 16-0980, Series of 2016;

xix. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 17-1223, Series of 2017; and

xx. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 17-1223, Series of 2017.

(83) "Project Fund" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created in Section 502(A) hereof.

(84) "Purchase Price" means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

(85) "Purchaser" means, in connection with any Bonds, the person purchasing the Bonds or the manager or senior manager of any account purchasing the Bonds, or any successor thereof.

(86) "Rating Agencies" means any of Moody's, S&P, or Fitch, or any other nationally recognized rating agency of municipal obligations, then maintaining ratings on any of the Bonds at the request of the City.

(87) "Redemption Account" means the special and separate subaccount in the Bond Fund, designated as the "City and County of Denver, Airport System Revenue Bonds, Redemption Account," created in Section 504(E) hereof.

(88) "Redemption Date" means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

(89) "Redemption Price" means, when used with respect to a current interest Bond, the principal amount thereof plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the Accreted Value, plus the applicable premium, if any, payable on a Redemption Date.

(90) "Refunding Bonds" means any Bonds issued to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

(91) "Refunding Project" means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

(92) "Registrar" means either the Treasurer, or one or more commercial banks or trust banks, designated in a Supplemental Ordinance, to keep books or records for the registration, discharge from registration, transfer, and conversion of Bonds, including any successors thereof. As the context requires the term also includes the Treasurer, or one or more commercial banks or trust banks, so designated, as co-registrar for such purposes, including any successor thereof.

(93) "Regular Record Date" means, with respect to a particular series of Bonds, the record date for determining Bond ownership for the purpose of paying interest as it becomes due, as such date is provided by Supplemental Ordinance.

(94) "Regularly Scheduled Hedge Payments" means the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

(95) "Released Revenues" means revenues of the Airport System in respect of which the following have been filed with the Clerk:

(a) a certificate of the Manager describing such revenues and requesting that such revenues be excluded from the term Gross Revenues;

(b) either (i) an Independent Accountant's certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager's request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an Airport Consultant's certificate containing the estimates required by Section 704B, to the effect that, based upon reasonable assumptions, projected Net Revenues for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager's certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, of (B) an amount not less than 150% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge and lien of this Instrument will not, in and of itself, cause the interest on any outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues from the pledge and lien of this Instrument will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the revenues described in the Manager's certificate shall no longer be included in Gross Revenues and shall be excluded from the pledge and lien of this Instrument.

(96) "Revenue Fund" means the special and separate account designated as the "City and County of Denver, Airport System Gross Revenue Fund," created in Section 502B hereof.

(97) "S&P" means Standard & Poor's Global Ratings and its successors.

(98) "Securities Depository" means The Depository Trust Company or any additional or other securities depository designated in a Supplemental Ordinance, or (i) if the then Securities Depository resigns from its functions as depository of the Bonds, or (ii) if the City Council discontinues use of the Securities Depository, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the City Council.

(99) "Serial Bonds" means any Bonds other than Term Bonds.

(100) The term "series" means, regardless whether such Bonds are designated as a "series," "subseries," or otherwise, all Bonds issued at one time for any Improvement Project, Refunding Project, or combination thereof.

(101) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility. The City hereby declares that none of the Prior Bonds shall constitute a Short-Term/Demand Obligation and this shall be considered an amendment to each Supplemental Ordinance authorizing such Prior Bonds.

(102) "Sinking Fund Account" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," created in Section 504(D) hereof.

(103) "Sinking Fund Requirements" means for any period amounts required herein or by Supplemental Ordinance to be credited to the Sinking Fund Account.

(104) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to Article VIII hereof. The Cost of any Special Facilities may include the types of costs included herein under the definition of "Cost," and may also include indirect costs for improvements to other parts of the Airport System or public utilities and other infrastructure not owned by the City that the Manager deems necessary and desirable in connection with such Special Facilities.

(105) "Special Facilities Bonds" means bonds or other securities to finance the cost of any Special Facilities and which are payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease of such Special Facilities.

(106) "Special Record Date" means, with respect to a series of Bonds, the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to Supplemental Ordinance.

(107) "State" means the State of Colorado.

(108) "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 Bonds.

(109) "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 in Section 502(F) hereof.

(110) "Supplemental Act" means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(111) "Supplemental Ordinance" means any ordinance of the City amending or supplementing this 2018 Amended and Restated Airport System General Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds hereunder, and any ordinance amendatory thereof or supplemental thereto.

(112) "Tax Code" means the Internal Revenue Code of 1986, as from time to time amended. The term includes any regulations of the U.S. Department of the Treasury

proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" shall be deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

(113) "Term Bonds" means Bonds of a series with a fixed maturity date or dates which do not constitute consecutive periodic installments and which Bonds are designated as Term Bonds by the Supplemental Ordinance authorizing their issuance.

(114) "Treasurer" means the manager of the City's Department of Finance, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

(115) The term "trust bank" means a commercial bank which is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

(116) "Variable Rate Bonds" means Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue, but which is subject to a maximum limitation.

B. Construction. This Instrument, except where the context by clear implication requires otherwise, shall be construed as follows:

(i) Words in the singular include the plural, and words in the plural include the singular.

(ii) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(iii) Articles, sections, subsections, paragraphs, and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs, and subparagraphs of this Instrument so numbered or otherwise so designated.

(iv) The titles and headlines applied to articles, sections, and subsections of this Instrument are inserted only as a matter of convenience and ease in reference and in no way define, limit, or describe the scope or intent of any provisions of this Instrument.

Section 103. Successors. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the City, the Department or the Council contained herein shall bind and insure to the benefit of any successor municipal corporation or governing body thereof and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power, or duty of the City, the Department or the Council or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements, or other provisions.

Section 104. Parties Interested Herein. Except as otherwise expressly provided herein or by Supplemental Ordinance, nothing in this Instrument is intended or shall be construed to confer upon or to give to any person, other than the City, the Department, the Paying Agent, the Registrar, any other fiduciary or agent thereof, and the owners from time to time of the Bonds, any right, remedy, or claim under or by reason hereof or any covenant, condition, or stipulation hereof. Subject to such exception, all the covenants, stipulations, promises, and agreements herein contained by and on behalf of the City or the Department shall be for the sole and exclusive benefit of the City, the Department, such fiduciaries and agents, and any owner of any Bonds.

Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of this Instrument) by the Council, the officers of the City, and otherwise by the City directed:

A. Project. Toward any Improvement Project, Refunding Project or combination thereof; and

B. Bonds. Toward the sale and delivery of Bonds for such purposes, be, and the same hereby is, ratified, approved, and confirmed.

Section 106. Instrument Irrepealable. In consideration of the purchase and acceptance of any Bonds by those who shall own the same from time to time, this Instrument shall constitute an irrevocable contract between the City and the owner or owners of any Bonds issued hereunder; and this Instrument shall remain irrepealable until such Bonds shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 107. Repealer. All bylaws, orders, resolutions and other ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution, or other ordinance, or part thereof, heretofore repealed.

Section 108. Severability. If any section, subsection, paragraph, subparagraph, clause, or other provision of this Instrument shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Instrument.

Section 109. Effective Date. This Instrument shall take effect immediately upon its final passage and publication.

Section 110. Recordation and Authentication. This Instrument after its passage shall be recorded in a Book of Ordinances of the City, kept for that purpose, and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.

ARTICLE II
AUTHORITY FOR THIS INSTRUMENT AND AUTHORIZATION OF PROJECTS, PLEDGE SECURING BONDS, OBLIGATIONS OF CITY, AND LIMITATIONS THEREON

Section 201. Authority for this Instrument. This Instrument is adopted pursuant to the City's powers as a home-rule city under the Charter and Article XX of the Constitution of the State, the Enterprise Ordinance and the Supplemental Act.

Section 202. Authorization of Projects. The City or the City for and on behalf of the Department may authorize by Supplemental Ordinance any Improvement Project, Refunding Project, or combination thereof, and the issuance of Bonds for such purpose or purposes.

Section 203. Pledge Securing Bonds. Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under this Instrument (except moneys and securities held in any Escrow Account and except as otherwise provided herein) are hereby irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. This pledge shall be valid and binding from and after the date of first issuance of any Bonds and, in the case of Credit Facility Obligations and Hedge Facility Obligations, the effective date of such Obligations; and the moneys and securities, as received by the City and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery, filing, or further act. The lien of this pledge and the contractual obligations hereby made shall have priority over any or all other liabilities and obligations of the City; and the lien of this pledge shall be valid and binding against all persons having claims of any kind in tort, contract, or otherwise against the City (except as herein otherwise provided) whether or not such persons have notice thereof.

Section 204. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection, and security of the owners of any and all Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Instrument. No such preference, priority, or distinction shall be deemed to exist by reason of the issuance of any Capital Appreciation Bonds, Credit Enhanced Bonds, Option Bonds, or Variable Rate Bonds.

Section 205. Special Obligations. All Bond Requirements of any Bonds shall be payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts as herein or by Supplemental Ordinance provided; the owners thereof may look to any general or other fund for the payment of the Bond Requirements of the Bonds, except the designated security pledged therefor; the Bond Requirements of the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bond Requirements of the Bonds shall not be considered or held to be general obligations of the City but shall constitute its special obligations. The City does not pledge its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

Section 206. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in any Bonds issued hereunder shall ever impose or shall be construed as imposing any liability, obligation, or charge against the City (except with respect to the Net Revenues and special funds pledged therefor) or its general credit, payable out of its general fund or out of any funds derived from taxation.

Section 207. No Pledge of Property. The payment of the Bond Requirements of any Bonds issued hereunder is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond Requirements of the Bonds.

Section 208. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of any Bonds or for any claim based thereon, or otherwise, upon any instruments of the Council authorizing their issuance or otherwise relating thereto, against any individual member of the Council, or any officer, employee, or other agent of the City, or Department, past, present, or future, either directly or indirectly through the Council, or otherwise, whether by virtue of the Charter or any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 209. No Election or Other Preliminaries. Any Bonds issued hereunder may be issued without being authorized at an election and without any other preliminaries pursuant to the Enterprise Ordinance, except as may be required by the State Constitution, the Charter, the Tax Code or as otherwise provided herein or by Supplemental Ordinance.

ARTICLE III
AUTHORIZATION, ISSUANCE, REDEMPTION, TERMS, EXECUTION, AND FORM OF BONDS

Section 301. Authorization of Bonds Generally. For the purpose of protecting the public health, conserving its property, and advancing the general welfare of its citizens, the City or the City, for and on behalf of the Department, may issue one or more series of Bonds for any Improvement Project, Refunding Project, or combination thereof, relating to the Airport System, in accordance with the provisions of this Instrument.

Section 302. General Provisions of Airport Bonds and Obligations. Each series of Bonds and Obligations in respect of each facility or contract shall be authorized by a separate Supplemental Ordinance and shall bear such designation as the City deems appropriate. Multiple series of Bonds may be authorized to be issued by a single Supplemental Ordinance and Obligations relating to a series of Bonds may be authorized in the Supplemental Ordinance authorizing the related Bonds. Bonds and Obligations shall be subject to such terms and conditions as are provided herein and by, or pursuant to, Supplemental Ordinance.

Section 303. Conditions to Issuance. Prior to or simultaneously with the delivery of the Bonds of any series, in addition to the requirements of Article VII hereof, there shall be filed with the Clerk, the following:

A. Ordinances. A copy, certified by the Clerk, of this Instrument and of all Supplemental Ordinances relating to the Bonds of such series:

(1) Description of Project. Generally describing the Improvement Project, the Refunding Project, or combination thereof;

(2) Bond Details. Providing for the issuance of the Bonds and determining (or providing the basis for determining) the amount and details thereof, including without limitation, and as may be necessary or desirable, an appropriate series designation, the date or dates of the Bonds, the year or years and amounts in which the Bonds shall mature, any of the Bonds which are Term Bonds, any Sinking Fund Requirements, the time or times and Redemption Prices at which the Bonds or designated portions thereof are to be redeemable, any modifications pursuant to Section 313 hereof, the rate or rates of interest which such Bonds shall bear (or the method of determining such interest rate or rates in the case of Variable Rate Bonds), any conversion or other options, any Credit Facility provided or to be provided therefor, and all other necessary or desirable terms and conditions; and

(3) Additional Details. Awarding the Bonds, designating any Paying Agent, designating any Registrar, designating such other fiduciaries and agents as may be appropriate, and directing the delivery of the Bonds to or upon the order of the Purchasers thereof upon payment of the purchase price therein set forth; and

B. Attorney's Opinion. An Attorney's Opinion stating that the issuance of the Bonds has been duly authorized and that all conditions precedent to the delivery of the Bonds have been fulfilled.

C. Manager's Resolution. A resolution, order, or other instrument of the Manager approving, authorizing and requesting the issuance of the Bonds and pledging to their payment the Net Revenues of the Airport System and such other funds and accounts of the Airport System as herein or in any Supplemental Ordinance provided.

Section 304. Optional Redemption of Bonds. All or any portion of the Bonds of any series may be subject to prior redemption at the City's option, as the City may determine by Supplemental Ordinance.

Section 305. Mandatory Redemption of Bonds. All or any portion of the Bonds of any series may be subject to mandatory redemption, as the City may determine by Supplemental Ordinance.

Section 306. Funds for Redemption of Bonds. If a Supplemental Ordinance provides for the mandatory redemption of any Term Bonds, money sufficient to pay the Redemption Price of such Term Bonds shall be accumulated as Sinking Fund Requirements. Money sufficient to provide for the Redemption Price due in connection with any optional redemption of Bonds shall be credited to the Redemption Account or to an Escrow Account for such purpose at least one business day prior to the redemption date for such Bonds. The interest on any such Bonds, or designated portions thereof, shall continue to be paid from the Interest Account within the Bond Fund as provided in Section 508(A) hereof (except for any interest to be paid from an Escrow Account). All such moneys shall be transferred to the appropriate Paying Agent on or before the applicable Redemption Date.

Section 307. Notice of Prior Redemption. Notice of prior redemption of any Bonds (other than Prior Bonds) shall be given, and the contents of the notice shall be in the form, as provided by Supplemental Ordinance.

Notice of the prior redemption of any Prior Bonds issued before the date of this Instrument shall be given by or at the direction of the Treasurer in the name of the City except as otherwise provided in a Supplemental Ordinance authorizing such Bonds:

A. Publication. By publication of such notice at least once, not more than 45 days nor less than 30 days prior to the Redemption Date in each:

(1) a newspaper of general circulation in the City and County of Denver, and

(2) a financial newspaper published in New York, New York, as the Treasurer may determine; and

B. Mail. By sending a copy of such notice by first-class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating a written notice, not more than 45 days nor less than 30 days prior to the Redemption Date to each of the following:

(1) The Purchaser of the Bonds to which the notice relates, or any successor thereof known to the Treasurer,

(2) Any Financial Consultant for the Bonds to which the notice relates, or any successor thereof known to the Treasurer,

(3) The Paying Agent and any other agents or fiduciaries required to receive such notice by Supplemental Ordinance, or any successors thereof known to the Treasurer, and

(4) To any registered owner of any such Bond or Bonds at the address appearing on the registry books or records in the custody of the Registrar. The actual receipt by any owner of notice of such redemption shall not be a condition precedent to such redemption, if the notice has in fact been duly given, and failure to receive such notice shall not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

Such notice, for any prior Bonds, shall: (i) specify the number or numbers of the Bonds, or designated portions thereof, so to be redeemed (if less than all are to be redeemed) and the Redemption Date; (ii) state that on the Redemption Date there will become due and payable upon each such Bond, or designated portion thereof, the applicable Redemption Price and accrued interest to the Redemption Date, that from and after such date interest will cease to accrue; and (iii) provide payment details as set forth in the related Supplemental Ordinance.

Section 308. Certification of Notice Given. A certificate by the Treasurer that notice has been given as required by § 307 hereof shall be conclusive against all parties; and no owner may object thereto or may object to the cessation of interest on the Redemption Date on the ground that such owner failed to actually receive such notice.

Section 309. Payment of Redeemed Bonds. Notice of redemption having been duly given, and action having been duly taken to provide for the payment of the Bonds, or designated portions thereof, so called for prior redemption, the Bonds, or designated portions thereof, so called for redemption shall become due and payable on the Redemption Date stated in such notice at the applicable Redemption Price, plus interest accrued to the Redemption Date; and such Bonds, or designated portions thereof, shall be paid and cancelled; provided that if at the time of notice of any optional redemption of the Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account available for payment pursuant to this Instrument and sufficient to redeem all of the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect.

If on the Redemption Date moneys for the redemption of all the Bonds, or designated portions thereof, to be redeemed, at the applicable Redemption Price, together with interest accrued to the Redemption Date, shall be held by or on behalf of the Paying Agent so as to be available therefor on such date, and if notice of redemption shall have been given, then from and after the Redemption Date such Bonds, or designated portions thereof, shall cease to bear interest and shall no longer be considered Outstanding hereunder. All moneys held by or on behalf of the Paying Agent for the redemption of any Bonds, or designated portions thereof, shall be held in trust for the account of the owners thereof.

Section 310. Form and Negotiability of Bonds. The Bonds may be issued as Bonds registered as to principal and interest or under the Book-Entry System, or in any other form as may be provided by Supplemental Ordinance. The Bonds shall be fully negotiable in form and shall have all the qualities of negotiable paper; and the owners thereof shall possess all rights enjoyed by the owners of negotiable instruments under the provisions of the Uniform Commercial Code — Investment Securities.

Section 311. Payment of Principal and Interest on Bonds. The principal of, and any premium due in connection with, the Bonds and interest thereon shall be payable by the Paying Agent as provided by Supplemental Ordinance. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to by the Paying Agent and the owner. All such payments shall be made in lawful money of the United States of America.

Section 312. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. Any Registrar for any Bonds shall be specified in the related Supplemental

Ordinance. The Registrar shall maintain and keep, at its principal office, books or records for the registration and transfer of the Bonds. Upon surrender for transfer of any Bond at the principal office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his or her attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds for a like aggregate principal amount of the same maturity.

Bonds may be exchanged at the principal office of the Registrar for a like aggregate principal amount of fully registered Bonds of the same maturity in other authorized denominations. The City shall execute and the Registrar shall authenticate and deliver Bonds which the owner making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

The Registrar shall require the payment by any owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer, but except as otherwise provided by Supplemental Ordinance, no charge shall be made to the owner of any Bond for the privilege of registration or transfer. Any Bonds surrendered in any such exchange or transfer shall be canceled.

The City and the Paying Agent may treat and consider the person in whose name any Bond shall be registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond shall be overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond shall be made only to, or upon the order of, such owner or his or her legal representative. All payments made as in this section provided shall be valid and effectual to satisfy and to discharge the liability upon the Bonds to the extent of the sum or sums so paid.

Section 313. Modification of Portions of Article III. Any Supplemental Ordinance may modify or supplement the provisions of Section 306 through Section 312 hereof with respect to any series of Bonds.

Section 314. Execution of Bonds. The execution of the Bonds of any series shall be as provided by Supplemental Ordinance.

Section 315. Use of Predecessor's Signature. The Bonds of any series bearing the manual or facsimile signatures of the officers in office at the time of the execution thereof shall be the valid and binding obligations of the City, notwithstanding that before the delivery thereof and the payment therefor any or all of the individuals whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. Each officer, at the time of the execution of the Bonds and of a signature certificate relating thereto by such officers, may adopt as and for his or her own facsimile signature any facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 316. Authentication of the Bonds. Except as otherwise provided by Supplemental Ordinance, no Bond of any series shall be secured hereby or entitled to the benefit hereof, nor shall any such Bond be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form as is provided by Supplemental Ordinance, has been duly executed by the Registrar; and such certificate of the Registrar upon any such Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of such Bonds of any series.

Section 317. Incontestable Recital in Bonds. Each Bond shall recite that it is issued pursuant to the home-rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 318. Bond Delivery. After the execution and authentication of the Bonds of any series pursuant to the terms of a Supplemental Ordinance, the Treasurer shall cause the Bonds to be duly delivered, upon due payment being made therefor.

Section 319. Causes for Reissuance. If any outstanding Bond shall be lost, mutilated, apparently destroyed, or wrongfully taken, it may be reissued at the expense of the owner in the form and tenor of the lost, destroyed, or wrongfully taken Bond as provided in Section 4-8-405, Uniform Commercial Code — Investment Securities, as from time to time amended.

Section 320. Other Reissuance. The provisions of Section 319 hereof do not prohibit the City from reissuing, pursuant to the provisions hereof or of any Supplemental

Ordinance, any Outstanding Bond which shall not have become lost, mutilated, apparently destroyed, or wrongfully taken.

Section 321. Bond Form. The form of any Bond shall be as set forth by Supplemental Ordinance.

ARTICLE IV
USE OF BOND PROCEEDS, IMPROVEMENT AND REFUNDING PROJECTS, PROJECTS DETAILS, DISPOSITION OF FUNDS, AND TERMINATION OF ACCOUNTS

Section 401. Disposition of Bond Proceeds. Except as otherwise provided by Supplemental Ordinance, the proceeds of any series of Bonds shall be applied in the following manner:

A. Escrow Account. First, in the case of any series of Bonds which are wholly or in part Refunding Bonds, there shall be credited to and deposited in any Escrow Account created thereby, such portion of the proceeds of the Refunding Bonds as is so required by Supplemental Ordinance.

B. Capitalized Interest Account. Second, there shall be credited to the Capitalized Interest Account an amount, if any, as may be required by Supplemental Ordinance for the payment of interest due and payable on such series of Bonds. Any such moneys in the Capitalized Interest Account shall be expended at the times and in the amounts provided in a payment schedule furnished by the Treasurer.

C. Accrued Interest and Premium. Third, there shall be credited to the Interest Account any accrued interest and premium from the sale of such series of Bonds.

D. Bond Reserve Fund. Fourth, there shall be credited to and deposited in the Bond Reserve Fund such amount, if any, as may be required by Supplemental Ordinance.

E. Project Fund. Fifth, the balance of the proceeds of such series of Bonds shall be deposited as provided by Supplemental Ordinance to the credit of a subaccount in the Project Fund, created by such Supplemental Ordinance, and held in trust for the sole and exclusive purpose of paying the Cost of the Improvement Project or Refunding Project, or combination thereof, as the case may be.

Section 402. Application of Project Fund. Moneys, except as herein otherwise expressly provided, shall be withdrawn from the appropriate subaccount in the Project Fund to defray any Cost of an Improvement Project or Refunding Project, or combination thereof, and are pledged therefor. Before any payment shall be made from such subaccount in the Project Fund, the Manager of the Department shall file with the Auditor:

A. Voucher Content. A voucher which may contain any number of items signed by the Manager of the Department, stating in respect of each item to be paid:

(1) The item number of the payment,

(2) The name of the person to whom payment is due,

(3) The amount or amounts to be paid, and

(4) The purpose for which the obligation to be paid was incurred in such detail as shall be satisfactory to the Auditor;

B. Attached Certificate. A certificate signed by the Manager of the Department and attached to the voucher, certifying:

(1) The obligation in the stated amounts has been incurred by the City, and each item thereof is a proper charge against such subaccount in the Project Fund and has not been paid,

(2) There has not been filed with or served on the City any notice of lien, right of lien, or attachment upon, or claim affecting the right of any persons named in such vouchers to receive payment of any moneys which has not been released or will not be released simultaneously with the payment of such obligation,

(3) Such voucher contains no payment on account of any retained percentage which the City at the date of such certificate is entitled to retain,

(4) Such obligation shall be paid by warrant drawn on the Treasurer, signed by the Auditor, and having the same identifying number as the one stated in the voucher for such obligation, and

(5) Such other facts and estimates with respect to the expenditure of such subaccount as may be required by Supplemental Ordinance to maintain the exemption from federal income taxation of interest on such Bonds, under the Tax Code; and

C. Engineer's Certificate. A certificate appropriately signed by the Consulting Engineer or the Airport Engineer certifying:

(1) The obligations in stated amounts have been incurred by the City and each item thereof is a proper charge in a reasonable amount against the appropriate subaccount in the Project Fund and has not been paid, and

(2) Insofar as any such obligation was incurred for work, materials, equipment, or supplies, such work was actually performed in the furtherance of the Improvement Project, or such materials, equipment, or supplies were delivered for that purpose, at such place or places approved by the Airport Engineer and are under the control of the City;

but vouchers for withdrawals for the payment of fees and expenses incurred in connection with the issuance of Bonds, for the acquisition of furniture, fixtures, and equipment, or for labor and materials for acquisition work performed under the supervision of the engineering staff of the City, or for the acquisition of land or any interest therein, need not be accompanied by the certificate otherwise required hereby.

Section 403. Facility Sites. No payment shall be made from any subaccount in the Project Fund:

A. Facilities. For the acquisition of Facilities (other than land), unless in an Attorney's Opinion they are located on land good and marketable title to which is owned or can be acquired by the City in fee simple or in a sufficient lesser estate as provided in Section 404 hereof; or

B. Land. For the acquisition of land, unless accompanied by an Attorney's Opinion that good and marketable title to such land will be owned or can be acquired by the City in fee simple or in a sufficient lesser estate as provided in Section 404 hereof.

Section 404. Title to Sites. Any Improvement Project shall be acquired on land (or shall itself be land) good and marketable title to which is owned or can be acquired by the City in fee simple or in such lesser estate as in an Attorney's Opinion is sufficient for the intended purpose. (Perpetual easements, free and clear of all liens and encumbrances of whatsoever nature, or other easements in a public street or highway, or upon other lands of a body public and corporate, may constitute such sufficient lesser estate). Promptly, from time to time, the City shall take such action as may be necessary or proper to remedy or cure any defect in or cloud upon such title to such lands or other such lesser estates, whether now existing or hereafter developing, and shall prosecute all such suits, actions, and other proceedings as may be appropriate for such purpose.

Section 405. Performance Bonds. In order to insure the completion of any Improvement Project, the City shall require each person with whom it may contract for labor or for labor and materials to furnish a performance bond in the full amount of any contract with a surety company approved by the Manager of the Department and the Mayor. Any such contract shall provide that payment thereunder shall not be made by the City in excess of 95% of the current estimates of the work then completed until final completion under such contract, the final acceptance thereof by the City acting by and through the Manager of the Department, and final payment to the Contractor. All such retained funds shall remain with and be held by the City until final payment to the Contractor. Any sum or sums derived from such performance bond or performance bonds shall be used without unreasonable delay and in any event within two years after such receipt to complete such contract and, if not so used, shall be credited to the Capital Fund.

Section 406. Progress Reports. The City shall, in connection with any Improvement Project, require from the Airport Engineer, not less often than once every year a written report in reasonable detail as to the progress and the Cost of such Improvement Project, showing comparisons of such progress and cost with the estimates thereof made by the Airport Engineer, and describing any modifications made in the plans and specifications for any Improvement Project, as the case may be, or any part thereof. The City shall cause copies of every such report to be mailed to every owner of any Bonds who, prior to the date of such report, shall be filed with the Manager of the Department a written statement of his or her name and address and the owner's request for a copy of each such report, and to be mailed without request to the Airport Consultant.

Section 407. Audit of Project Fund. For each Fiscal Year after the delivery of any Bonds hereunder, until the termination of each Improvement Project, the City shall cause an audit to be made by an Independent Accountant of all receipts and moneys then on deposit in the Project Fund, and all disbursements made pursuant to the foregoing provisions of this article. Such audit reports shall be filed with the Auditor, the Treasurer, the Manager of the Department, the Airport Consultant, and the Airport Engineer. Such audit reports shall be available at all reasonable times for inspection by any other interested persons.

Section 408. Prevention of Bond Default. Subject to the prior application of the provisions of Section 515 hereof, the Treasurer shall use the proceeds of any Bonds credited to any subaccount in the Project Fund, without further order or warrant, to pay the Bond Requirements of any Bonds as the same become due whenever and to the extent moneys in the Bond Fund and the Bond Reserve Fund are insufficient for that purpose, unless such Bond proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing and relating to an Improvement Project. The Treasurer shall promptly notify the Mayor and the Manager of the Department of any such use of moneys in the Project Fund. Any moneys so used shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter received and not needed to meet the payment requirements in Section 507 through Section 509 hereof.

Section 409. Completion of Improvement Project. When each Improvement Project shall have been substantially completed in accordance with the relevant plans and specifications, and when all Costs due therefor shall have been paid, or for which reasonable provision shall have been made, the Treasurer, upon the receipt from the Airport Engineer of a certificate so stating, and upon the receipt of a written instrument of the Manager of the Department so ordering, shall cause to be transferred all surplus moneys, if any, remaining in the appropriate subaccount established in the Project Fund, except for any moneys designated in the instrument to be retained to pay any unpaid accrued or contingent Costs, to the Bond Reserve Fund, if at the time or times of any such transfer, the Minimum Bond Reserve is not fully accumulated, but if it is fully accumulated, to the Interest Account, to the Principal Account, or to the Sinking Fund Account or to any combination of such subaccounts. Upon such transfers, such subaccount in the Project Fund shall be terminated. Nothing herein:

A. Periodic Transfers. Prevents the Treasurer from causing to be so transferred from a subaccount in the Project Fund at any time prior to its termination any moneys which the Airport Engineer and the Manager of the Department determine will not be necessary for an Improvement Project, or

B. Limitations Upon Transfers. Requires the transfer of any such surplus moneys in a subaccount in the Project Fund received as grants, appropriations, or gifts the use of which moneys is limited by the grantor or donor to the construction of specifically-designated capital facilities or otherwise so that such surplus moneys may not be properly transferred under the terms of such grants, appropriations, or gifts.

Notwithstanding the foregoing provisions of this section, or any other provisions of this Instrument, any surplus moneys in the Project Fund shall be applied so as to permit or facilitate compliance with the applicable requirements of the Tax Code, including without limitation the transfer of any such surplus moneys to an escrow or other special account for the payment or redemption of any Bonds.

Section 410. Purchaser Not Responsible for Improvement Project. The validity of any Bonds shall be neither dependent on nor affected by the validity or regularity of any proceedings relating to the acquisition of any Improvement Project or Refunding Project, or combination thereof. The Purchaser of such Bonds and any subsequent owner of any such Bond shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents, and employees of the moneys derived from the sale of Bonds.

Section 411. Lien on Bond Proceeds. Until proceeds of any Bonds credited to the Project Fund are applied as hereinabove provided, such proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of such Bonds.

Section 412. Modifications of Improvement Project. The City, acting through the Manager of the Department or otherwise, reserves the right to make alterations of, additions to, and deletions from any Improvement Project prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with this article; but any such alterations, additions, and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under Section 901 hereof and shall not increase the estimated Cost of such Improvement Project, if fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

ARTICLE V
ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Airport System Fund. There is hereby created a separate fund designated as the "City and County of Denver, Airport System Fund," which fund consists of a self-balancing group of accounts, including, without limitation, the respective special and separate accounts and subaccounts herein created, and constitutes an independent fiscal and accounting entity. Separate accounts and subaccounts (in addition to those herein created) may be created by Supplemental Ordinance in connection with the payment of Credit Facility Obligations, or otherwise; provided, however, that the accumulation and application of Net Revenues for such purposes shall be on a parity with or subordinate to the accumulation and application of Net Revenues required by Section 508 hereof.

Section 502. Creation of Accounts. The City hereby establishes and creates the following special and separate accounts in the Airport System Fund, which shall be under the control of the City:

A. Project Fund. The "City and County of Denver, Airport System Revenue Bonds, Project Fund," which shall consist of separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as shall be provided by Supplemental Ordinance;

B. Revenue Fund. The "City and County of Denver, Airport System Gross Revenue Fund";

C. Operation and Maintenance Fund. The "City and County of Denver, Airport System Operation and Maintenance Fund";

D. Bond Fund. The "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund";

E. Bond Reserve Fund. The "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund";

F. Subordinate Bond Fund. The "City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund"; and

G. Capital Fund. The "City and County of Denver, Airport System Capital Improvement and Replacement Fund."

Section 503. Escrow Account. In connection with any Refunding Bonds, the City may by Supplemental Ordinance establish with a designated Escrow Bank an Escrow Account as further provided in Section 401(A) hereof.

Section 504. Creation of Subaccounts. The City hereby establishes and creates the following special and separate subaccounts, which subaccounts shall be under the control of the City:

A. Capitalized Interest Account. The "City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account," a subaccount within the Project Fund;

B. Interest Account. The "City and County of Denver, Airport System Revenue Bonds, Interest Account," a subaccount within the Bond Fund;

C. Principal Account. The "City and County of Denver, Airport System Revenue Bonds, Principal Account," a subaccount within the Bond Fund;

D. Sinking Fund Account. The "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," a subaccount within the Bond Fund;

E. Redemption Account. The "City and County of Denver, Airport System Revenue Bonds, Redemption Account," a subaccount within the Bond Fund; and

F. Operation and Maintenance Reserve Account. The "City and County of Denver, Airport System Operation and Maintenance Reserve Account," a subaccount within the Operation and Maintenance Fund.

Section 505. Revenue Fund Deposits. So long as any Bonds are Outstanding, the entire Gross Revenues of the Airport System, upon their receipt from time to time by the City, shall be set aside and immediately deposited to the credit of the Revenue Fund. Any moneys received for Operation and Maintenance Expenses by the City from any source other than Gross Revenues may also be deposited to the credit of the Revenue Fund and subsequently transferred to the Operation and Maintenance Fund as hereinafter provided.

Section 506. Administration of Revenue Fund. So long as any Bonds are Outstanding, the Revenue Fund shall be administered, and the moneys on deposit therein shall be applied in the order of priority, as provided in Section 507 through 516 hereof.

Section 507. Operation and Maintenance Fund. First, as a first charge on the Revenue Fund, there shall be set aside in and credited to the Operation and Maintenance Fund, each month, moneys sufficient to pay Operation and Maintenance Expenses for the next succeeding month, as such expenses become due and payable, and thereupon they shall be promptly paid. Any unencumbered surplus remaining at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses (other than money accounted for therein to pay Operation and Maintenance Expenses becoming due in the month next succeeding the end of the Fiscal Year) shall be transferred as Gross Revenues to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

Section 508. Bond Fund. Second, from any moneys remaining in the Revenue Fund, i.e., from the Net Revenues, there shall be credited to the Bond Fund, in the following order of priority:

A. Interest Account. Except as otherwise provided by Supplemental Ordinance, monthly, to the Interest Account, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of such interest, to pay the next maturing installment of interest on such series of Bonds. In computing any required credit with respect to any Variable Rate Bonds the interest rate used shall be as provided by Supplemental Ordinance. Moneys accounted for in the Interest Account shall be used to pay interest on Outstanding Bonds, as it becomes due.

B. Principal Account. Except as otherwise provided by Supplemental Ordinance, monthly, to the Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Bonds. Moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Bonds, as they mature.

C. Sinking Fund Account. Except as otherwise provided by Supplemental Ordinance, monthly, to the Sinking Fund Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of such Term Bonds so to become due, except to the extent any other moneys, including without limitation moneys in any Escrow Account, will be available therefor. Moneys shall be so credited to the Sinking Fund Account on the same priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking Fund Account shall be applied to pay the Term Bonds so scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise.

D. Redemption Account. Except as otherwise provided by Supplemental Ordinance, to the Redemption Account, on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys, including without limitation moneys in any Escrow Account, are available therefor.

If any credit required to be made to any subaccount within the Bond Fund (other than the Redemption Account) is deficient, the City shall include in the next required credit on a cumulative basis, the sum of any such deficiency or deficiencies. The moneys credited to the Interest Account, the Principal Account, the Sinking Fund Account, and the Redemption Account within the Bond Fund, and the Capitalized Interest Account within the Project Fund, shall be used to pay the Bond Requirements of the Bonds as the same become due. Any money accounted for in the Interest Account, the Principal Account, the Sinking Fund Account, or the Redemption Account which is in excess of the amount required for Bond Requirements next payable therefrom shall be transferred as Gross Revenues to the Revenue Fund forthwith, and shall be used for the purposes thereof, as herein provided.

Section 509. Bond Reserve Fund. Third, in addition to any moneys required to be deposited therein by Section 401 D hereof, from any moneys remaining in the Revenue Fund there shall be credited to the Bond Reserve Fund not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period). No payment need be made into the Bond Reserve Fund so long as the moneys therein shall equal not less than the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve shall be transferred as Gross Revenues to the Revenue Fund and be used for the purposes thereof, as herein provided.

In the event any Supplemental Ordinance so provides, the City may at any time or from time to time deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility shall be payable on any date on which moneys will be required to be withdrawn from the Bond Reserve Fund as provided herein.

The moneys in the Bond Reserve Fund (including, as a part thereof, the amounts payable under a Credit Facility) shall be maintained as a continuing reserve to be used, except as provided in Section 510 and Section 511 hereof, only to prevent deficiencies in the payment of the Bond Requirements of the Bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay such Bond Requirements as the same accrue.

Section 510. Termination of Deposits. No payment need be made into the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account, or the Bond Reserve Fund, if the amounts therein and available therefor (including amounts payable under a Credit Facility) total a sum at least equal to all Bond Requirements thereafter becoming due with respect to Outstanding Bonds, in which case, moneys therein in an amount at least equal to such Bond Requirements (taking into account the known minimum gain from any investment of such moneys in Investment Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment), shall be used (together with any such gain from such investments) solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof and any other moneys derived from the Pledged Revenues may be used for any lawful purpose relating to the Airport System.

Section 511. <u>Defraying Delinquencies</u>. If on any required payment date of any Bond Requirements the City shall have failed for any reason to pay into the Interest Account, the Principal Account, and the Sinking Fund Account the full amount stated above, there shall be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein) an amount equal to the respective difference between that paid from the Net Revenues and the full amount so stipulated by Section 508 hereof. The moneys so used shall be reaccumulated (or any such Credit Facility shall be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied by Section 508 hereof) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If in any month the City shall for any reason fail to pay into the Bond Reserve Fund the full amount above stipulated from the Net Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Net Revenues thereafter received (not required to be applied otherwise by Section 508 hereof).

Section 512. <u>Subordinate Bond Fund</u>. Fourth, from any moneys remaining in the Revenue Fund, there shall be credited by the City to the Subordinate Bond Fund, such amounts as may be required to pay Subordinate Bonds, including reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument.

Section 513. <u>Operation and Maintenance Reserve Account</u>. Fifth, from any moneys remaining in the Revenue Fund there shall be set aside and credited to the Operation and Maintenance Reserve Account not less frequently than monthly an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the thirty-sixth month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period). The moneys in the Operation and Maintenance Reserve Account shall be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. Any moneys in the Operation and Maintenance Reserve shall be transferred as Gross Revenues to the Revenue Fund and shall be used for the purpose thereof, as herein provided.

Section 514. Capital Fund. Sixth, on the last day of each Fiscal Year, there shall be set aside and credited to the Capital Fund all moneys remaining in the Revenue Fund after all payments required to be made in such Fiscal Year by the provisions of Section 507 through Section 513 hereof have been made.

Section 515. Use of Capital Fund. Moneys accounted for in the Capital Fund, subject to any limitation herein or in any other contract relating to such account, may be withdrawn in any priority for any one, all, or any combination of the following, as the Manager of the Department may from time to time determine:

A. Capital Costs. To pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses;

B. Extraordinary Costs. To pay 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

C. Bond Requirements. To pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in such payment.

Section 516. Use of Remaining Revenues. After the payments required hereinabove in this article are made, any remaining Net Revenues in the Capital Fund may be used at the end of any Fiscal Year or whenever in any Fiscal Year there shall have been credited to the respective accounts and subaccounts designated above in Section 507 through Section 513 hereof, all amounts required to be deposited in those special and separate accounts for all of that Fiscal Year, both accrued and thereafter becoming due in the balance of the Fiscal Year, and in satisfaction of any deficiencies in any prior Fiscal Year not previously corrected, as hereinabove provided, for any one or any combination of lawful purposes relating to the Airport System, as the Manager of the Department may from time to time determine, including, without limitation, the purchase of Bonds in the open market if, in the opinion of the Treasurer, such purchase is in the best financial interests of the City.

Section 517. Funds Held for Bonds. The amounts held or applied for the payment of the Bonds Requirements due on any date with respect to a particular series of Bonds shall be set aside and held in trust for the owners of such Bonds by any agent holding moneys for such payments; and for the purposes of this Instrument, such Bond Requirements, after the due date thereof, shall no longer be considered to be Outstanding.

Section 518. Cancellation of Bonds. Except as otherwise provided by Supplemental Ordinance, all Bonds paid or redeemed, either at or before maturity shall be delivered to the City when such payment or redemption is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled may, to the extent permitted by law, at any time be destroyed by the City.

ARTICLE VI
GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The accounts and subaccounts created in Articles IV and V hereof (other than any Escrow Account) shall be administered as provided in this article.

Section 602. Places and Times of Deposit. Each of such accounts and subaccounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated. The moneys accounted for in such book accounts shall be deposited in one or more bank accounts except as herein otherwise provided, but nothing herein prevents the commingling of moneys accounted for in any book accounts in any bank account or any Investment Securities. Any such bank account shall be secured by the official bond or bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds, and shall be irrevocable and not withdrawable by anyone for any purpose other than the purpose or purposes designated therefor. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent, on or before the day of each interest payment date or any other due date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

Section 603. Deposit and Investment of Moneys. Any moneys in any account or subaccount created in arts. IV and V hereof, and not required for immediate disbursement and withdrawal, shall be deposited or invested by the Treasurer, with the approval of the Manager of the Department, except as otherwise provided herein:

A. Bank Deposits. In demand or time deposit accounts in one or more commercial banks located in the United States, and

B. Investment Securities. To the fullest extent practicable, in Investment Securities, which:

(1) Optional Redemption. Either shall be subject to redemption at any time at a fixed value by the owner thereof at the option of such owner, or

(2) Scheduled Maturities. Shall mature not later than the date or respective dates on which the proceeds are estimated by the Treasurer to be needed.

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor or a third party is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

Section 604. Scheduling Disbursements. Notwithstanding the provisions of Section 603 hereof, before the Treasurer invests or reinvests any moneys accounted for in the Project Fund, the Airport Engineer shall furnish to the Manager of the Department and Treasurer a certificate setting forth a schedule of the amounts and times when moneys are estimated by the Airport Engineer to be needed to pay Costs. The Manager of the Department and Treasurer may conclusively rely upon the estimates in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment if scheduled to produce the necessary amounts not later than 90 days after the times so certified.

Section 605. Accounting for Investments. Any Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a part of the account or subaccount and held in trust therefor. Except as herein otherwise provided, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities, as well as any interest and other gain from the deposit of moneys in a commercial bank, shall be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit, or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund shall be credited or charged to such subaccount or account, and no interest or profit shall be transferred to the Revenue Fund from any subaccount in the Project Fund until its termination pursuant to Section 409 hereof, or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, shall at least equal the Minimum Bond Reserve. No loss or profit on Investment Securities shall be deemed to take place as a result of fluctuations in the market quotations thereof prior to the sale or maturity thereof. In the computation of the amount in any account or subaccount for any purpose hereunder, except as herein otherwise expressly provided, Investment Securities purchased as an investment of moneys therein shall be valued at the cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium may initially be valued at the cost thereof, but in each year after such purchase shall be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. Any bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain is realized by the receipt of an interest-earned notice, or otherwise. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount shall be made not less frequently than annually.

No voucher or certificate pursuant to Section 402 hereof shall be required as a condition to the transfer pursuant to this Section 605 of amounts from any subaccount in the Project Fund to the Revenue Fund, the Bond Fund or the Bond Reserve Fund.

Section 606. Redemption or Sale of Investment Securities. The Treasurer shall present for redemption before or at maturity, or shall sell on the prevailing market at the best price obtainable, any Investment Securities so purchased as an investment or reinvestment of moneys in any account or subaccount whenever it is necessary so to do in order to provide moneys to meet any required withdrawal, payment, or transfer from such account or subaccount. Neither the Treasurer, nor any officer of the City, shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this

Instrument. The Treasurer shall semiannually notify the Manager of the Department of any gain or loss in any account or subaccount held by the Treasurer.

Section 607. Character of Funds. The moneys in any account or subaccount shall consist of lawful money of the United States or Investment Securities, or both. Moneys deposited in a demand or time deposit account in a commercial bank pursuant to Section 602 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 608. Payment of Bond Requirements. The moneys credited to any account or subaccount designated in Article V hereof for the payment of the Bond Requirements due in connection with any series of Bonds shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account or subaccount as such Bond Requirements are due, except to the extent any other moneys are available therefor.

ARTICLE VII
BOND LIENS, ADDITIONAL BONDS AND OBLIGATIONS

Section 701. First Lien Bonds. The Bonds issued hereunder, subject to the payment of the Operation and Maintenance Expenses of the Airport System, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Gross Revenues of the Airport System.

Section 702. Issuance of Completion Bonds. If the proceeds from the sale of a series of Bonds available in whole or in part for payment of the Cost of an Improvement Project are not sufficient to pay, together with other moneys available therefor, the entire Cost of such Improvement Project, regardless whether the amount of such deficiency results from any modification of the Improvement Project made pursuant to Section 412 hereof, or for any other reasons, the City may issue Completion Bonds in such amount as is necessary to defray any such additional Cost. Completion Bonds shall be issued in accordance with section 703 hereof, and compliance with Section 704 hereof is not required.

Section 703. Authorization of Completion Bonds. Upon the issuance of one or more series of Bonds in an aggregate principal amount not exceeding the estimated maximum principal amount determined to be necessary by Supplemental Ordinance to defray, together with other moneys available therefor, including, without limitation, any investment income, the

Cost of an Improvement Project, if the aggregate amount available therefor is not sufficient to pay such Cost, regardless of the reason therefor, the City may adopt a Supplemental Ordinance (i) determining the deficit in the amount available in the subaccount for such Improvement Project, and (ii) authorizing the issuance of a series of Completion Bonds.

Prior to any delivery of Completion Bonds there shall be filed with the Clerk a certificate of the Manager of the Department (i) stating that the Improvement Project has not materially changed (except as permitted by Section 412 hereof) from its description in any Supplemental Ordinance relating to a series of Bonds issued to finance such Improvement Project, (ii) estimating the revised aggregate Cost of such Improvement Project, (iii) stating that the revised aggregate Cost of such Improvement Project cannot be paid with the moneys available on the date of the certificate in the appropriate subaccount in the Project Fund or in the Capital Fund, and (iv) stating that, in the opinion of the Manager of the Department, the issuance of the Completion Bonds is necessary to provide funds for the completion of the Improvement Project.

Section 704. <u>Additional Bonds for Improvement Projects</u>. Additional Bonds (other than Completion Bonds) may be authorized and delivered for the purpose of paying the Cost of any Improvement Project. Prior to the delivery of such series of Bonds, there shall be filed with the Clerk:

A. <u>Accountant's Certificate or Opinion</u>. A certificate or opinion of an Independent Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Bonds, as determined by the Independent Accountant, (i) the Net Revenues, together with any Other Available Funds, for such period, and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either:

(1) The amount needed for making the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account, or

(2) An amount not less than 125% of the aggregate Debt Service Requirements for such period.

B. Airport Consultant's Report. A report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager of the Department estimates such Improvement Project will be completed, or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project, (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal the larger of either:

(1) The amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or

(2) An amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued, and for any future series of Bonds which the Manager of the Department shall estimate will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Advisor, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals, or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any such completed portion thereof; and

C. Absence of Default. A certificate of the Manager of the Department that at the time of the adoption of the Supplemental Ordinance authorizing such Bonds, the City is not in default in making any payments required by Article V hereof.

In any computation required by this section, there shall be excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections A through C of this section cannot be given with the required results stated therein, the City may not issue the proposed Bonds. Nothing contained in this section obligates the City to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

Section 705. Refunding Bonds. Refunding Bonds may be issued in such principal amount as may be necessary to effect a Refunding Project if prior thereto or simultaneously therewith there are filed with the Clerk:

A. Redemption Instructions. If any Bonds to be refunded are to be called for prior redemption at the option of the City, a certificate of the Treasurer that irrevocable instructions to give due and timely notice of such redemption have been given; and

B. Moneys and Federal Securities for Redemption. A certificate of the Treasurer that either (i) moneys in an amount sufficient to effect payment of the Bond Requirements of the Bonds to be refunded, as the same become due, are held (or are required to be deposited) in an Escrow Account or with the appropriate Paying Agent in trust for such purpose, or (ii) Federal Securities (or such other Investment Securities as are permitted by Section 1101 hereof) are held (or are required to be deposited) in an Escrow Account or with the appropriate Paying Agent in such principal amounts, of such maturities, bearing such interest, if any, and otherwise having such terms and qualifications as are set forth in Section 1101 hereof, to provide, together with any moneys so held (or required to be deposited), for the payment of the Bond Requirements of the Bonds to be refunded, as the same become due, which Federal Securities (or such other Investment Securities) and moneys are held (or are required to be deposited) in trust in accordance with Section 1101 hereof.

For purposes of this section, Credit Facility Obligations shall be deemed to be Bonds.

Section 706. Refunding Subordinate Bonds. Refunding Bonds issued to refund Subordinate Bonds may be issued in such principal amount as may be necessary to effect a Refunding Project if, in addition to the requirements of Section 705 hereof, the City furnishes and files with the Clerk the certificates, reports or opinions required by subsections A through C, Section 704 hereof; provided that for purposes of such certificates, reports or opinions, the Refunding Bonds to be so issued shall be treated, as nearly as practicable, as Improvement Bonds.

Section 707. Subordinate Bonds Permitted. Nothing herein prevents the City from issuing bonds or other securities or incurring other obligations having a lien on the Net Revenues of the Airport System subordinate to the lien thereon of Bonds. Any such Subordinate Bonds may be authorized by Supplemental Ordinance, or by any other instrument of the City.

Section 708. Superior Bonds Prohibited. Nothing herein permits the City to issue bonds or other securities or incur other obligations having a lien on the Net Revenues of the Airport System superior to the lien thereon of the Bonds, and any such bonds or other securities or other obligations are hereby prohibited.

Section 709. Contract Obligations. The City or the City for and on behalf of the Department may incur Contract Obligations for any Improvement Project or Refunding Project. Such Contract Obligations shall be incurred pursuant to a Supplemental Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Contract Obligations; (ii) shall provide the terms and conditions of such Contract Obligations; (iii) shall provide for the payment of such Contract Obligations; and (iv) may provide for such other matters as the Manager and the City shall determine. Prior to the incurrence of any Contract Obligations there shall be filed with the Clerk the certificates, opinions and reports described in subsections B and C of Section 704 hereof; provided that for the purposes of such certificates, opinions and reports Contract Obligations shall be treated, as nearly as practicable, as Bonds.

ARTICLE VIII
SPECIAL FACILITIES AND SPECIAL FACILITIES BONDS

Section 801. Privileges Reserved. The City or the City, for and on behalf of the Department, may enter into contracts pursuant to which the City will agree to construct Special Facilities to be financed by the issuance of Special Facilities Bonds; and the City may lease such Special Facilities upon the conditions provided in Section 802 through Section 805 hereof. The City shall not use any amounts derived from the Gross Revenues to pay any costs relating to Special Facilities except if the Manager of the Department, in his or her sole discretion, determines that a compelling need exists for a particular expenditure and that such expenditure is necessary for and in the best interests of the Airport.

Section 802. No Prejudicial Competition. Special Facilities shall not be acquired and leased, if comparable facilities serving comparable ends may be adequately and efficiently made available to the users of the Airport through the then existing Airport Facilities; and the City shall not acquire and lease any such Special Facilities, the use and occupation of which would, in the opinion of the Airport Consultant, result in a reduction of Net Revenues below the minimum required to be maintained by Section 901 hereof.

Section 803. Facilities Lease. A Net Rent Lease of any Special Facilities shall be entered into between the parties to such contract pursuant to which the lessee agrees to pay to the City rentals in periodic installments in each year during the term thereof which shall be sufficient to pay the principal of, interest on and any redemption premiums due in connection with the Special Facilities Bonds to be issued by the City pursuant to this article to pay the cost of acquiring, improving, or equipping such Special Facilities. The term of any Net Rent Lease shall not exceed the term of the Special Facilities Bonds issued in connection with that Net Rent Lease.

Section 804. Ground Lease. A second Net Rent Lease for the same term as that provided in the lease entered into under the provisions of Section 803 shall be entered into between the parties to such contract providing for additional rentals for the ground upon which such facilities are located, which lease shall provide for rental payments to the City payable in periodic installments. Such ground rentals shall be firm for the term of the lease entered into under Section 803 hereof, but the lease may include provisions for increasing or decreasing such ground rentals during the lease term. All such ground rental payments shall be payable into the Revenue Fund.

Section 805. Use of Rentals from Such Facilities. The City may issue Special Facilities Bonds for the purpose of acquiring, improving, and equipping Special Facilities at the Airport System for lease pursuant to the provisions of this article and subject to the limitations, if any, imposed by law. Such Special Facilities Bonds shall be payable solely from all or a part of the rentals under one or more Net Rent Leases payable to the City pursuant to Section 803 hereof, and shall not be a charge or claim against the Revenue Fund or any other account designated in Article V hereof. After such Special Facilities Bonds have been fully paid and retired or are otherwise no longer Outstanding, all revenues derived from such Special Facilities shall be a part of the Gross Revenues and shall be applied by the City in accordance herewith, and all costs of operating and maintaining such Special Facilities paid by the City shall be considered as Operation and Maintenance Expenses, and such Special Facilities shall be a part of the Airport System.

Section 806. Loan Agreements for Special Facilities Bonds. In connection with Special Facilities to be used by one or more person, in lieu of a Net Rent Lease the City may also enter into a loan or financing Agreement under which the user or users of the Special Facilities agree to pay all expenses of operation and maintenance and to make payments sufficient to pay the principal of, interest on, and any redemption premium due in connection with Special Facilities Bonds to be issued by the City to finance such Special Facilities. Except for ground rentals or payments in lieu of ground rentals to be received by the City, all or part of the payments to be made under such loan or financing agreement may be assigned by the City to secure the payment of Special Facilities Bonds issued by the City to finance such Special Facilities.

ARTICLE IX
RENTALS, RATES, FEES, AND OTHER CHARGES

Section 901. Rate Maintenance Covenant. The City covenants that it shall at all times 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 the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient:

To provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and

To provide for the larger of either:

(1) The amounts needed for making the required cash deposits in the Fiscal Year to the credit of the several subaccounts in the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the

Subordinate Bond Fund, and the Operation and Maintenance Reserve Account; or

(2) An amount not less than 125% of the aggregate Debt Service Requirements for such Fiscal Year.

In any computation hereinabove required by this section, there shall be excluded from the Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. Nothing contained in this section obligates the City to take any action in violation of any applicable requirements imposed by law. All such rentals, rates, fees, and other charges for the use of the Airport System must be reasonable in relation to the cost of providing, operating, and maintaining the particular Facility and the services furnished by such Facility.

Section 902. Increasing Revenues. The City covenants that if the Gross Revenues in any Fiscal Year, together with any Other Available Funds, are less than the amounts specified above in Section 901, upon the receipt of the audit report for the Fiscal Year, the Manager of the Department will require the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees, and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Manager of the Department, on the basis of such recommendations and other information available to the Manager of the Department, will revise the schedule of rentals, rates, fees, and charges for the use of the Airport as may be necessary to produce Gross Revenues as aforesaid.

Section 903. Compliance with Recommendations. If the Manager of the Department shall comply with Section 902 hereof, there shall be no Event of Default under the provisions of Section 1203D hereof, even though the Gross Revenues, together with any Other Available Funds, are not actually sufficient to provide funds in the amounts required for such Fiscal Year.

Section 904. Review of and Comment upon Schedules. All schedules of rentals, rates, fees, and charges for the use of the Airport as established by the Manager of the Department shall be submitted to and reviewed by the Airport Consultant as to their adequacy, and a copy of the schedule and the Airport Consultant's comments shall thereupon be filed with the Manager of the Department.

Section 905. Collection of Charges. The City shall cause all rentals, rates, fees, and charges relating to the Airport System to be collected as soon as is reasonable and shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Instrument. The rentals, rates, fees, and charges due shall be collected in any lawful manner.

ARTICLE X
MISCELLANEOUS PROTECTIVE COVENANTS

Section 1001. General. The City hereby particularly covenants and agrees with the owners of Bonds and makes provisions which shall be a part of its contract with such owners to the effect and with the purpose set forth in the following provisions of this article.

Section 1002. Performance of Duties. The City shall faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues, the Airport System, and any Special Facilities required by the Constitution and laws of the State and the various ordinances, resolutions, and other instruments of the City, including, without limitation, the proper segregation of the proceeds of each series of Bonds relating to the Airport System and the Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 1003. Contractual Obligations. The City shall perform all contractual obligations undertaken by it under leases or other agreements with the Federal Government, under the contract to purchase each series of Bonds with the Purchaser thereof, and any other agreements with all other persons relating to the Bonds, the Obligations, the Pledged Revenues, or the Airport System.

Section 1004. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver, and file or record all further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, the Gross Revenues of the Airport System, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Instrument and to comply with any applicable law. The City shall defend, preserve, and protect the pledge of the Gross Revenues and other moneys and accounts pledged hereunder and all the rights of every owner of any Bonds payable from the Pledged Revenues against all claims and demands of all persons whomsoever.

Section 1005. Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts, and things required by the Constitution or statutes of the United States, the Constitution or statutes of the State, the Charter, this Instrument, or any Supplemental Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the Constitution or statutes of the United States, the Constitution or statutes of the State, or the Charter.

Section 1006. Rules, Regulations and Other Details. The City shall establish and enforce rules and regulations governing the operation, care, repair, maintenance, management, control, occupancy, use, and services of the Airport System and any Special Facilities. The City shall observe and perform all of the terms and conditions contained in this Instrument and shall comply with all valid acts, rules, regulations, orders, and directives of any legislative, executive, administrative, or judicial body applicable to the Airport System and any such Special Facilities.

Section 1007. Governmental Approval. The City shall maintain and operate the Airport System at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and departure of aircraft operating in scheduled service, or otherwise, and as a terminal point of the City for the receipt and dispatch of passengers, property, and mail by aircraft.

Section 1008. Competent Personnel and Operation. The City shall at all times employ in connection with the operation of the Airport System in executive and managerial capacities only individuals competent therefor by reason of training and experience. The City shall administer the Airport System in accordance with sound business principles.

Section 1009. Operation and Maintenance of Airport System. The City, insofar as it may legally do so, without any violation of other provisions of this Instrument, shall operate the Airport System in a sound and economical manner and shall maintain and preserve the Airport

System, or cause the Airport System (and Special Facilities) to be maintained and preserved, in good repair, working order, and sanitary condition, free from obstructions, in a manner suitable for air transport operations, and in such manner as will qualify the Airport System to receive maximum financial aid from the Federal Government, which aid it may in its discretion seek and procure if available on fair and reasonable terms. The City also shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the Airport System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating airport facilities of like size and character.

Section 1010. Competing Airport Facilities. Unless, in an Attorney's Opinion, compliance with this covenant in a particular situation would violate Federal or State anti-trust laws, the City shall neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, or enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person and competing with the operation of the Airport in a manner that would, in the opinion of the Manager of the Department, materially and adversely affect the City's ability to comply with the requirements of Section 901 hereof; but nothing herein prevents the City from participating in a joint action agency, other regional entity, or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities if adequate provision has been made for the payment of all Bond Requirements of all Outstanding Bonds or if such acquisition, operation and maintenance, in the written opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of Section 901 hereof. Nothing herein contained, however, impairs the police power of the City.

Section 1011. Employment of Consultants. The City shall employ a consultant for the purpose of performing and carrying out the duties imposed on the Airport Consultant by this Instrument or any instrument or other proceedings relating to the Airport system.

Section 1012. Corporate Existence. The City shall maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

Section 1013. Disposal of Airport Prohibited. Except in the normal course of business and except as otherwise provided by Section 1014 and Section 1015 hereof, neither all nor a substantial part of the Airport System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, as to all Bond Requirements; provided, however, that the City may transfer all or a substantial part of the Airport System to another body politic and corporate (including without limitation any successor of the City) if such body politic and corporate succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City with respect to the Airport System, or such substantial part thereof, without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bonds. In the event of any such transfer and assumption, nothing herein prevents the retention by the City of any Facility of the Airport if, in an Attorney's Opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds. All easements and licenses on, over, or across the Airport shall be revocable in nature, and any instrument conveying such an interest shall require the grantee to relocate the facility covered thereby without cost to the City if such relocation is determined by the Manager of the Department to be necessary to the proper operation or development of the Airport.

Section 1014. Leases. The City may execute leases, licenses, easements, or other agreements for the use of any part of the Airport System with the Federal Government or any other persons, if such instrument shall not, in the opinion of the Manager of the Department, materially and adversely affect the City's ability to comply with the requirements of Section 901 hereof; but any such lease or other agreement, excluding presently existing leases and other existing agreements, and excluding any future Net Rent Lease relating to any Special Facilities and made in accordance with the provisions of Article VIII hereof, but including any other future Net Rent Leases or other future agreements negotiated on a net rent basis, shall contain provisions for the reestablishment of the amount of rental or other payments (which, at the discretion of the Manager of the Department, may be in a fixed amount or may be based upon an index, formula or other predetermined method) at intervals of not more than five years beginning with the effective date of any such lease or other agreement; provided that any such provisions shall in any event permit an increase in rents, rates, fees, and other charges in excess of those that would otherwise result, if necessary to comply with the provisions of Article IX hereof.

Section 1015. Disposal of Unnecessary Property. The City may sell, lease, mortgage, pledge, encumber, alienate, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager of the Department, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation relating thereto. The net proceeds of the sale of any Facilities under this section shall be used for the purpose of replacing Facilities at the Airport System or shall be paid into the Capital Fund for the purposes thereof.

Section 1016. Loss from Condemnation. If any part of the Airport System shall be taken by the exercise of a power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Capital Fund for the purposes thereof or held as a reserve for deposit subsequently into the Capital Fund, as the Manager of the Department may determine.

Section 1017. Payment of Governmental Charges and Liens. The City shall pay or cause to be paid all taxes, assessments, and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Airport System, or upon any part thereof, and any Special Facilities, or upon any portion of the Gross Revenues, or revenues otherwise relating to the Airport System, when the same shall become due. The City shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Airport System, or any part thereof, and to any Special Facilities, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the Airport System, any part thereof, any Special Facilities, the Gross Revenues, or any other revenues relating to the Airport System. Nothing herein contained requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge, or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

Section 1018. Protection of Security. The City, the officers, agents, and employees of the City, and the Council shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of any Bonds according to the terms of such Bonds. The City shall maintain, preserve, and renew all the rights, powers, privileges, and franchises now owned or hereafter acquired with respect to the Airport System. No contract shall be entered into and no other action shall be taken by which the rights of any owner of any Bond might be prejudicially and materially impaired or diminished.

Section 1019. Prompt Payment of Funds. The City shall promptly pay the Bond Requirements of every Bond in the manner specified in the Bond according to its true intent and meaning.

Section 1020. Use of Airport System Revenues. None of the Gross Revenues of the Airport System shall be used for any purpose other than as provided herein or by Supplemental Ordinance. The City shall apply the Net Revenues to the payment of the Bond Requirements of Bonds, and the City is not obligated to make such payments from any other source or moneys, except as otherwise provided herein or by Supplemental Ordinance.

Section 1021. Use of Bond and Reserve Funds. The Bond Fund and the Bond Reserve Fund (and any Credit Facility credited thereto) shall be used solely and only, and the moneys credited to such accounts are hereby pledged, for the purpose of paying the Bond Requirements of Bonds, except as otherwise provided herein or by Supplemental Ordinance.

Section 1022. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Airport Facilities, or any part thereof, or on or against the Gross Revenues of the Airport System derived or to be derived. The City shall not create or permit to be created any charge or lien on the Gross Revenues of the Airport System, except as permitted by this Instrument or Supplemental Ordinance.

Section 1023. Claims. The City shall defend against every suit, action, or proceeding at any time brought against any owner of any Bonds upon any claim arising out of the receipt, application, or disbursement of any of the Gross Revenues, or involving such owner's rights under this Instrument or other proceedings relating to the issuance of such Bonds; the City shall also indemnify and save harmless any such owners against any and all liability, claim, or assertion by any person whomsoever, arising out of such receipt, application, or disbursement;

but such owner at his or her election may appear in and defend any such suit, action, or proceedings.

Section 1024. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any Bonds; and the City shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any claims for interest. If the time for the payment of any such installment of interest shall be extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of this Instrument, except upon the prior payment in full of the principal of all Bonds then Outstanding and of all matured interest on all such Bonds the payment of which has not been extended.

Section 1025. Fidelity Bonds. The Treasurer shall be bonded at all times in an amount of not less than $3,000,000, which fidelity bond shall be conditioned upon the proper application of the Gross Revenues and of any other moneys relating to the Airport System, including, without limitation, the proceeds of any Bonds and any other securities relating to the Airport System or any Special Facilities. The costs of such fidelity bond or a reasonably allocated share of the costs of any blanket fidelity bond relating to moneys relating to the Airport System and other moneys of the City in the custody, wholly or in part, of the Treasurer shall be considered as Operation and Maintenance Expenses of the Airport System.

Section 1026. Records and Accounts. Proper books of record and account shall be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Airport System, to any Special Facilities thereat, and to all moneys relating thereto, including, without limitation, the Gross Revenues. Such books shall include (but not necessarily be limited to) monthly records, all in such reasonable detail as may be determined by the Manager of the Department and in accordance with general accounting principles, showing:

A. Receipts. The Gross Revenues and other moneys received and relating to the Airport System or any Special Facilities;

B. Purposes and Accounts. The respective purposes for which such moneys were paid and the respective accounts and subaccounts in which such moneys were accounted for; and

C. Complete Accounting. Complete and correct entries of all transactions relating to the receipt, disbursement, allocation, and application of all moneys, including, without limitation, those moneys, if any, accounted for in the Project Fund.

All requisitions, requests, certificates, opinions, and other documents received by any person on behalf of the City in connection with the Airport System or any Special Facilities under the provisions of this Instrument shall be retained in the City's official records.

Section 1027. Right of Inspection. Subject to security and safety regulations of the United States, the State, or any county or municipal government (including without limitation the City), a representative or agent of the owner or owners of 5% in aggregate principal amount of Bonds then Outstanding shall have the right at all reasonable times (including times during the continuance of an Event of Default) to inspect the Airport Facilities and to inspect and to make copies of its financial statements, other records, books, accounts, and data.

Section 1028. Quarterly Reports. The City shall cause reports of such books and other records to be prepared at least quarterly and shall cause copies of each such report to be posted to EMMA, as soon as practicable.

Section 1029. Audits Required. The City shall cause an independent Accountant to audit such books and records of the Airport System for each Fiscal Year and to prepare an audit report; such audit and report to be made and prepared as soon as practicable following the close of such Fiscal Year.

Section 1030. Contents of Audit Reports. Each such audit report shall be in such reasonable detail as may be required, shall be in accordance with generally accepted accounting principles, and shall include at least the following:

A. Statement. A statement in detail of the income and expenditures relating to the Airport System for the audit period, including, without limitation, a statement of:

(1) The amount of the Gross Revenues,

(2) The amount of the Operation and Maintenance Expenses,

(3) The amount of the Net Revenues, including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with such Other Available Funds have been at least sufficient to meet the provisions of Section 901 here of, and

(4) The amount of any capital expenditure relating to the Airport System and any Special Facilities for the audit period;

B. Balance Sheet. A balance sheet as of the end of such Fiscal Year, including without limitation the amounts on hand, both cash and investments, in each of the accounts and subaccounts created by this Instrument;

C. Accountant's Comment. The Independent Accountant's comment regarding the City's methods of operation and accounting practice and the manner in which the City has carried out the requirements of this Instrument, and any other instrument and other proceedings relating to the Airport System and any Special Facilities as is deemed appropriate;

D. Insurance List. A list of the insurance policies in force at the end of the audit period, setting out as to each policy:

(1) The amount of the policy,

(2) The risks covered,

(3) The name of the insurer, and

(4) The expiration date of the policy; and

E. Recapitulation. A recapitulation of each account and subaccount created by this Instrument and any other instrument or other proceeding relating to the Airport System, any Special Facilities, the Gross Revenues, or the Outstanding Bonds, or otherwise relating to the Airport System, into which account or subaccount are put moneys derived from:

(1) The operation of the Airport System or any Special Facilities, and

(2) Any sale of the Outstanding Bonds, such analysis to show the balance in such account or subaccount at the beginning of the audit period, the deposits and withdrawals during such period, and the balance at the end of such period.

Section 1031. Distribution of Audit Reports. The City agrees to furnish by posting on EMMA, within ninety days from the time each audit report is filed with the City.

Section 1032. Fire and Extended Coverage Insurance. From and after the time when any contractors engaged in connection with the Airport System, or any part thereof, shall cease to be responsible pursuant to the provisions of their respective contracts for loss or damage thereto occurring from any cause, the City shall insure and at all times keep the Airport System insured to the extent possible with a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance shall at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as co-insurer; and also if at any time the City shall be unable to obtain such insurance to the extent above required at reasonable cost as determined by the Manager of the Department, the City shall maintain such insurance to the extent reasonably obtainable. Insurance against any other risks or type of loss as are or shall be customarily covered may be obtained, under a standard "all risk policy" with extended coverage for public property, or otherwise, including, without limitation, insurance against loss or damage to the Airport System by flood or other waters, elements of weather, explosion of any nature, earthquake, volcanic eruption, and war risk (or any combination thereof), when, if, and to the extent any such insurance can be procured at reasonable rates in the sole opinion of the Manager of the Department.

Section 1033. Use of Insurance Proceeds. Immediately after any loss or damage to the Airport System which is covered by insurance, the City may cause plans and specifications for repairing, reconstruction, or otherwise replacing the damaged or destroyed Facilities, and an estimate of the cost thereof, to be prepared and filed with the Manager of the Department. The proceeds of all insurance referred to in Section 1032 hereof shall be available for and to the extent necessary be applied to the repair, reconstruction, and other replacement of the damaged or destroyed Facilities. If such proceeds are more than sufficient for such purpose, the balance remaining shall be paid into the following accounts in the following priorities:

A. Bond Reserve Fund. First, into the Bond Reserve Fund to the extent necessary to bring the balance therein to the then Minimum Bond Reserve; and

B. Capital Fund. Second, into the Capital Fund.

If such proceeds shall be insufficient to repair, reconstruct, or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other accounts or subaccounts legally available for such purposes. If the cost of repairing, reconstruction, or otherwise replacing the damaged or destroyed Facilities, as estimated by the Manager of the Department, shall not exceed the proceeds of insurance and other moneys legally available for such purpose, the Manager of the Department shall forthwith commence and diligently prosecute the repair, reconstruction, or other replacement of the damaged or destroyed Facilities.

Section 1034. Transfer to Capital Fund. The proceeds of any insurance designated in Section 1032 hereof and not applied within eighteen months after receipt by the City to the repair, reconstruction or replacement of the damaged or destroyed Facilities, unless the City is prevented from so doing because of conditions beyond its control, shall be transferred to the Capital Fund.

Section 1035. Miscellaneous Insurance. The City shall at all times carry with a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof:

A. Loss of Use Insurance. To the extent not provided for in leases and other agreements between the City and others relating to the Airport System, insurance covering loss of revenues from Airport Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto or destruction thereof, however caused, in such amount as is estimated to be sufficient to provide a full normal income during the period of suspension; but

(1) Such insurance shall cover a period of suspension of the period of reconstruction as estimated by the Airport Engineer, but not less than twelve months;

(2) Such insurance may exclude losses sustained by the City during the first seven days of any total or partial interruption of use; and

(3) If at any time the City shall be unable to obtain such insurance to the extent above required, it shall carry such insurance to the extent reasonably obtainable at reasonable rates in the sole opinion of the Manager of the Department.

In any calculation of the full normal income for such insurance, consideration shall be given to the expected, as well as current and prior, revenues, from such Airport Facilities, or from other sources, and may also make allowances for any probable decrease in the Operation and Maintenance Expenses or any other charges and expenses while use is interrupted. Any proceeds of such insurance shall be deposited to the credit of the Revenue Fund and shall be subject to the uses of and shall be applied as provided for moneys in the Revenue Fund.

B. Liability Insurance. Insurance in the form and amount recommended by the Manager of the Department against liability to any individual sustaining bodily injury or any person sustaining property damage or the death of any individual by reason of any defect or want of repair in or about the Airport System, or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System, and damage to property of persons as the Manager of the Department may recommend; but in the case of the company or companies insuring the Airport System under a general liability policy against loss from bodily injury or property damage, or both, the total liability of such company or companies for all damages because of all bodily injury and all property damage arising out of continuous or repeated exposure to substantially the same general conditions to which the policy applies as the result of any one occurrence, subject to such exclusions generally made to such a policy, shall be not less than $75,000,000.00 under a single limit of liability endorsement or other like provision of the policy, regardless of the number of:

(1) Insureds under the policy,

(2) Individuals who sustain bodily injury or persons who sustain property damage,

(3) Claims made or suits brought on account of bodily injury or property damage, or

(4) Occurrences.

Section 1036. Maintenance of Policies. All such insurance policies designated in Section 1032 and Section 1035 hereof shall be filed with the Manager of the Department and shall be subject to inspection at all reasonable times by any owner of any Outstanding Bond or any authorized representative of any such owner. If the Manager of the Department determines that certain insurance required in Section 1032 and Section 1035 hereof cannot be obtained to the extent therein required at reasonable rates, the Manager of the Department shall prepare a written memorandum to that effect, designating each such type of insurance in question and stating in each such case that the insurance was not obtainable or that designated insurance was required in substitution for the required insurance, the reason or reasons for its substitution, and when and to the extent that substituted insurance was procured at reasonable rates, as the case may be. Each such memorandum shall be filed with the policies on file with the Manager of the Department and shall also be subject to such, inspection.

Section 1037. Tax Covenants. The City hereby covenants for the benefit of each owner of any Bond that it shall not (i) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City; (ii) make any use of any Airport Facilities; or (iii) take (or omit to take) any other action with respect to any Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding such covenant, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes and, in such event, the provisions of the foregoing covenant and any other requirement of this Ordinance intended to establish or maintain the exclusion from federal income taxation of interest on such Bonds shall be inapplicable to such Bonds.

Section 1038. Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

ARTICLE XI
MISCELLANEOUS

Section 1101. Defeasance. This Instrument and any Bonds may be defeased, as follows:

A. Defeasance of Instrument. If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Instrument or any Supplemental Ordinance, and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder, then all covenants, agreements and other obligations of the City to the owners of Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon the request of the City, any fiduciary or agent shall assign and transfer to the City all property then held by it, shall execute such documents as may be reasonably required by the City, and shall turn over to the City any surplus held by it in any fund, account, or subaccount. Upon such defeasance, all money held by or on behalf of the City hereunder may be used for any lawful purpose relating to the Airport System.

B. Defeasance of Bonds.

(1) Any Bonds of any one or more series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in this section if: (1) in case such Bonds are to be redeemed on any date prior to their maturity, the City shall by Supplemental Ordinance have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (2) there shall have been deposited in an Escrow Account, either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and interest on which when due, and without any reinvestment thereof, shall provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account, at the same time and available therefor, shall be sufficient to pay when due the principal of, premium if any, and interest

due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be; and (3) in the event such Bonds are not by their terms subject to redemption within the next 60 days, the City by Supplemental Ordinance shall have given irrevocable instructions to effect, as soon as practicable and in the same manner as the notice of redemption is given pursuant to Section 307 hereof or as otherwise provided by Supplemental Ordinance, notice to the owners of such Bonds that the deposit required by (2) above has been placed in such Escrow Account and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds. Neither such Federal Securities (or principal or interest payments received with respect thereto) nor moneys placed in such Escrow Account shall be withdrawn or used for any purpose other than the payment of the principal of, premium, if any, and interest on said Bonds and such Federal Securities or moneys shall be held in trust solely for the payment of such principal of, premium, if any, and interest on such Bonds; provided, any cash received from the principal or interest payments on such Federal Securities if not then needed for such purpose, shall, to the extent such cash will not be required at any time for such purpose, shall be paid over to the City for any lawful purpose relating to the Airport System free and clear of any trust, lien, security interest, or otherwise under this Instrument, and to the extent such cash will be required for such purpose at a later date shall be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on such Bonds on or prior to such Redemption Date or maturity date thereof, as the case may be. Any such Bonds shall no longer be secured by or entitled to the benefits of this Instrument, except for the purpose of any payment from such moneys or Federal Securities placed in such an Escrow Account.

(2) As to Variable Rate Bonds, the amount required for the interest thereon shall be calculated at the maximum rate which such Variable Rate Bonds may bear; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Federal Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Variable Rate Bonds pursuant to the provisions of this section, the City may use for lawful purposes relating to the Airport System the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Variable Rate Bonds or otherwise existing under this Instrument.

(3) Notwithstanding any provisions of this Instrument to the contrary, Option Bonds may only be fully discharged and satisfied by depositing moneys or Federal Securities which together with other moneys lawfully available therefor shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the merger of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond shall not be considered an Option Bond for purposes of this paragraph. if any portion of the moneys deposited for the payment of the principal of, premium, if any, and interest on Option Bonds is not required for such purpose, the City may use for lawful purposes relating to the Airport System the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under this Instrument.

Upon compliance with the provisions of this section with respect to all series of Bonds then Outstanding, this Instrument may be discharged in accordance with the provisions of this section, but the liability of the City in respect of such Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of such Escrow Account.

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) Section 102A(59) (b)(i) hereof and Other Defeasance Securities.

Section 1102. Delegated Powers. Pursuant to the Charter and the Supplemental Act, the Mayor, Auditor, Clerk, Treasurer, Manager of the Department and other officers and employees of the City be, and hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Instrument.

Section 1103. Evidence of Owners. Any request, consent, or other instrument which this Instrument may require or may permit to be signed and to be executed by the owner of any Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of any person of the Bonds shall be sufficient for any purpose of this Instrument (except as otherwise herein expressly provided) if made in the following manner.

A. Proof of Execution. The fact and the date of the execution by any owner of any Bonds or his or her attorney of such instrument may be provided by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution, or an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate owner of any Bonds may be established without further proof if such instrument is signed by an individual purporting to be the president or vice-president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any person or persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a person or persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Ownership. The ownership of any fully registered Bond, the amount and numbers of such Bonds, and the date of owning the same shall he proved by the registration records of the Registrar, but the Clerk may nevertheless in his or her discretion require further or other proof in cases where they deem the same advisable.

Any request or consent of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the City in accordance therewith.

Section 1104. Holidays. If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided herein or by Supplemental Ordinance, shall be a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest shall accrue for the period after such nominal date.

Section 1105. Installment Purchase Obligations. Nothing herein shall prevent the City from entering into installment purchase agreements payable from Net Revenues to acquire, improve or equip Airport Facilities. In any such event, the City's obligations thereunder shall be deemed to be obligations in respect of Bonds or Subordinate Bonds, as the case may be, and the provisions of this Instrument, to the fullest extent practicable, shall be deemed to apply.

Section 1106. Notice to Ratings Agencies. The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.

ARTICLE XII
DEFAULTS, RIGHTS AND REMEDIES OF BONDOWNERS

Section 1201. Owner's Remedies. Each owner of any Bond shall be entitled to all of the privileges, rights, and remedies provided herein, and as otherwise provided or permitted at law or in equity or by other statutes, except as otherwise provided herein or in a Supplemental Ordinance with respect to Credit Enhanced Bonds.

Section 1202. Right To Enforce Payment. Nothing in this article affects or impairs the right of any owner of any Bond to enforce the payment of such Bond in accordance with its terms.

Section 1203. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Nonpayment of Principal and Premium. Payment of the principal of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity, by mandatory or optional prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any Bonds is not made when the same becomes due and payable;

C. Incapable To Perform. The City for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The City fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues, to the Airport System, or otherwise, including, without limitation, this Instrument, and such failure continues for sixty days after receipt of notice by the City from the owners of 10% in principal amount of the Bonds then Outstanding; provided, however, that it shall not be considered an Event of Default under this subsection if the Manager of the Department determines that corrective action has been instituted within such sixty day period and is being diligently pursued;

E. Failure to Reconstruct. The City discontinues or unreasonably delays or fails to carry out with reasonable dispatch the repair, reconstruction, or other replacement of any material part of the Airport (i.e., any part of the Airport which, if not promptly repaired, reconstructed or otherwise replaced, would have a material, adverse effect on the Pledged Revenues otherwise available for the payment of Bonds) which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason);

F. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Airport System or for any Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Airport System and such moneys, or an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within sixty days after entry;

G. Default of Any Provision. The City makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements, and other provisions contained in any such Bonds or in this Instrument on its part to be performed, and such default continues for sixty days after written notice specifying such default and requiring the same to be remedied is given to the City by the owners of 10% in principal amount of the Bonds then Outstanding; provided, however, that it shall not be considered an Event of Default under this subparagraph if the Manager of the Department determines that corrective action has been instituted within such sixty day period and is being diligently pursued;

H. Bankruptcy Petition. The City files a petition relating to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States or the State; and

I. Other. Such other Event of Default as is set forth in any Supplemental Ordinance

Section 1204. Remedies for Defaults. Upon the happening and continuance of any of the Events of Default, as provided in Section 1203 hereof, then (except as otherwise expressly provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the owners of not less than 10% in principal amount of the Bonds Outstanding (by notice in writing to the City, Paying Agent, if any, and Registrar, if any), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall became and be immediately payable, anything in this Instrument or in any of the Bonds contained to the contrary notwithstanding. The right of the owners of not less than 10% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the conditions that if, at any time after such declaration, but before the Bonds shall be matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the owners, and all other sums then payable by the City under this Instrument (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory shall be made for such payment, and all defaults under the Bonds or under this Instrument (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good, then and in every case the owners of a majority in principal amount of the Bonds Outstanding, by written notice to the City may rescind such declaration and annul such default in its entirety, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

In addition, upon the happening and continuance of any of the Events of Default, as provided in Section 1203 hereof, then and in every case the owner or owners of not less than 10% in principal amount of the then Outstanding Bonds may proceed, against the City and its agents, officers, and employees to protect and to enforce the rights of any owner of the Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in this Instrument, or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of all the Bonds then Outstanding.

Section 1205. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such owners hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and take possession of the Airport System subject to the rights and privileges of any lessee or other user under any lease or other contract, may operate and maintain the same, may prescribe rentals, rates, fees, and other charges, and may collect, receive, and apply all Gross Revenues and any other revenues relating to the Airport System arising after the appointment of such receiver in the same manner as the City itself might do.

Section 1206. Rights and Privileges Cumulative. The failure of any owner of any such Outstanding Bond to proceed in any manner herein provided shall not relieve the City, its Council, or any of the City's officers, agents, or employees of any liability for failure to perform or carry out any duty, obligation, or other commitment. No delay or omission of any owner of any Outstanding Bond to exercise any right or power upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Each right or privilege of any such owner is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner shall not be deemed a waiver of any other right or privilege thereof.

Section 1207. Duties Upon Defaults. Upon the happening of any of the Events of Default as provided in Section 1203 hereof, the City, in addition, shall do and perform all proper acts on behalf of and for the owners of any Bonds to protect and to preserve the security created for the payment of such Bonds and to insure timely payment thereof.

During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City shall, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, apply all moneys, securities, funds under this

Instrument, including without limitation Gross Revenues, as an express trust for the owners of the Bonds and apply the same as follows and in the following order:

A. Unless the principal of all of the Bonds shall have become due and payable,

(1) First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(2) Second, to the payment to the persons entitled thereto of the unpaid principal or redemption price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

B. If the principal of all of the Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the owners, and all other sums payable by the City under this Instrument, including the principal and redemption price of and accrued unpaid interest on all Bonds which shall then be payable, shall either by paid by or for the account of the City, or provision shall be made for such payment, and all defaults under this Instrument or the Bonds shall be made good or secured, and thereupon its City shall be restored to their former positions and rights under this Instrument.

To the extent such revenues, if any, exceed such requirements, both accrued and to accrue to their respective fixed maturity dates or to any Redemption Date or Redemption Dates relating thereto, whichever is earlier, such Gross Revenues shall be applied to payment of Subordinate Bonds. If the City fails or refuses to proceed as in this section provided, the owner or owners of not less than 10% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the owners of the Bonds as hereinabove provided; and to that end any such owners of Outstanding Bonds shall be subrogated to all rights of the City under any agreement, lease, or other contract involving the Pledged Revenues or the Airport System entered into prior to the effective date of this Instrument or thereafter while any such Bonds are Outstanding.

Section 1208. Duties in Bankruptcy Proceedings. If any such lessee or other user of the Airport System proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under law providing for corporate reorganization, it shall be the duty of the City and its appropriate officers are hereby authorized and directed to take all necessary steps for the benefit of the owners of the Bonds in such proceedings, including, without limitation, the filing of any claims for unpaid rentals, fees, other charges, and other payments due to the City or otherwise arising from the breach of any of the covenants, terms, or conditions of the lease or any other contract relating to the Airport System, unless the Manager of the Department determines that the costs of such action are likely to exceed the amounts thereby recovered from such obligor.

Section 1209. Prejudicial Action Unnecessary. Nothing in this article requires the City to proceed as provided therein if the Manager of the Department determines in good faith and without any gross abuse of his or her discretion that if the City so proceeds it is more likely than not to incur a net loss rather than a net gain or such action is otherwise likely to affect materially and prejudicially the owners of the Outstanding Bonds.

Section 1210. Notice of Default. The City shall mail to the owners of Bonds and post to EMMA, written notice of the occurrence of any Event of Default for any Bonds issued after the date of execution of this Instrument; provided that, except in the case of an Event of Default described in subparagraphs A and B of Section 1203, the City shall be protected if withholding of such notice is in the best interests of the owners of Bonds.

ARTICLE XIII
AMENDMENT OF INSTRUMENT

Section 1301. Amendments Without Consent. The City may adopt Supplemental Ordinances amending or supplementing this Instrument without the consent of or notice to the owners of Bonds, as follows:

A. Additional Bonds and Matters Not Inconsistent. To authorize the issuance of Bonds and, in connection therewith or otherwise, to specify and determine any matters and things which are not contrary to or inconsistent with this Instrument, including without limitation provisions for the issuance and payment of Bonds in other than registered form, provisions with respect to Credit Facilities, provisions creating and applying additional funds or accounts, and provisions for the marketing or remarketing of Bonds;

B. Curing Defects. To cure any formal defect, omission or ambiguity in this Instrument;

C. Additional Rights. To grant to or confer upon the owners of any Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred, including without limitation the designation of a trustee for the owners of Bonds, the transfer of custody and control of any fund or account to any such trustee, and provisions for the rights and obligations of any such trustee;

D. Additional Covenants. To add to the covenants and agreements of the City set forth in this Instrument;

E. Additional Limitations. To add to the limitations and restrictions on the City set forth in this Instrument;

F. Confirming Pledges. To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Instrument, of the Pledged Revenues or of any other moneys, securities, of funds;

G. Trust Indenture Act. To cause this Instrument to comply with the Trust Indenture Act of 1939, as from time to time amended; and

H. Other Changes. To effect, in connection with the issuance of any Bonds or otherwise, any other changes in this Instrument which, in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the right of the owners of any Bonds.

Section 1302. Other Amendments. In addition, this Instrument may be amended or supplemented by a Supplemental Ordinance without receipt by the City of any additional consideration, but with the written consent of the owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds Outstanding at the time of the adoption of such Supplemental Ordinance and affected by such amendment or supplement.

Section 1303. Limitations upon Amendments. Notwithstanding the provisions of Section 1301 and Section 1302 hereof, no such Supplemental Ordinance shall permit without the consent of the owner of any Outstanding Bond so affected:

A. Changing Payment. A change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of the principal of any Outstanding Bonds or any installment of interest thereon; or

B. Reducing Return. A reduction (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the principal amount of any Outstanding Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Instrument; or

D. Modifying Limitations upon Amendment. A reduction of the principal amount or percentages of Bonds the consent of the owners of which is required for any such amendment or other modifications; or

E. Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding under the provisions of this Instrument; other than as may be expressly permitted herein; or

F. Prejudicial Modification. Other modifications materially and prejudicially affecting the rights of the owners of some (but not all) Bonds then Outstanding.

Section 1304. Notice of Amendment. Whenever the Council proposes to amend or modify this Instrument under the provisions of Section 1302 hereof, it shall cause notice of the proposed amendment to be mailed:

A. Owners. To the owners of all the Bonds then Outstanding; and

B. Purchasers. To the Purchaser of the Bonds then Outstanding, or to any successor thereof known to the Clerk.

Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Section 1305. Time for Amendment. Whenever at any time within one year from the date of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by the required number of owners, which instrument or instruments shall refer to the proposed Supplemental Ordinance or amendments described in such notice and shall specifically consent to and approve the adoption of such instrument, the Council may adopt such Supplemental Ordinance and such instrument shall become effective; provided that the term of any consent may specify a period of time longer or shorter than one year for the giving of such consent.

Section 1306. Binding Consent to Amendment. If the required number of owners, at the time of the adoption of such Supplemental Ordinance, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such Supplemental Ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 1307. Time Consent Binding. Unless a longer period is specified by the terms of a consent, any consent given by the owner of a Bond pursuant to the provisions of this article shall be irrevocable for a period of six months from the date of the notice above provided for in Section 1304 and shall be conclusive and binding upon all future owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of such notice, by the owner who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the required number of owners, prior to the attempted revocation, consented to and approved the Supplemental Ordinance or amendments referred to in such revocation.

Section 1308. Unanimous Consent. Notwithstanding any of the foregoing provisions of this article, the terms and the provisions of this Instrument and the rights and the obligations of the City and of the owners of all Outstanding Bonds issued hereunder may be amended or otherwise modified in any respect upon the adoption by the City and upon the filing with the Clerk of a Supplemental Ordinance to that effect and with the consent of the owners of all the then Outstanding Bonds, such consent to be given as provided in Section 1306 hereof; and no notice to owners of Bonds shall be required, and the time of consent shall not be limited except as may be provided in such consent.

Section 1309. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Council as to such action; and if any such Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his or her Bond for the purpose at the principal office of the Clerk or Registrar, suitable notation shall be made on such Bond by the Clerk or Registrar as to any such action. If the Council so determines, new Bonds so modified shall be prepared, authenticated, and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to such owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1310. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this article, the amount and number of the Bonds owned by any person executing such instrument, and the date of his or her owning the same may be proved as provided by Section 1103 hereof.

COMMITTEE APPROVAL DATE: July 18, 2018

MAYOR-COUNCIL DATE: July 24, 2018

PASSED BY THE COUNCIL August 6, 2018

________________ - PRESIDENT

APPROVED: ________________ - MAYOR Aug 8, 2018

ATTEST: Debra Johnson - CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL August 2, 2018 ; August 9, 2018

PREPARED BY: Hogan Lovells US LLP and Becker Stowe Partners LLC DATE: July 26, 2018

REVIEWED BY: Everett Martinez, Assistant City Attorney DATE: July 26, 2018

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Kristin M. Bronson, City Attorney

BY: ________________, Assistant City Attorney DATE: Jul 26, 2018

CITY AND COUNTY OF DENVER SEAL

TABLE OF CONTENTS

This Table of Contents is not a part of the Series 2018A-C Airport System Supplemental Subordinate Bond Ordinance

APPENDIX B

THE SERIES 2019 SUPPLEMENTAL ORDINANCE

(THIS PAGE INTENTIONALLY LEFT BLANK)

BY AUTHORITY

ORDINANCE NO. 20190542 **COUNCIL BILL NO. CB19-0542**

SERIES OF 2019 **COMMITTEE OF REFERENCE:**

BUSINESS, ARTS, WORKFORCE & AVIATION SERVICES

A BILL

For an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019A" in the maximum aggregate principal amount of $210,000,000 for the purposes of paying the costs of the Series 2019A Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019B" in the maximum aggregate principal amount of $30,000,000 for the purposes of paying the costs of the Series 2019B Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C" in the maximum aggregate principal amount of $160,000,000 for the purposes of paying the costs of the Series 2019C Refunding Project, and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D" in the maximum aggregate principal amount of $100,000,000 for the purposes of paying the costs of the Series 2019D Refunding Project, and providing other details in connection therewith; providing the amount, terms and other details of such bonds; authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.

PREFACE

This ordinance (referred to herein as "this Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the Department in accordance with the provisions of, the General Bond Ordinance.

DEFINITIONS

All defined terms in this Supplemental Ordinance have the meanings set forth in the General Bond Ordinance except as otherwise expressly provided herein and in Section 102 of this Supplemental Ordinance, except where the context by clear implication otherwise requires.

RECITALS

(1) The City is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter, and is a political subdivision of the State.

(2) Subject to certain exceptions, all legislative powers possessed by the City, conferred by Article XX, State Constitution, or contained in the Charter, as either has from time to time been amended, or otherwise existing by operation of law, are vested in the City Council.

(3) Pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter in the Department of Aviation. Pursuant to the Enterprise Ordinance, the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution. The Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager.

(4) Pursuant to the 1984 General Bond Ordinance, there have been issued multiple series of Senior Bonds and other Obligations in respect of the Airport System and such Senior Bonds and Obligations are secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenues of the Airport System on a parity with the lien thereon in favor of each other.

(5) After having received the requisite bond owner consents and satisfying all applicable requirements, the City amended and restated the 1984 General Bond Ordinance in its entirety pursuant to the provisions of the General Bond Ordinance and the City will in the future issue or incur, as applicable, Senior Bonds and Obligations under the General Bond Ordinance, in addition to the currently outstanding Senior Bonds and Obligations.

(6) Pursuant to the General Bond Ordinance, the City may issue bonds or incur other additional obligations payable from the Net Revenues of the Airport System and having a lien

thereon subordinate to the lien thereon of the Senior Bonds. The City adopted the 1997 Subordinate Bond Ordinance pursuant to which the City issued various Subordinate Bonds which have been paid or defeased prior to the date hereof and which are no longer outstanding. Pursuant to the 1997 Subordinate Bond Ordinance, the City incurred certain Subordinate Hedge Facility Obligations which remain outstanding.

(7) The City amended and restated the 1997 Subordinate Bond Ordinance in its entirety pursuant to the provisions of the General Subordinate Bond Ordinance and the City has issued or incurred, as applicable, and will in the future issue or incur, as applicable, Subordinate Bonds and Subordinate Obligations under the General Subordinate Bond Ordinance.

(8) Pursuant to the General Bond Ordinance and the General Subordinate Bond Ordinance, the City has adopted the General Junior Lien Bond Ordinance and, pursuant to the General Junior Lien Bond Ordinance, the City has incurred the Hotel Junior Lien Obligation and the Great Hall Junior Lien Obligation.

(9) The Council has also adopted in supplementation of the General Bond Ordinance that certain Ordinance No. 0776, Series of 2018, providing for certain passenger facility charges to be included in Gross Revenues commencing January 1, 2019.

(10) None of the Net Revenues of the Airport System have been pledged to any outstanding bonds or other obligations, except in respect of the Senior Bonds (and certain Obligations relating thereto), the Subordinate Bonds (and certain Subordinate Credit Facility Obligations relating thereto), certain Subordinate Hedge Facility Obligations incurred under the 1997 Subordinate Bond Ordinance, and the Hotel Junior Lien Obligation and the Great Hall Junior Lien Obligation incurred under the General Junior Lien Bond Ordinance.

(11) As contemplated by the Enterprise Ordinance, the Manager of the Department has executed the Series 2019A-D Manager's Resolution approving, authorizing and requesting the issuance by the City, for and on behalf of the Department, of:

A. the Series 2019A Bonds as set forth herein, for the purposes of (i) defraying the Cost of the Series 2019A Refunding Project, (ii) making any required deposit in the Bond Reserve Fund, if any, and, (iii) paying certain Costs relating to the issuance of the Series 2019A Bonds;

B. the Series 2019B Bonds as set forth herein, for the purposes of (i) defraying the Cost of the Series 2019B Refunding Project, (ii) making any required deposit in the Bond Reserve Fund, if any, and, (iii) paying certain Costs relating to the issuance of the Series 2019B Bonds;

C. the Series 2019C Bonds as set forth herein, for the purposes of (i) defraying the Cost of the Series 2019C Refunding Project, (ii) making any required deposit in the Bond Reserve Fund, if any, and, (iii) paying certain Costs relating to the issuance of the Series 2019C Bonds; and

D. the Series 2019D Bonds as set forth herein, for the purposes of (i) defraying the Cost of the Series 2019D Refunding Project, (ii) making any required deposit in the Bond Reserve Fund, if any, and, (iii) paying certain Costs relating to the issuance of the Series 2019D Bonds;

(12) The Underwriters or Initial Purchasers, as applicable, shall execute and submit one or more Initial Purchaser Bond Purchase Agreements or Underwriters Bond Purchase Agreements, as applicable, for the purchase of the Series 2019A-D Bonds to the extent such Series 2019A-D Bonds shall be issued as provided in the Pricing Notice executed pursuant to Section 303 hereof.

(13) The Council has determined and does hereby declare:

A. The procedures and requirements of Article V, Chapter 20 of the Revised Municipal Code of the City and County of Denver have been completely and timely met in respect of the negotiated sale of the Series 2019A-D Bonds to the Underwriters or the Initial Purchasers, as applicable;

B. The Series 2019A-D Bonds are to be issued pursuant to the Series 2019A-D Manager's Resolution and the provisions of the General Bond Ordinance (as supplemented hereby); and the Series 2019A-D Bonds constitute "Bonds" as defined therein; and

C. All acts, conditions and things required by law and by the General Bond Ordinance to exist, have happened and have been performed as a condition to the issuance of the Series 2019A-D Bonds, do or will exist, and have been or will have been performed in regular and due time, form and manner as required by law, including without limitation the approval, following a public hearing, of a plan of financing pursuant to which the Series 2019A-D Bonds are to be issued, all in accordance with and to the extent required by Section 147(f) of the Tax Code.

(14) There have been filed with the City's Clerk and Recorder:

A. the proposed form of the Underwriters Bond Purchase Agreement, City Clerk File No. 20190053A;

B. the proposed form of the Initial Purchasers Bond Purchase Agreement, City Clerk File No. 20190053B;

C. the Preliminary Official Statement, City Clerk File No. 20190053C;

D. the proposed form of the Continuing Disclosure Undertaking, City Clerk File No. 20190053D;

E. the proposed form of the Escrow Agreement, City Clerk File No. 20190053E;

F. the proposed form of the Paying Agent and Bonds Registrar Agreement, City Clerk File No. 20190053F;

G. the proposed form of the Remarketing Agreement, City Clerk File No. 20190053G; and

H. the proposed form of the Credit Facility and Reimbursement Agreement, City Clerk File No. 20190053H.

BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

ARTICLE I
DEFINITIONS, RATIFICATION, EFFECTIVE DATE, PUBLICATION AND AUTHENTICATION

Section 101 Supplemental Ordinance. This Supplemental Ordinance is supplemental to, and is adopted for and on behalf of the Department in accordance with the provisions of, the General Bond Ordinance.

Section 102 Meanings and Construction.

A. General Bond Ordinance Definitions. All defined terms in this Supplemental Ordinance have the meanings set forth in the General Bond Ordinance except as otherwise expressly provided herein.

B. Additional Definitions. For all purposes of this Supplemental Ordinance, except where the context by clear implication otherwise requires:

(1) "1997 Subordinate Bond Ordinance" means Ordinance No. 549, Series of 1997, cited as the "1997 Airport System Subordinate Bond Ordinance," as amended and supplemented

(2) "Applicable Spread" has the meaning specified in Section 502F(2).

(3) "Authorized Denominations" means, with respect to the Series 2019B Bonds and Series 2019C Bonds, $5,000 and any integral multiple thereof or as otherwise set forth in the initial Pricing Notice, with respect to the Series 2019 Multimodal Bonds: (i) during a Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, $100,000 and any integral multiple of $5,000 in excess thereof; and (ii) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, $5,000 and any integral multiple thereof; provided, however, that if the City specifies the "Authorized Denominations" for any series or subseries of Series 2019 Multimodal Bonds in the Pricing Notice delivered in connection with the initial issuance of such Bonds or a Conversion thereof, "Authorized Denominations" shall mean the denominations specified in such Pricing Notice. Notwithstanding the foregoing, if as a result of a Conversion of a series or subseries of Series 2019 Multimodal Bonds from a Term Rate Period or an Index Rate Period to a Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, it is not possible to deliver all the Bonds of a series required or permitted to be

Outstanding in a denomination permitted above, Series 2019 Multimodal Bonds may be delivered, to the extent necessary, in different denominations.

(4) "Authorized Representative" means the Mayor, Treasurer and Manager, or any other employee of the City at the time designated to act on behalf of the City in a certificate executed by any of the foregoing officers, which certificate shall contain such employee's specimen signature.

(5) "Bond Counsel" means a firm of nationally-recognized attorneys-at-law experienced in legal work relating to the issuance of municipal bonds selected by the City.

(6) "Bond Purchase Agreement" means the Initial Purchaser Bond Purchase Agreement and the Underwriters Bond Purchase Agreement, as applicable.

(7) "Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day of which the New York Stock Exchange is closed, or (iii) a day on which banking institutions in Denver, Colorado, New York, New York or in any other city in which the principal corporate trust office of the Series 2019 Paying Agent or the principal office of the Initial Purchaser, if any, any Remarketing Agent or, if a Series 2019 Credit Facility is in effect, the principal office of any Series 2019 Credit Facility Provider is located, are required or authorized by law (including executive order) to close, or (iv) a day of which the principal corporate trust office of the Series 2019 Paying Agent or the principal office of the Initial Purchaser, if any, any Remarketing Agent or, if a Series 2019 Credit Facility is in effect, the principal office of the Series 2019 Credit Facility Provider, is closed for reasons not related to financial reasons.

(8) "Calendar Week" means the period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week, or as otherwise set forth in a Pricing Notice.

(9) "Commercial Paper Rate" means the interest rate established from time to time pursuant to Section 502C.

(10) "Commercial Paper Rate Period" means each period during which Series 2019 Multimodal Bonds bear interest at a Commercial Paper Rate determined pursuant to Section 502C.

(11) "Commercial Paper Tender Bonds" shall have the meaning set forth in Section 609A.

(12) "Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking, in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(13) "Conversion" means any conversion of the Series 2019 Multimodal Bonds from one Interest Rate Determination Method or Interest Rate Mode to another, which may be made from time to time in accordance with the terms of Section 503.

(14) "Conversion Date" means, with respect to a series or subseries of Series 2019 Multimodal Bonds, the date any new Index Rate Period or Term Rate Period and Term Rate, as applicable, becomes effective, or the date any Conversion becomes effective in accordance with Section 503 (or, with respect to notices, time periods and requirements in connection with the proceedings for such Conversion, the day on which it is proposed that such Conversion occur).

(15) "Conversion Notice" shall have the meaning set forth in Section 503.

(16) "Credit Facility and Reimbursement Agreement" means a Credit Facility and Reimbursement Agreement, in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(17) "Daily Put Bonds" shall have the meaning set forth in Section 609A.

(18) "Daily Rate" means the interest rate established from time to time pursuant to Section 502A.

(19) "Daily Rate Index" means, on any Business Day, the SIFMA Swap Index or an index or rate agreed upon by the City and the Remarketing Agents and set forth in a Pricing Notice, but in no event in excess of the Maximum Interest Rate.

(20) "Daily Rate Period" means any period during which the Series 2019 Multimodal Bonds bear interest at the Daily Rate.

(21) "Electronic Means" means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

(22) "Enterprise Ordinance" means Ordinance No. 755, Series of 1993.

(23) "Escrow Agreement" means one or more escrow agreements for the Refunded Bonds (as applicable) by and between the City, for and on behalf of its Department of Aviation, and the Series 2019 Escrow Bank, in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(24) "Expiration" (and other forms of "expire") means, when used with respect to a Series 2019 Credit Facility, the expiration of such Series 2019 Credit Facility in accordance with its terms.

(25) "Failed Tender Date" means, for any series or subseries of Series 2019 Multimodal Bonds bearing interest at a Term Rate or an Index Rate, the date on which insufficient funds are available for the purchase of all Series 2019 Multimodal Bonds of such series or subseries tendered or deemed tendered at the end of the Term Rate Period or Index Rate Period as described in Section 611C hereof.

(26) "Favorable Opinion of Bond Counsel" means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds or such portion thereof as shall be affected thereby.

(27) "Fixed Rate" means the fixed rate borne by any Series 2019 Multimodal Bonds from the Fixed Rate Conversion Date for such series or subseries thereof, which rate shall be established in accordance with Section 502E.

(28) "Fixed Rate Computation Date" means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Fixed Rate Conversion to and including the Business Day next preceding the proposed Conversion Date.

(29) "Fixed Rate Conversion Date" means the Conversion Date on which the interest rate on any Series 2019 Multimodal Bonds shall be converted to a Fixed Rate.

(30) "Fixed Rate Period" means the period from and including the Fixed Rate Conversion Date of any Series 2019 Multimodal Bonds converted to a Fixed Rate to and including their maturity date or earlier date of redemption.

(31) "General Bond Ordinance" means Ordinance No. 0777, Series of 2018, cited as the "2018 Amended and Restated Airport System General Bond Ordinance," as amended and supplemented from time to time by any Supplemental Ordinance.

(32) "General Junior Lien Bond Ordinance" means Ordinance No. 17-0972, Series of 2017, cited as the "Airport System General Junior Lien Bond Ordinance," as amended and supplemented from time to time.

(33) "General Subordinate Bond Ordinance" means the 1997 Subordinate Bond Ordinance as amended and restated in its entirety pursuant to the provisions of Ordinance No. 302, Series of 2013, as amended and supplemented from time to time.

(34) "Great Hall Junior Lien Obligation" means the Junior Lien Obligation (as defined in the General Junior Lien Bond Ordinance) incurred pursuant to the General Junior Lien Bond Ordinance and Ordinance No. 17-0973, Series of 2017.

(35) "Hotel Junior Lien Obligation" has the meaning set forth in the General Junior Lien Bond Ordinance.

(36) "Index Agent" means such agent as may be designated by the City to act as the Index Agent.

(37) "Index Bonds" means the Series 2019 Multimodal Bonds bearing interest at the Index Rate.

(38) "Index Rate" means the interest rate established from time to time pursuant to Section 502F, provided, however, that in no event may the Index Rate exceed the Maximum Interest Rate.

(39) "Index Rate Continuation Notice" has the meaning given to that term in Section 502F.

(40) "Index Rate Conversion Date" means: (i) the Conversion Date on which the interest rate on any Series 2019 Multimodal Bonds shall be converted to an Index Rate; or (ii) the date on which a new Index Rate Period is to be established.

(41) "Index Rate Determination Date" means, with respect to any series or subseries of Series 2019 Multimodal Bonds in an Index Rate Period where the Index Rate Index is the SIFMA Swap Index, each Wednesday or, if any such Wednesday is not a Business Day, then the next preceding Business Day, such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Index Agent; and if the SIFMA Swap Index is published on a different day, such day will be the Index Rate Determination Date. The Index Rate so calculated will apply to the Calendar Week from and including the immediately succeeding Thursday to and including the following Wednesday; provided that, if the City specifies alternative dates as "Index Rate Determination Dates" for any series or subseries of Series 2019 Multimodal Bonds in the Pricing Notice delivered in connection with the Conversion of such Bonds, "Index Rate Determination Date" shall mean the dates specified in such Pricing Notice.

(42) "Index Rate Index" means the SIFMA Swap Index or such other index as is determined by the City in consultation with the Remarketing Agent at the commencement of an Index Rate Period in accordance with Section 503B or Section 502F(4). Any time the Index Rate Index is specified in a Pricing Notice, such notice may include any necessary information related to the Index Rate Index.

(43) "Index Rate Period" means any period during which Series 2019 Multimodal Bonds bear interest at the Index Rate.

(44) "Initial Purchaser Bond Purchase Agreement" means any contract dated as of a date after the enactment hereof, between the City, for and on behalf of the Department, and an Initial Purchaser for the purchase of one or more series of Series 2019A-D Bonds, in substantially the form or forms filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(45) "Initial Purchasers" means State Street Public Lending Corporation or any other initial purchaser that the Treasurer is authorized to select pursuant to Section 303 hereof.

(46) "Interest Payment Date" means (a) with respect to the Series 2019 Multimodal Bonds: (i) in the Daily Rate Period or the Weekly Rate Period, the first Business Day of each calendar month; (ii) in the Commercial Paper Rate Period, the day immediately succeeding the last day of each Commercial Paper Rate Period for such Series 2019 Multimodal Bond; (iii) each Conversion Date; (iv) in the Term Rate Period or the Fixed Rate Period, each Semi-Annual Interest Payment Date, or, if the City obtains a Favorable Opinion of Bond Counsel, such other periodic dates as shall be selected by the City in accordance with Section 503D hereof; (v) in the Index Rate Period, the first Business Day of each calendar month, or, if the City obtains a Favorable Opinion of Bond Counsel, such other periodic dates as shall be selected by the City in accordance with Section 503D hereof; (b) with respect to any series or subseries of Series 2019 Multimodal Bonds bearing interest at the Daily Rate or the Weekly Rate, the mandatory tender date, as applicable, on which a Series 2019 Credit Facility providing support for such series or subseries of Series 2019 Multimodal Bonds is substituted; (c) with respect to the Series 2019B Bonds and Series 2019C Bonds, each Semi-Annual Interest Payment Date; and (d) in all events, the final maturity date or any redemption date of each Series 2019A-D Bonds and any other date set forth in the initial Pricing Notice executed in connection with the initial issuance of the Series 2019A-D Bonds or in connection with the Conversion of such Bonds.

(47) "Interest Rate Determination Method" means any of the methods of determining the interest rate on the Series 2019 Multimodal Bonds from time to time as described in Section 502.

(48) "Interest Rate Mode" means, with respect to any Series 2019 Multimodal Bonds of a series or subseries, the type of interest rate paid on Bonds of such series or subseries, consisting of any of a Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate, Index Rate or Fixed Rate, as the case may be.

(49) "Issue Date" means, with respect to the Series 2019A-D Bonds, the date on which the Series 2019A-D Bonds are first delivered to the purchasers thereof.

(50) "Mandatory Tender Bonds" has the meaning specified in Section 609C.

(51) "Maximum Interest Rate" means: (a) with respect to Series 2019 Multimodal Bonds other than Series 2019 Credit Facility Bonds, (i) for a period during which a Series 2019 Credit Facility is in effect for the benefit of such Bonds, the rate of interest specified in such Series 2019 Credit Facility that is used to determine the amount available under such Series 2019 Credit Facility for payment of interest due and payable to owners of the Series 2019 Multimodal Bonds, but in no event greater than twelve percent (12%) per annum, and (ii) at all other times, twelve percent (12%) per annum; and (b) with respect to Series 2019 Credit Facility Bonds, the lesser of (i) fifteen percent (15%) per annum or (ii) the maximum rate of interest with respect to such Series 2019 Credit Facility Bonds permitted by applicable law.

(52) "Official Statement" means one or more final Official Statements relating to one or more series of Series 2019A-D Bonds that are to be sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement, in substantially the form of the Preliminary Official Statement, with such amendments, supplements, omissions, insertions, endorsements and variations as may be required by the circumstances and as are not inconsistent with the provisions of this Supplemental Ordinance.

(53) "Opinion of Bond Counsel" means a written opinion of Bond Counsel.

(54) "Optional Purchase Date" means each date on which the Series 2019 Multimodal Bonds would be subject to optional redemption and therefore are subject to purchase at the option of the City pursuant to Article VII.

(55) "Optional Purchase Price" means, with respect to the purchase of Series 2019 Multimodal Bonds to be purchased pursuant to Article VII on any Optional Purchase Date, the principal amount of the Series 2019 Multimodal Bonds to be purchased on such Optional Purchase Date, plus accrued interest to such Optional Purchase Date, plus an amount equal to the premium, if any, that would be payable upon the redemption, at the option of the City exercised on such Optional Purchase Date, of the Series 2019 Multimodal Bonds to be purchased.

(56) "Participants" means the participating underwriters, securities brokers or dealers, banks, trust companies, closing corporations or other persons or entities for

which the Securities Depository holds Series 2019A-D Bonds as set forth in this Supplemental Ordinance.

(57) "Paying Agent and Bonds Registrar Agreement" means, with respect to the Series 2019A-D Bonds, one or more agreements executed by the City, for and on behalf of the Department, and the Series 2019 Paying Agent in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance, and any subsequent Series 2019 Paying Agent and Bonds Registrar Agreement executed by the Series 2019 Paying Agent and the City, for and on behalf of the Department, as provided herein.

(58) "Preliminary Official Statement" means one or more Preliminary Official Statements relating to one or more series of Series 2019A-D Bonds that are to be sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement, as filed with the Clerk, with such revisions as are permitted by this Supplemental Ordinance.

(59) "Pricing Notice" shall mean, with respect to a series or subseries of Series 2019A-D Bonds, as applicable, (i) the written initial notice of the Treasurer evidencing the determinations made pursuant to Article III of this Supplemental Ordinance delivered in connection with the issuance of the Series 2019A-D Bonds, (ii) the written notice of an Authorized Representative to the Series 2019 Paying Agent and the Remarketing Agent delivered in connection with a Conversion of a series or subseries of Series 2019 Multimodal Bonds to a Term Rate Period at least two Business Days prior to the applicable Term Rate Conversion Date or that is delivered in connection with a continuation of a Term Rate Period at least two Business Days prior to the effective date of the new Term Rate Period, or (iii) the written notice of an Authorized Representative to the Series 2019 Paying Agent and the Remarketing Agent delivered in connection with a Conversion of a series or subseries of Series 2019 Multimodal Bonds to an Index Rate Period at least five Business Days prior to the applicable Index Rate Conversion Date or that is delivered in connection with a continuation of an Index Rate Period at least five Business Days prior to the effective date of the new Index Rate Period. Notwithstanding any provision herein requiring that certain information be included in a Pricing Notice, such information is not required to be included if the Authorized Representative and the Remarketing Agent intend for such information to be governed by the provisions of this

Supplemental Ordinance and the initial Pricing Notice referred to in (i) of this definition that provide for such information in the event it is not included in the Pricing Notice.

(60) "Purchase Date" means any date on which any Series 2019 Multimodal Bond is purchased pursuant to Section 604 or Section 605.

(61) "Purchase Price" means, with respect to any Series 2019 Multimodal Bond tendered or deemed tendered pursuant to Section 604 or Section 605, an amount equal to 100% of the principal amount of any Series 2019 Multimodal Bond tendered or deemed tendered to the Series 2019 Paying Agent for purchase pursuant to Section 604 or Section 605. In addition, if the Purchase Date is not an Interest Payment Date, the Purchase Price for each Series 2019 Multimodal Bond tendered or deemed tendered shall be increased to include accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the owner of record as of the applicable Record Date.

(62) "Rate" means, with respect to any Series 2019A-D Bond, the interest rate applicable to such Series 2019A-D Bond as provided in this Supplemental Ordinance.

(63) "Rate Index" means the Daily Rate Index, the Weekly Rate Index, or both, as the context may require.

(64) "Rate Period" means any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, Term Rate Period, Index Rate Period or Fixed Rate Period.

(65) "Rating Confirmation" means written evidence from each rating agency then rating the Series 2019 Multimodal Bonds to the effect that, following the event which requires the Rating Confirmation, the then current rating for the Series 2019 Multimodal Bonds will not be lowered or withdrawn solely as a result of the occurrence of such event.

(66) "Record Date" means with respect to the Series 2019B Bonds and Series 2019C Bonds, the first (1st) day (whether or not a Business day) of the month in which such Interest Payment Date occurs, and, with respect to the Series 2019 Multimodal

Bonds, means (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; and (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the first (1st) day (whether or not a Business Day) of the month in which such Interest Payment Date occurs.

(67) "Redemption Date" means the date fixed for redemption of Series 2019A-D Bonds of a series or subseries subject to redemption in any notice of redemption given in accordance with the terms of this Supplemental Ordinance.

(68) "Redemption Price" means with respect to any Series 2019A-D Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Supplemental Ordinance (provided that if the Series 2019 Multimodal Bond is bearing interest at an Index Rate, the Redemption Price for such Bond shall be determined pursuant to Section 601E).

(69) "Refunded Bonds" means the Series 2019A Refunded Bonds, the Series 2019C Refunded Bonds, and the Series 2019D Refunded Bonds.

(70) "Remarketing Agent" means the one or more banks, trust companies or members of the National Association of Securities Dealers, Inc. meeting the qualifications set forth in Section 616 and appointed by an Authorized Representative to serve as a Remarketing Agent for any Series 2019 Multimodal Bonds.

(71) "Remarketing Agreement" means the agreement dated as of a date after the enactment hereof entered into between the City, for and on behalf of its Department of Aviation, and the Remarketing Agent with respect to the remarketing of a series or subseries of Series 2019 Multimodal Bonds, and any subsequent remarketing agreement executed by the City and the Remarketing Agent in substantially the form filed with the Clerk; provided that such agreement may be completed, corrected or revised without further approval of the Council as deemed necessary by the parties thereto to carry out the purposes of this Supplemental Ordinance.

(72) "Securities Depository" means The Depository Trust Company, hereby designated as the depository for the Series 2019A-D Bonds, as applicable, and includes any nominee or successor thereof.

(73) "Semi-Annual Interest Payment Date" means May 15 or November 15 or as otherwise set forth in a Pricing Notice.

(74) "Senior Bonds" means the following series of Bonds denominated either "City and County of Denver, Colorado, Airport System Revenue Bonds" (for Senior Bonds issued in 1992) or "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds" (for Senior Bonds issued after 1992), together with the related series designation: (i) Series 1992C, as authorized by the General Bond Ordinance and Ordinance No. 640, Series of 1992; (ii) Series 1992F, as authorized by the General Bond Ordinance and Ordinance No. 643, Series of 1992; (iii) Series 1992G, as authorized by the General Bond Ordinance and Ordinance No. 644, Series of 1992; (iv) Series 2002C, as authorized by the General Bond Ordinance and Ordinance No. 800, Series of 2002; (v) Series 2007F Subseries F1 and F2, as authorized by the General Bond Ordinance and Ordinance No. 625, Series of 2007; (vi) the Series 2007G (Subseries G1 and G2), as authorized by the General Bond Ordinance and Ordinance No. 626, Series of 2007, as amended and restated by Ordinance No. 722, Series of 2007; (vii) Series 2008B, as authorized by the General Bond Ordinance and Ordinance No. 322, Series of 2008; (viii) Series 2008C1-C3, as authorized by the General Bond Ordinance and Ordinance No. 483, Series of 2008; (ix) Series 2009A-B, as authorized by the General Bond Ordinance and Ordinance No. 578, Series of 2009; (x) Series 2009C, as authorized by the General Bond Ordinance and Ordinance No. 577, Series of 2009; (xi) Series 2010A, as authorized by the General Bond Ordinance and Ordinance No. 107, Series of 2010; (xii) Series 2011A, as authorized by the General Bond Ordinance and Ordinance No. 181, Series of 2011; (xiii) Series 2011B, as authorized by the General Bond Ordinance and Ordinance No. 489, Series of 2011; (xiv) Series 2012A, as authorized by the General Bond Ordinance and Ordinance No. 490, Series of 2012; (xv) Series 2012B, as authorized by the General Bond Ordinance and Ordinance No. 490, Series of 2012; (xvi) Series 2012C, as authorized by the General Bond Ordinance and Ordinance No. 491, Series of 2012; (xvii) Series 2016A, as authorized by the General Bond Ordinance and Ordinance No. 16-0979, Series of 2016; (xxiii) Series 2016B, as

authorized by the General Bond Ordinance and Ordinance No. 16-0980, Series of 2016; (xix) Series 2017A, as authorized by the General Bond Ordinance and Ordinance No. 17-1223; (xx) Series 2017B, as authorized by the General Bond Ordinance and Ordinance No. 17-1223; and (xxi) any future Senior Bonds issued by the City, for and on behalf of the Department.

(75) "Series 2019 Bond Purchase Fund" means the Series 2019 Bond Purchase Fund to be established by the applicable Remarketing Agreement, another agreement entered into connection therewith, or the applicable Pricing Notice.

(76) "Series 2019 Bonds Registrar" means, with respect to the Series 2019A-D Bonds, Zions Bancorporation, National Association, and includes any successor thereof.

(77) "Series 2019 City Account" means the Series 2019 City Account created within the Series 2019 Bond Purchase Fund to be established by the applicable Remarketing Agreement, another agreement entered into connection therewith, or the applicable Pricing Notice.

(78) "Series 2019 Credit Facility" means an instrument pursuant to which liquidity support is provided to any of the Series 2019A-D Bonds, including a line of credit, a letter of credit, a Credit Facility and Reimbursement Agreement or other Credit Facility providing liquidity support to any of the Series 2019A-D Bonds, and any substitute Series 2019 Credit Facility provided pursuant to Section 614 of this Supplemental Ordinance, as applicable.

(79) "Series 2019 Credit Facility Bonds" means (i) Bonds consisting of any Series 2019 Multimodal Bonds purchased with funds provided under a Series 2019 Credit Facility as provided in Section 611 for so long as such Series 2019 Multimodal Bonds are held by or for the account of, or are pledged to, the applicable Series 2019 Credit Facility Provider in accordance with Section 613 hereof; and (ii) Bonds tendered to the Series 2019 Credit Facility Provider as provided in Section 615 hereof, including, without limitation, the Series 2019A Bonds and the Series 2019B Bonds.

(80) "Series 2019 Credit Facility Provider" means the entity, if any, providing liquidity for the Purchase Price of Series 2019 Multimodal Bonds or Series 2019B Bonds pursuant to a Series 2019 Credit Facility or any successor thereto.

(81) "Series 2019 Credit Facility Purchase Account" means the Series 2019 Credit Facility Purchase Account within the Series 2019 Bond Purchase Fund to be established by the applicable Remarketing Agreement, another agreement entered into connection therewith, or the applicable Pricing Notice.

(82) "Series 2019 Escrow Bank" means Zions Bancorporation, National Association, and any successor thereof.

(83) "Series 2019 Multimodal Bonds" means the Series 2019A Bonds and the Series 2019D Bonds.

(84) "Series 2019 Paying Agent" means, with respect to the Series 2019A-D Bonds, Zions Bancorporation, National Association, and includes any successor thereof.

(85) "Series 2019 Remarketing Account" means the Series 2019 Remarketing Account within the Series 2019 Bond Purchase Fund to be established by the applicable Remarketing Agreement, another agreement entered into connection therewith, or the applicable Pricing Notice.

(86) "Series 2019A Bonds" means those bonds issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019A," or as otherwise designated as provided in the Pricing Notice, including subseries thereof.

(87) "Series 2019A Project Account" has the meaning ascribed to it in Section 401C of this Supplemental Ordinance.

(88) "Series 2019A Refunded Bonds" means all or a portion of the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 2008C2-C3" and any other bonds designated by the Treasurer in accordance with Section 303 hereof and set forth in the Pricing Notice.

(89) "Series 2019A Refunded Bonds Escrow Account" has the meaning ascribed to it in Section 401A of this Supplemental Ordinance.

(90) "Series 2019A Refunding Project" means the project to (i) refund the Series 2019A Refunded Bonds with the proceeds of the Series 2019A Bonds, together with other

available moneys, if any, by paying the principal of, premium (if any) and interest on the Series 2019A Refunded Bonds upon redemption, as provided in an Escrow Agreement, if applicable, (ii) make a required deposit in the Bond Reserve Fund, if any, and (iii) pay certain costs relating to the issuance of the Series 2019A Bonds. The Series 2019A Refunding Project shall constitute a Refunding Project within the meaning of the General Bond Ordinance.

(91) "Series 2019ACD Rebate Fund" has the meaning ascribed to it in Section 801B of this Supplemental Ordinance.

(92) "Series 2019A-D Bonds" means the Series 2019A Bonds, the Series 2019B Bonds, the Series 2019C Bonds, and the Series 2019D Bonds.

(93) "Series 2019A-D Manager's Resolution" means the resolution of the Manager approving, authorizing and requesting the issuance by the City, for and on behalf of the Department, of the Series 2019A-D Bonds as set forth herein.

(94) "Series 2019A-D Refunding Projects" means the Series 2019A Refunding Project, the Series 2019B Refunding Project, the Series 2019C Refunding Project, and the Series 2019D Refunding Project.

(95) "Series 2019B Bonds" means those bonds issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019B," or as otherwise designated as provided in the Pricing Notice, including subseries thereof.

(96) "Series 2019B Hedge Facility Termination Account" has the meaning ascribed to it in Section 402A of this Supplemental Ordinance.

(97) "Series 2019B Project Account" has the meaning ascribed to it in Section 402C of this Supplemental Ordinance.

(98) "Series 2019B Refunding Project" means the project to (i) pay the Hedge Termination Payment incurred in connection with terminating one or more Hedge Facilities associated with the Series 2019A Refunded Bonds, (ii) make a required deposit in the Bond Reserve Account, if any, and (iii) pay certain costs relating to the issuance of

the Series 2019B Bonds. The Series 2019A Refunding Project shall constitute a Refunding Project within the meaning of the General Bond Ordinance.

(99) "Series 2019C Bonds" means those bonds issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C," or as otherwise designated as provided in the Pricing Notice, including subseries thereof.

(100) "Series 2019C Project Account" has the meaning ascribed to it in Section 403C of this Supplemental Ordinance.

(101) "Series 2019C Refunded Bonds" means all or a portion of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009A" and any other bonds designated by the Treasurer in accordance with Section 303 hereof and set forth in the Pricing Notice.

(102) "Series 2019C Refunded Bonds Escrow Account" has the meaning ascribed to it in Section 403A.

(103) "Series 2019C Refunding Project" means the project to (i) refund the Series 2019C Refunded Bonds with the proceeds of the Series 2019C Bonds, together with other available moneys, if any, by paying the principal of, premium (if any) and interest on the Series 2019C Refunded Bonds upon redemption, as provided in an Escrow Agreement, if applicable, (ii) make a required deposit in the Bond Reserve Account, if any, and (iii) pay certain costs relating to the issuance of the Series 2019C Bonds. The Series 2019C Refunding Project shall constitute a Refunding Project within the meaning of the General Bond Ordinance.

(104) "Series 2019D Bonds" means those bonds issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D," or as otherwise designated as provided in the Pricing Notice, including subseries thereof.

(105) "Series 2019D Project Account" has the meaning ascribed to it in Section 404C of this Supplemental Ordinance.

(106) "Series 2019D Refunded Bonds" means all or a portion of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016B" and any other bonds designated by the Treasurer in accordance with Section 303 hereof and set forth in the Pricing Notice.

(107) "Series 2019D Refunded Bonds Escrow Account" has the meaning ascribed to it in Section 404A.

(108) "Series 2019D Refunding Project" means the project to (i) refund the Series 2019D Refunded Bonds with the proceeds of the Series 2019D Bonds, together with other available moneys, if any, by paying the principal of, premium (if any) and interest on the Series 2019D Refunded Bonds upon redemption, as provided in an Escrow Agreement, if applicable, (ii) fund any Hedge Termination Payment incurred as a result of refunding the Series 2019D Refunded Bonds, (ii) make a required deposit in the Bond Reserve Account, if any, and (iii) pay certain costs relating to the issuance of the Series 2019D Bonds. The Series 2019D Refunding Project shall constitute a Refunding Project within the meaning of the General Bond Ordinance.

(109) "Series of Index Bonds" means a series or subseries of Series 2019 Multimodal Bonds during an Index Rate Period with respect to such Bonds.

(110) "SIFMA Swap Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA and effective from such date.

(111) "Sinking Fund Installment" means each amount so designated for the Series 2019A-D Bonds in the initial Pricing Notice requiring payments by the City to be applied to the retirement of such Series 2019A-D Bonds on and prior to the stated maturity date thereof, except to the extent modified in a subsequent Pricing Notice.

(112) "Stepped Rate" shall mean the rate or rates of interest applicable with respect to any series or subseries of Series 2019 Multimodal Bonds should insufficient funds be available to purchase such Bonds in connection with a mandatory tender at the

end of an Index Rate Period or a Term Rate Period during which such series or subseries of Series 2019 Multimodal Bonds is not supported by a Series 2019 Credit Facility, as specified by the City in the Pricing Notice delivered in connection with the initial issuance of the Series 2019 Multimodal Bonds or the Conversion of such series or subseries to a Term Rate Period or an Index Rate Period or with the continuation of a Term Rate Period or Index Rate Period with respect to such series or subseries of Series 2019 Multimodal Bonds. If no Stepped Rate was specified in the Pricing Notice relating to the expiring Term Rate Period or Index Rate Period for such series or subseries of Series 2019 Multimodal Bonds, the Stepped Rate shall be: (a) for the period from and including the Failed Tender Date to but excluding the ninetieth (90th) day thereafter a per annum interest rate equal to the Stepped Rate Index plus 2.50%; (b) for the period from and including the ninetieth (90th) day after the Failed Tender Date to but excluding the one hundred eightieth (180th) day after the Failed Tender Date, a per annum interest rate equal to the greater of (i) the Stepped Rate Index plus 5.00% or (ii) 7.50%; and (c) thereafter, the Maximum Interest Rate; provided that the Stepped Rate shall never be less than the rate of interest applicable to such series or subseries of Series 2019 Multimodal Bonds on the Business Day prior to the Failed Tender Date. Notwithstanding anything to the contrary, the Stepped Rate shall never exceed twelve percent (12%) per annum.

(113) "<u>Stepped Rate Determination Date</u>" means the dates specified as Stepped Rate Determination Dates in the initial Pricing Notice or as may be specified in the Pricing Notice relating to the establishment of a new Term Rate Period or Index Rate Period for any series or subseries of Series 2019 Multimodal Bonds. If no Stepped Rate Determination Dates were specified in the Pricing Notice, the Stepped Rate Determination Dates shall be the applicable Failed Tender Date and each Wednesday thereafter or, if any such Wednesday is not a Business Day, then the next preceding Business Day, such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Index Agent, and if the SIFMA Swap Index is published on a different day, such day will be the Stepped Rate Determination Date. The Stepped Rate Index so calculated will apply to the Calendar Week from and including the immediately succeeding Thursday to and including the following Wednesday or, for the initial period, from the Failed Tender Date to and including the Wednesday following the Failed Tender Date, unless the Failed Tender Date is a Wednesday in which event

such rate will be based on the SIFMA Swap Index determined on the prior Wednesday and will only apply on the Failed Tender Date. The Stepped Rate or Rates calculated on any Stepped Rate Determination Date shall apply to Series 2019 Multimodal Bonds as set forth in Section 505 of this Supplemental Ordinance.

(114) "Stepped Rate Index" shall mean an index specified by the City in the Pricing Notice delivered in connection with the Conversion of a series or subseries of Series 2019 Multimodal Bonds to a Term Rate Period or an Index Rate Period or with the continuation of a Term Rate Period or Index Rate Period with respect to such series or subseries of Series 2019 Multimodal Bonds or subseries thereof pursuant to the terms of this Supplemental Ordinance. If no Stepped Rate Index was specified in the Pricing Notice relating to the expiring Term Rate Period or Index Rate Period for such Series 2019 Multimodal Bonds, and upon initial issuance with respect to the initial Term Rate Period for the Series 2019 Multimodal Bonds, the Stepped Rate Index shall be the SIFMA Swap Index.

(115) "Subordinate Bonds" mean the following series of outstanding bonds: (i) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013A and Airport System Subordinate Revenue Bonds, Series 2013B" as authorized by the General Subordinate Bond Ordinance and Ordinance No. 301, Series of 2013; (ii) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2015A" as authorized by the General Subordinate Bond Ordinance and Ordinance No. 15-756, Series of 2015; (iii) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A and Airport System Subordinate Revenue Bonds, Series 2018B" as authorized by the General Subordinate Bond Ordinance and Ordinance No. 775, Series of 2018 and (iv) any future Subordinate Bonds issued by the City, for and on behalf of the Department.

(116) "Subordinate Credit Facility Obligations" has the meaning set forth in the General Subordinate Bond Ordinance.

(117) "Subordinate Hedge Facility Obligations" has the meaning set forth in the General Subordinate Bond Ordinance.

(118) "Subordinate Obligations" has the meaning set forth in the General Subordinate Bond Ordinance.

(119) "Supplemental Ordinance" means this Supplemental Ordinance, as amended and supplemented from time to time.

(120) "Tax-Exempt" means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the owners thereof (other than, in the case of any "exempt facility bond" within the meaning of Section 142 of the Tax Code, any owner who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Tax Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Tax Code.

(121) "Tax-Exempt Securities" means bonds, notes or other securities the interest on which is Tax-Exempt.

(122) "Term Rate" means a rate of interest on a series or subseries of Series 2019 Multimodal Bonds specified herein for the initial Term Rate Periods applicable to the Series 2019A Bonds and Series 2019D Bonds and thereafter a rate of interest established in accordance with Section 502D.

(123) "Term Rate Computation Date" means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Conversion to a Term Rate for any Series 2019 Multimodal Bonds to and including the Business Day next preceding the proposed Term Rate Conversion Date.

(124) "Term Rate Continuation Notice" shall have the meaning given such term in Section 502D.

(125) "Term Rate Conversion Date" means: (i) the Conversion Date on which the interest rate on any Series 2019 Multimodal Bonds shall be converted to a Term Rate; or (ii) the date on which a new Term Rate Period and Term Rate are to be established.

(126) "Term Rate Period" means any period during which any Series 2019 Multimodal Bonds bear interest at a Term Rate.

(127) "Termination" (and other forms of "terminate") means, when used with respect to any Series 2019 Credit Facility, the replacement, removal, surrender or other termination of such Series 2019 Credit Facility other than an Expiration or an extension or renewal thereof; provided, however, that Termination does not include immediate suspension or termination events.

(128) "Underwriters" means Barclays Capital Inc., Samuel A. Ramirez & Co., Inc., Estrada, Hinojosa & Company, Inc., and RBC Capital Markets, LLC or any other underwriter that the Treasurer is authorized to select pursuant to Section 303 hereof.

(129) "Underwriters Bond Purchase Agreement" means any contract dated as of a date after the enactment hereof, between the City, for and on behalf of the Department, and the Underwriters for the purchase of one or more series of Series 2019A-D Bonds, in substantially the form or forms filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(130) "Variable Rate" means any of the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, or the Index Rate.

(131) "Weekly Put Bonds" shall have the meaning set forth in Section 609B.

(132) "Weekly Rate" means the variable interest rate on any Series 2019 Multimodal Bond established in accordance with Section 502B.

(133) "Weekly Rate Index" means, on any Business Day, the SIFMA Swap Index or an index or rate agreed upon by the City and the Remarketing Agents, but in no event in excess of the Maximum Interest Rate.

(134) "Weekly Rate Period" means each period during which any Series 2019 Multimodal Bonds bear interest at Weekly Rates.

Section 103 Ratification. All action heretofore taken (not inconsistent with the provisions of this Supplemental Ordinance) by the Council, the Manager, the Treasurer, and the other officers of the City relating to:

A. Series 2019A Refunding Project. The Series 2019A Refunding Project;

B. Series 2019B Refunding Project. The Series 2019B Refunding Project;

C. Series 2019C Refunding Project. The Series 2019C Refunding Project;

D. Series 2019D Refunding Project. The Series 2019D Refunding Project; and

E. Series 2019A-D Bonds. The sale and issuance of the Series 2019A-D Bonds;

be, and the same hereby are, authorized, ratified, approved, and confirmed, including, without limitation, the distribution of the Preliminary Official Statement, the execution and delivery of the Official Statement (if executed and delivered prior to the date of enactment of this Supplemental Ordinance) and the execution of one or more Bond Purchase Agreements by the Treasurer (if so executed prior to the publication of the bill for this Supplemental Ordinance and this Supplemental Ordinance and if in conformity with the Pricing Notice).

Section 104 Ordinance and Irrepealable Contract. This Supplemental Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and the owners of the Series 2019A-D Bonds, except as otherwise provided herein and in the General Bond Ordinance.

Section 105 Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency; but nothing herein shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other Bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 106 Severability. If any section, subsection, paragraph, clause, or other provision of this Supplemental Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Supplemental Ordinance.

Section 107 Effective Date. This Supplemental Ordinance shall take effect immediately upon its final passage and publication.

Section 108 Publications. The bill for this Supplemental Ordinance and this Supplemental Ordinance are hereby authorized and directed to be published as required by the Charter.

Section 109 Recordation and Authentication. This Supplemental Ordinance shall be recorded after its passage in the office of the Clerk, and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.

Section 110 Delegated Powers. The Mayor, Auditor, Clerk, Treasurer and Manager and other officers and employees of the City are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Supplemental Ordinance, including without limitation:

A. Official Statement and Basic Agreements. If not previously executed and delivered, the execution and delivery of one or more Official Statements (dated as the Manager and Treasurer may determine), one or more Bond Purchase Agreements, one or more Remarketing Agreements, one or more Continuing Disclosure Undertakings, one or more Credit Facility and Reimbursement Agreements, and one or more Paying Agent and Bonds Registrar Agreements, with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may by the circumstances be required;

B. Blue Sky Documents. The execution of such instruments and the taking of such other action in cooperation with the Underwriters as they may reasonably request in order to qualify the Series 2019A-D Bonds being sold pursuant to an Underwriters Bond Purchase Agreement for offer and sale under the securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, but said actions shall not constitute consent to process in any other jurisdiction;

C. Certificates and Agreements. The execution and delivery of such certificates and opinions as are required by the applicable Bond Purchase Agreements and as may otherwise be reasonably required by the City's bond counsel and the Underwriters or the Initial Purchasers (as applicable), and the execution and delivery of such agreements as are necessary or desirable; and

D. Series 2019A-D Bonds. The preparation, execution and delivery of the Series 2019A-D Bonds and the payment of the Costs of issuing the Series 2019A-D Bonds.

ARTICLE II
COUNCIL'S DETERMINATIONS, NECESSITY OF SERIES 2019A-D REFUNDING PROJECTS AND SERIES 2019A-D BONDS, TERMS OF BOND SALE AND OBLIGATIONS OF CITY

Section 201 Authority for this Ordinance. This Supplemental Ordinance is executed pursuant to the City's powers as a home-rule city organized and operating under the Charter and Article XX of the State Constitution and pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of which are hereby elected, to the extent not inconsistent herewith), and the General Bond Ordinance; and the City hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

Section 202 Necessity and Approval of Series 2019A-D Refunding Projects and Series 2019A-D Bonds. The Council hereby determines and declares that the Series 2019A-D Refunding Projects and the Series 2019A-D Bonds are necessary and in the best interests of the City and its residents.

Section 203 Terms of Bond Sale. The Series 2019A-D Bonds shall be sold and delivered to the Underwriters or the Initial Purchaser, as applicable, all in accordance with the applicable Bond Purchase Agreements, bearing interest and otherwise upon the terms and conditions therein and herein provided.

Section 204 Tender for Delivery. The Underwriters and the Initial Purchaser, as applicable, are required to accept delivery of the applicable series of the Series 2019A-D Bonds and to make payment as provided in the applicable Bond Purchase Agreement. The validity and enforceability of the Series 2019A-D Bonds shall be approved by Hogan Lovells US LLP, Denver, Colorado, as bond counsel.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE OF SERIES 2019A-D BONDS

Section 301 Authorization of Series 2019A-D Bonds; Bond Details; Payment.

A. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2019A Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019A", or any subseries thereof, in the maximum aggregate principal amount of $210,000,000. The Series 2019A Bonds are authorized to be issued bearing interest at a Term Rate for an initial Term Rate Period in accordance with Article V, payable on each Interest Payment Date commencing on the date specified in the initial Pricing Notice, and to be sold either to the Underwriters pursuant to an Underwriters Bond Purchase Agreement or to an Initial Purchaser pursuant to an Initial Purchaser Bond Purchase Agreement. The Series 2019A Bonds shall initially bear interest at an initial Term Rate not exceeding 5% (which rate is subject to adjustment as provided herein and the related Series 2019 Credit Facility but in no case shall such rate exceed the Maximum Interest Rate), and to mature not later than November 15, 2031. The initial Term Rate Period with respect to the Series 2019A Bonds shall expire on the day preceding the initial Purchase Date with respect to the Series 2019A Bonds as set forth in the initial Pricing Notice. During the initial Term Rate Period for the Series 2019A Bonds and prior to the first successful remarketing of the Series 2019A Bonds following issuance, the Series 2019A Bonds shall be subject to redemption at the option of the City pursuant to Section 601 and mandatory redemption pursuant to Section 602 as set forth in the initial Pricing Notice in each case. Notwithstanding anything contained herein to the contrary, a subseries of Series 2019A Bonds may be issued without being subject to remarketing, Conversion, or continuation, in which case, the provisions with respect to remarketing, Conversion, or continuation contained herein shall not apply to such subseries and such subseries shall be subject to redemption at the option of the City pursuant to Section 601 and mandatory redemption pursuant to Section 602 as set forth in the initial Pricing Notice in each case. If such subseries is issued subject to the benefit of a Series 2019 Credit Facility, such subseries shall be subject to tender in the same manner as set forth in Section 615 of this Supplemental Ordinance.

B. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2019B Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019B", or any subseries thereof, in the maximum aggregate principal amount of $30,000,000. The Series 2019B Bonds are authorized to be issued bearing interest at a fixed interest rate from their Issue Date to maturity (computed on the basis of a 360-day year and 12 months of 30 days each) at their nominal rates per annum, payable on each Interest Payment Date commencing November 15, 2019 or such later date as set forth in the initial Pricing Notice, and to be sold either to the Underwriters pursuant to an Underwriters Bond Purchase Agreement or to an Initial Purchaser pursuant to an Initial Purchaser Bond Purchase Agreement. The Series 2019B Bonds shall bear interest at a coupon rate or rates not exceeding 6% (which rate is subject to adjustment as provided in any associated Series 2019 Credit Facility but in no case shall such rate exceed the Maximum Interest Rate) and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2025. The Series 2019B Bonds shall be subject to redemption at the option of the City pursuant to Section 601 and mandatory redemption pursuant to Section 602 as set forth in the initial Pricing Notice in each case.

C. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2019C Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C", or any subseries thereof, in the maximum aggregate principal amount of $160,000,000. The Series 2019C Bonds are authorized to be issued bearing interest at a fixed interest rate from their Issue Date to maturity (computed on the basis of a 360-day year and 12 months of 30 days each) at their nominal rates per annum, payable on each Interest Payment Date commencing November 15, 2019 or such later date as set forth in the initial Pricing Notice, and to be sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement. The Series 2019C Bonds shall bear interest at a coupon rate or rates not exceeding 5% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2036. The Series 2019C Bonds shall be subject to redemption at the option of the City pursuant to Section 601 and mandatory redemption pursuant to Section 602 as set forth in the initial Pricing Notice in each case.

D. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2019D Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of

Aviation, Airport System Revenue Bonds, Series 2019D", or any subseries thereof, in the maximum aggregate principal amount of $100,000,000. The Series 2019D Bonds are authorized to be issued bearing interest at a Term Rate for an initial Term Rate Period in accordance with Article V, payable on each Interest Payment Date commencing on the date specified in the initial Pricing Notice, and to be sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement. The Series 2019D Bonds shall initially bear interest at an initial Term Rate not exceeding 5% (which rate is subject to adjustment as provided herein but in no case shall such rate exceed the Maximum Interest Rate), and to mature not later than November 15, 2031. The initial Term Rate Period with respect to the Series 2019D Bonds shall expire on the day preceding the initial Purchase Date with respect to the Series 2019D Bonds as set forth in the initial Pricing Notice. During the initial Term Rate Period for the Series 2019D Bonds and prior to the first successful remarketing of the Series 2019D Bonds following issuance, the Series 2019D Bonds shall be subject to redemption at the option of the City pursuant to Section 601 and mandatory redemption pursuant to Section 602 as set forth in the initial Pricing Notice in each case.

The Series 2019A-D Bonds shall payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and this Supplemental Ordinance. Such Bond Requirements of the Series 2019A-D Bonds (including Series 2019 Credit Facility Bonds) shall be paid out of moneys paid to the Series 2019 Paying Agent by the City from the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and this Supplemental Ordinance. The Series 2019 Paying Agent is hereby empowered to create any and all accounts necessary to perform its duties hereunder. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Bond Requirements of the Series 2019A-D Bonds, as therein and herein provided, and to the payment of the Credit Facility Obligations of the Series 2019 Credit Facility Bonds, as provided herein and in the Credit Facility and Reimbursement Agreement, if any.

Interest on the Series 2019A-D Bonds shall be payable on each Interest Payment Date until the principal sum of the Series 2019A-D Bonds has been paid; provided, however, that if at the maturity date of the Series 2019A-D Bonds (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with terms of the General Bond Ordinance, the Series 2019A-D Bonds shall then cease to bear interest.

The Series 2019A-D Bonds shall pay interest to the owner thereof from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

Notwithstanding anything in the General Bond Ordinance or this Supplemental Ordinance to the contrary, any Series 2019A-D Bonds that are Series 2019 Credit Facility Bonds shall mature and shall be subject to prepayment as provided in the applicable Series 2019 Credit Facility, if any.

Section 302 Form, Denomination, Numbers and Letters. The Series 2019A-D Bonds shall be issued as fully registered bonds in Authorized Denominations initially bearing interest at either a Term Rate in accordance with Article V or a fixed interest rate, shall be dated as of the Issue Date and shall be numbered as the Series 2019 Bonds Registrar may determine. The Series 2019A-D Bonds issued initially bearing interest at a Term Rate shall be substantially in the form attached hereto as Exhibit A, as such form shall be completed based on the terms set forth in the initial Pricing Notice, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provision as may be required by the circumstances, be required or permitted by the General Bond Ordinance, or be consistent with the General Bond Ordinance. The Series 2019A-D Bonds issued bearing interest at a fixed interest rate shall be substantially in the form attached hereto as Exhibit B, as such form shall be completed based on the terms set forth in the initial Pricing Notice, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provision as may be required by the circumstances, be required or permitted by the General Bond Ordinance, or be consistent with the General Bond Ordinance.

Section 303 Pricing Delegation. Until December 31, 2019, the Treasurer is hereby authorized, without further approval of the Council, to determine in conformity with the standards set forth in this Supplemental Ordinance the matters set forth below:

(1) The determination of whether the Series 2019A Bonds and the Series 2019B Bonds are to be issued on a public basis and sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement or to be issued on a private placement basis and sold to an Initial Purchaser pursuant to an Initial Purchaser Bond Purchase Agreement.

(2) The number of subseries of the Series 2019A Bonds, the Series 2019B Bonds, the Series 2019C Bonds, and the Series 2019D Bonds, if any, to be issued, and after the Series 2019A-D Bonds or any subseries thereof have been priced (provided that such pricing may occur one or more times on one or more days): (i) the respective aggregate principal amounts of the Series 2019A-D Bonds; (ii) the respective interest rate or rates on the Series 2019A-D Bonds, (iii) the respective maturity or maturities of the Series 2019A-D Bonds (any of which may include Series 2019A-D Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemptions; (iv) the provisions for the redemption of any or all of the Series 2019A-D Bonds prior to maturity, including any optional or mandatory redemption or make-whole premium to be paid in connection with any such redemption; and (v) the respective purchase price of the Series 2019A-D Bonds; all as may be necessary to effect the Series 2019A Refunding Project, the Series 2019B Refunding Project, the Series 2019C Refunding Project, and the Series 2019D Refunding Project, respectively; provided that the aggregate principal amount of the Series 2019A Bonds shall not exceed \$210,000,000, the aggregate principal amount of the Series 2019B Bonds shall not exceed \$30,000,000, the aggregate principal amount of the Series 2019C Bonds shall not exceed \$160,000,000, the aggregate principal amount of the Series 2019D Bonds shall not exceed \$100,000,000, the true interest cost of the Series 2019A Bonds (during the initial Term Rate Period applicable thereto), the Series 2019C Bonds and the Series 2019D Bonds (during the initial Term Rate Period applicable thereto), respectively, shall not initially exceed 5.00%, the true interest cost of the Series 2019B Bonds shall not initially exceed 6.00%, and the Underwriter's discount (if any) relating to any Series of the Series 2019A-D Bonds sold to the Underwriters pursuant to an Underwriters Bond Purchase Agreement shall not exceed 1% of the principal amount thereof.

(3) The initial Term Rate Period, the initial Purchase Date, the initial Interest Payment Date, the Stepped Rates, the Stepped Rate Determination Dates, the Stepped Rate Index (if any), and any other pricing information permitted to be included in a Pricing

Notice may be included in the Pricing Notice pursuant to the terms hereof with respect to the Series 2019A Bonds and the Series 2019D Bonds, as applicable.

(4) The Treasurer is further authorized to determine (i) any other outstanding bonds to be designated as Refunded Bonds to be refunded, paid and discharged with a portion of the proceeds of the Series 2019A-D Bonds and (ii) whether any Hedge Facilities associated with any Refunded Bonds shall be terminated and any associated Hedge Facility Termination Payments be funded with a portion of the proceeds of the Series 2019A-D Bonds; provided that such determinations shall be consistent with the standards set in this Supplemental Ordinance and shall be in the best financial interest of the City, and if so determined, to execute any additional documents and agreements required in connection therewith, including an escrow agreement substantially in the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(5) The Treasurer is further authorized to determine whether obtaining additional underwriters or initial purchasers (as applicable) for all or a portion of the Series 2019A-D Bonds is in the best interest of the City, and if so, to select such additional underwriters or initial purchasers (as applicable) and to execute any documents and agreements required in connection therewith, including one or more bond purchase agreements substantially in the forms filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Ordinance.

(6) The Treasurer is further authorized, without further approval of the Council, to execute the applicable Bond Purchase Agreements for the purchase of the Series 2019A-D Bonds and to make any and all determinations listed in Section 11-57-205(1), Colorado Revised Statutes, provided that such Bond Purchase Agreements and such determinations are not inconsistent with the standards set forth in this Supplemental Ordinance.

(7) The Treasurer is further authorized to determine what portion of the Series 2019A-D Bonds shall be issued as Series 2019A Bonds, Series 2019B Bonds, Series 2019C Bonds or Series 2019D Bonds, to direct the final amounts to be deposited to each accounts created herein or pursuant to the terms hereof in respect of the Series 2019A-D Bonds, and, in accordance with Section 405 hereof, to create additional accounts or subaccounts, in addition to those created under Article IV, to additionally account for the use of the proceeds of the Series 2019A-D Bonds or as otherwise may be necessary in connection with the issuance of the Series 2019A-D Bonds.

(8) If the Treasurer determines that there is an economic benefit to the City to secure and pay for one or more municipal bond insurance policies with respect to all or a portion of the Series 2019A-D Bonds, the Treasurer is authorized to secure one or more such municipal bond insurance policies and to execute and deliver any agreements, instruments or certificates for and on behalf of the City as may be necessary to secure such policies with such terms, covenants, provisions and agreements, including, without limitation, granting to any provider of such policies the power to exercise certain rights and privileges of the holders of the Series 2019A-D Bonds secured by such policies as may be approved by the Treasurer.

(9) The Treasurer is further authorized to determine whether any series or subseries of Series 2019 Multimodal Bonds or Series 2019B Bonds shall be issued subject to the benefit of a Series 2019 Credit Facility. In the event that the Series 2019B Bonds are issued subject to the benefit of a Series 2019 Credit Facility, such Series 2019B Bonds shall be subject to tender in the same manner as set forth in Section 615 of this Supplemental Ordinance for Series 2019A Bonds and Series 2019D Bonds.

(10) The Treasurer is further authorized to redesignate the Series 2019A-D Bonds as to series or subseries.

The determinations contemplated in this Section 303 shall be evidenced by an initial Pricing Notice filed with the Clerk, and except as otherwise expressly provided herein or in the General Bond Ordinance, the terms of the Series 2019A-D Bonds shall be as set forth in the initial Pricing Notice.

In addition, each Authorized Representative is hereby authorized, without further approval of the Council, to make any determinations on behalf of the City that are required in connection with any Pricing Notice that may be delivered hereunder subsequent to the delivery of the initial Pricing Notice and any other determinations required to be made in connection with any Conversion, continuation, remarketing, redemption or purchase of the Series 2019A-D Bonds and any other matters relating to the Series 2019A-D Bonds hereunder. Any such determinations shall be in conformity with the standards set forth in this Supplemental Ordinance.

Section 304 Execution, Recordation and Authentication.

A. Execution and Recordation. The Series 2019A-D Bonds shall be signed by the Mayor and countersigned by the Auditor, both of which signatures may be by facsimile, and the Series 2019A-D Bonds shall bear the official seal of the City or a facsimile thereof attested by the manual or facsimile signature of the Clerk. A record thereof shall be made by the Auditor, in such record to show the date of issue, date of payment, and date and amount of interest payments as the same shall accrue. The Series 2019A-D Bonds shall have been approved by the Manager and shall be authenticated by the Series 2019 Bonds Registrar as provided in Section 316 of the General Bond Ordinance.

B. Authentication. By authenticating the Series 2019A-D Bonds, the Series 2019 Bonds Registrar shall be deemed to have assented to the provisions of the General Bond Ordinance, as supplemented by this Supplemental Ordinance. If the Series 2019 Bonds Registrar, or its duly appointed successor pursuant to this section, shall resign, or if the City shall reasonably determine that such Series 2019 Bonds Registrar has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to each owner of Series 2019A-D Bonds at the address last shown on the registration books, appoint a successor Bonds Registrar. Every such successor shall be a commercial bank.

Section 305 Custodial Deposit. Notwithstanding the provisions of Article III of the General Bond Ordinance or of Article III hereof, the Series 2019A-D Bonds shall initially be evidenced by a single Series 2019A Bond, Series 2019B Bond, Series 2019C Bonds, or Series 2019D Bond for each maturity in the principal amount of such maturity; shall initially be registered in the name of the Securities Depository, or any nominee thereof; and may not thereafter be transferred or exchanged except (i) to any successor of the Securities Depository, or any nominee of such successor, upon the merger, consolidation, sale of substantially all of the assets or other reorganization of the Securities Depository or its successor, which successor of the Securities Depository must be a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; (ii) to any new depository or nominee thereof (a) upon the resignation of the Securities Depository or a successor or new depository under clause (i) of this paragraph or this clause (ii), or (b) upon a determination of the City that the Securities Depository or such successor or new depository is no longer able to carry out its functions and the designation by the City of another depository institution acceptable to the depository then holding the Series 2019A-D Bonds which new depository institution must be a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of the Securities Depository or such successor or new depository; or (iii) to any owner as specified in the transfer instructions in the paragraph below (a) upon the resignation of the Securities Depository or upon a determination by the City that the Securities Depository is no longer able to carry out its functions, and (b) upon the failure by the City, after reasonable investigation, to locate another qualified depository institution under clause (ii) to carry out the functions of the Securities Depository. Notwithstanding anything contained herein to the contrary, Series 2019A-D Bonds sold to the Initial Purchasers may be held in physical form.

In the case of a transfer to a successor of the Securities Depository or its nominee as referred to in clause (i) of the first paragraph hereof or in the case of a designation of a new depository pursuant to clause (ii) of the first paragraph hereof, upon receipt of the Outstanding Series 2019A-D Bonds by the Series 2019 Bonds Registrar, together with written instructions for transfer satisfactory to the Series 2019 Bonds Registrar, new Series 2019A-D Bonds shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (ii) of the first paragraph hereof and the failure after reasonable investigation to locate another qualified depository institution for the Series 2019A-D Bonds as provided in clause (ii) of the first paragraph hereof, and upon receipt of the Outstanding Series 2019A-D Bonds by the Series 2019 Bonds Registrar together with written instructions for transfer satisfactory to the Series 2019 Bonds Registrar, new Series 2019A-D Bonds shall be issued in Authorized Denominations, as provided in and subject to the limitations of Section 303 hereof and in such denominations as are requested in such written transfer instructions; provided the Series 2019 Bonds Registrar shall not be required to deliver such new Series 2019A-D Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

The City, the Series 2019 Bonds Registrar and the Series 2019 Paying Agent shall be entitled to treat the registered owner of any Series 2019A-D Bond as the absolute owner and owner of record for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them. So long as the registered owner of any Series 2019A-D Bond is the Securities Depository or a nominee thereof, the Securities Depository shall disburse any payments received, through Participants or otherwise, to the beneficial owners. Neither the City nor the Series 2019 Paying Agent shall have any responsibility or obligation for the payment to any Participant, any beneficial owner or any other person (except a registered owner of Series 2019A-D Bonds) of the Debt Service Requirements or Redemption Price due in connection with the Series 2019A-D Bonds. The City, the Series 2019 Bonds Registrar and the Series 2019 Paying Agent shall have no responsibility for maintaining, supervising or reviewing the records kept by the Securities Depository.

Notwithstanding any other provision of the General Bond Ordinance or this Supplemental Ordinance to the contrary, so long as any Series 2019A-D Bond (other than any Series 2019 Credit Facility Bonds, with respect to which the provisions, if any, of the Series 2019 Credit Facility shall control) is registered in the name of the Securities Depository, or any nominee thereof, all payments with respect to the Redemption Price due in connection with any Series 2019A-D Bonds and all notices with respect to such Series 2019A-D Bonds shall be made and given, respectively, in the manner provided in the letter of representation to the Securities Depository.

For so long as the Series 2019A-D Bonds are held in book-entry only form, and the owners thereof may elect, or may be required, to tender such Series 2019A-D Bonds for purchase pursuant to the provisions of this Supplemental Ordinance, the beneficial owner of any such Series 2019A-D Bond, or Participant, whether a direct participant or an indirect participant within the meaning of the applicable procedures of the Securities Depository, may submit on behalf of such beneficial owner any notice of tender in connection with any such optional tender right pertaining to any Series 2019A-D Bond in which such beneficial owner has a beneficial ownership interest, and such notice shall be given the same force and effect as a notice given by the registered owner of such Series 2019A-D Bond, if such notice is accompanied by (i) a written certification by such beneficial owner affirming its beneficial ownership interest in such Series 2019A-D Bond, setting forth the principal amount thereof, and identifying the Participant that has a record of such beneficial owner's beneficial ownership interest therein, or (ii) a written certification by a Participant affirming it is acting on behalf of the beneficial owner of such Series 2019A-D Bond (or, if a direct participant, affirming it is acting on behalf of an indirect participant acting on behalf of such beneficial owner), affirming such beneficial owner has such beneficial ownership interest in such Series 2019A-D Bond, setting forth the principal amount thereof (and, if applicable, identifying the indirect participant that has a record of such beneficial owner's beneficial ownership interest).

With respect to any Series 2019A-D Bonds held in book-entry only form, delivery of such Series 2019A-D Bonds to the Series 2019 Paying Agent in connection with any optional or mandatory tender pursuant to the provisions of this Supplemental Ordinance shall be effected by the transfer of a beneficial owner's beneficial ownership interest to the account of the Series 2019 Paying Agent, or a Participant acting on behalf of the Series 2019 Paying Agent, on the books of the Securities Depository or any Participant in accordance with the procedures of the Securities Depository.

Section 306 Payment of Bond Requirements. Principal of and interest on the Series 2019A-D Bonds held in book-entry only form shall be payable by wire transfer to the Securities Depository in lawful money of the United States of America. Principal of the Series 2019A-D Bonds shall be payable when due upon presentation and surrender thereof at the principal office of the Series 2019 Paying Agent; provided, however, that while any Series 2019A-D Bonds are in physical form, there shall be no requirement to present the Series 2019A-D Bonds for payment except in connection with a payment in full of such Series 2019A-D Bonds. Notwithstanding any provision to the contrary in this Supplemental Ordinance, the Series 2019 Paying Agent shall pay all principal and interest payable to the Initial Purchaser of any Series 2019A-D Bonds or any Series 2019 Credit Facility Provider at such address as such Initial Purchaser or such Series 2019 Credit Facility Provider shall, in writing, notify the City, the Series 2019 Paying Agent and the Remarketing Agent, if applicable, by wire transfer in immediately available funds on the date when due.

ARTICLE IV
USE OF BOND PROCEEDS

Section 401 Disposition of Series 2019A Bond Proceeds. The net proceeds of the Series 2019A Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Series 2019A Refunded Bonds Escrow Account. First, to the special account hereby created with the Series 2019 Escrow Bank and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019A Refunded Bonds Escrow Account," (the "Series 2019A Refunded Bonds Escrow Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to effect the Series 2019A Refunding Project. Amounts in the Series 2019A

Refunded Bonds Escrow Account may be allocated to any subaccounts as the Treasurer may determine.

B. Bond Reserve Fund. Second, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2019A Bonds.

C. Series 2019A Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019A Project Account," (the "Series 2019A Project Account"), an amount equal to the balance of the proceeds of the Series 2019A Bonds so received, for the payment of the Costs of the Series 2019A Refunding Project.

Section 402 Disposition of Series 2019B Bond Proceeds. The net proceeds of the Series 2019B Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Series 2019B Hedge Facility Termination Account. First, to the special account hereby created with the Series 2019 Paying Agent and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019B Hedge Facility Termination Account," (the "Series 2019B Hedge Facility Termination Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to effect the Series 2019B Refunding Project. Amounts in the Series 2019B Hedge Facility Termination Account may be allocated to any subaccounts as the Treasurer may determine.

B. Bond Reserve Fund. Second, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2019B Bonds.

C. Series 2019B Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019B Project Account," (the "Series 2019B Project

Account"), an amount equal to the balance of the proceeds of the Series 2019B Bonds so received, for the payment of the Costs of the Series 2019B Refunding Project.

Section 403 Disposition of Series 2019C Bond Proceeds. The net proceeds of the Series 2019C Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Series 2019C Refunded Bonds Escrow Account. First, to the special account hereby created with the Series 2019 Escrow Bank and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C Refunded Bonds Escrow Account," (the "Series 2019C Refunded Bonds Escrow Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to effect the Series 2019C Refunding Project. Amounts in the Series 2019C Refunded Bonds Escrow Account may be allocated to any subaccounts as the Treasurer may determine.

B. Bond Reserve Fund. Second, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2019C Bonds.

C. Series 2019C Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C Project Account," (the "Series 2019C Project Account"), an amount equal to the balance of the proceeds of the Series 2019C Bonds so received, for the payment of the Costs of the Series 2019C Refunding Project.

Section 404 Disposition of Series 2019D Bond Proceeds. The net proceeds of the Series 2019A Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Series 2019D Refunded Bonds Escrow Account. First, to the special account hereby created with the Series 2019 Escrow Bank and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D Refunded Bonds Escrow Account," (the "Series

2019D Refunded Bonds Escrow Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to effect the Series 2019D Refunding Project. Amounts in the Series 2019D Refunded Bonds Escrow Account may be allocated to any subaccounts as the Treasurer may determine.

B. Bond Reserve Fund. Second, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2019D Bonds.

C. Series 2019D Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D Project Account," (the "Series 2019D Project Account"), an amount equal to the balance of the proceeds of the Series 2019D Bonds so received, for the payment of the Costs of the Series 2019D Refunding Project.

Section 405 Other Accounts. Notwithstanding anything contained herein to the contrary, consistent with Section 303 hereof, the Treasurer is hereby authorized to create and establish other accounts or subaccounts as is necessary to account for the disposition and use of the Series 2019A-D Bond proceeds. The Treasurer is further authorized to direct the disposition of the Series 2019A-D Bond proceeds in a manner contrary to Sections 401, 402, 403, and 404 hereof, so long as such direction is not otherwise inconsistent with the provisions of this Supplemental Ordinance, including (without limitation) the authorized use of the Series 2019A-D Bond proceeds as provided herein. Such direction with respect to the disposition of the Series 2019A-D Bonds and creation of any accounts or subaccounts shall be set forth in the initial Pricing Notice executed pursuant to Section 303 hereof.

Section 406 Other Transfers. The Treasurer is hereby authorized to transfer to the Series 2019A Refunded Bonds Escrow Account, the Series 2019B Hedge Facility Termination Account, the Series 2019C Refunded Bonds Escrow Account or the Series 2019D Refunded Bonds Escrow Account such other amounts, if any, legally available in the Bond Fund and/or Bond Reserve Fund as the Treasurer determines to be necessary to effect the Series 2019A Refunding Project, the Series 2019B Refunding Project, the Series 2019C Refunding Project or the Series 2019C Refunding Project.

Section 407 Exercise of Option. The City, for and on behalf of its Department of Aviation, hereby irrevocably exercises its option to redeem or otherwise discharge and cancel each series of Refunded Bonds on the respective dates set forth in the initial Pricing Notice, for purchase prices equal to the principal amount thereof, accrued interest thereon, and applicable redemption premium, if any, the exercise of such option to be effective when moneys sufficient to provide for the redemption or discharge and cancel (as applicable) with respect to each such series of Refunded Bonds are credited to the applicable account created for such purpose.

Section 408 Manner and Forms of Notice. Notices of prior redemption and defeasance, if applicable, of the Refunded Bonds or any other notices required in connection with the payment and discharge of the Refunded Bonds, if applicable, shall be given in the manner and otherwise as provided herein, in any applicable Escrow Agreement, and the ordinances authorizing the issuance of the Refunded Bonds or agreements related to such Refunded Bonds. Any notices required in connection with terminating any Hedge Facilities associated with the Refunded Bonds are further authorized to be given in the manner provided in the agreements associated with any such Hedge Facilities.

ARTICLE V
INTEREST RATES ON SERIES 2019 MULTIMODAL BONDS

Section 501 Interest Rates. Except for Series 2019 Credit Facility Bonds, which shall bear interest at the rate or rates (but not in excess of the Maximum Interest Rate), and be payable at the times, specified in the applicable Series 2019 Credit Facility, the Series 2019 Multimodal Bonds shall bear interest at a Variable Rate determined as provided in this Supplemental Ordinance until converted to a Fixed Rate.

The Series 2019 Multimodal Bonds shall bear interest as provided herein from and including the Issue Date to but excluding the date of payment in full of such Series 2019 Multimodal Bonds (such interest to be computed on the basis of a 365/366-day year and actual days elapsed during any Daily Rate Period, Weekly Rate Period, Index Rate Period or Commercial Paper Rate Period, and computed on the basis of a 360-day year of twelve (12) 30-day months during any Term Rate Period of more than 180 days, except as otherwise set forth in the applicable Pricing Notice). Interest shall accrue on the Series 2019 Multimodal Bonds from one Interest Payment Date to, but not including, the next Interest Payment Date.

Upon Conversion to a Fixed Rate, the Series 2019 Multimodal Bonds shall bear interest from and including the date of Conversion to the date of payment in full of such Series 2019 Multimodal Bonds (computed on the basis of a 360-day year of twelve (12) 30-day months during any Fixed Rate Period).

The interest rates on each Series 2019 Multimodal Bond shall be determined as provided in Section 502; provided, that no Rate as so determined shall exceed the Maximum Interest Rate in effect on the date of determination thereof.

Upon issuance, the Series 2019A Bonds and the Series 2019D Bonds shall bear interest at the initial Term Rate set forth in the initial Pricing Notice. Each Series 2019 Multimodal Bond within a series of Series 2019 Multimodal Bonds shall have the same Interest Rate Determination Method. Following the end of the initial Term Rate Period pursuant to Section 502D in connection with any successful Conversion of a series of the Series 2019 Multimodal Bonds to a new Interest Rate Determination Method pursuant to Section 503 or continuation of the Term Rate pursuant to Section 502D(2), and, notwithstanding anything to the contrary in the General Bond Ordinance or this Supplemental Ordinance, including without limitation in this Article V, each series of Series 2019 Multimodal Bonds shall have the same Interest Rate Determination Method, provided that different subseries within the same series of Series 2019 Multimodal Bonds may have different Interest Rate Determination Methods established in connection with such Conversion or continuation of the Term Rate, and Bonds of such subseries of a series of Series 2019 Multimodal Bonds (except Series 2019 Multimodal Bonds which are Series 2019 Credit Facility Bonds, Series 2019 Multimodal Bonds during a Commercial Paper Rate Period, and Series 2019 Multimodal Bonds of different maturities bearing interest at a Fixed Rate) shall bear interest at the same interest rate. In connection with any such Conversion or continuation of the Term Rate if a subseries of a series of Series 2019 Multimodal Bonds shall have a different Interest Rate Determination Method, bear interest at a different rate, or have a Rate Period that ends on a different date than other subseries of such series of Series 2019 Multimodal Bonds, the City shall cause CUSIP numbers to be assigned to such subseries that differ from the CUSIP numbers assigned to the other subseries of such series of Series 2019 Multimodal Bonds (and, in any case, the City may cause different CUSIP numbers to be assigned to various subseries of a series of Series 2019 Multimodal Bonds for any other reason). Notwithstanding anything contained herein to the contrary, a subseries of Series 2019A Bonds may be issued without being subject to remarketing, Conversion, or continuation, in which case, the provisions with respect to remarketing, Conversion, or continuation contained herein shall not apply to such subseries; provided, however, that if such subseries is issued subject to the benefit of a Series 2019 Credit Facility, such subseries shall be subject to tender in the same manner as set forth in Section 615 of this Supplemental Ordinance.

Notwithstanding any provision to the contrary in this Supplemental Ordinance, each series or subseries of Series 2019 Multimodal Bonds tendered to a Series 2019 Credit Facility Provider in accordance with Section 615 hereof shall bear interest at the rates, payable on the dates and in the amounts, and otherwise subject to the provisions provided in the applicable Series 2019 Credit Facility.

Section 502 Interest Rate Determination Method.

A. Daily Rate. Upon a successful Conversion of any series or subseries of the Series 2019 Multimodal Bonds to bear interest at the Daily Rate pursuant to Section 503 and until such Series 2019 Multimodal Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 503 (subject, however, to the provisions of Section 503L), such Series 2019 Multimodal Bonds shall bear interest at a Daily Rate. During each Daily Rate Period for a series or subseries of Series 2019 Multimodal Bonds, the Remarketing Agent for such series or subseries shall set a Daily Rate for such Series 2019 Multimodal Bonds by 9:30 a.m., New York City time, on each Business Day, which Daily Rate shall be the rate of interest which, if borne by such Series 2019 Multimodal Bonds in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities which are of the same general nature as such Series 2019 Multimodal Bonds, or Tax-Exempt Securities which are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of such Series 2019 Multimodal Bonds for which the Daily Rate is to be determined, be the lowest interest rate which would enable such Remarketing Agent to place such Series 2019 Multimodal Bonds at a price of par (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

B. Weekly Rate. Upon a successful Conversion of a series or subseries of Series 2019 Multimodal Bonds to bear interest at the Weekly Rate pursuant to Section

503, and until such series or subseries of Series 2019 Multimodal Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 503 (subject, however, to the provisions of Section 503L), such Series 2019 Multimodal Bonds shall bear interest at a Weekly Rate. During each Weekly Rate Period for a series or subseries of Series 2019 Multimodal Bonds, the Remarketing Agent shall set a Weekly Rate for such Series 2019 Multimodal Bonds, by 1:00 p.m., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week; provided, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by such Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate shall be the rate of interest which, if borne by such Series 2019 Multimodal Bonds in the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities which are of the same general nature as such Series 2019 Multimodal Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities which are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2019 Multimodal Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such Series 2019 Multimodal Bonds at a price of par (plus accrued interest, if any) on the first day of such Weekly Rate Period.

C. Commercial Paper Rate. Upon a successful Conversion of any Series 2019 Multimodal Bonds to bear interest at the Commercial Paper Rate pursuant to Section 503, and until such Series 2019 Multimodal Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 503 (subject, however, to the provisions of Section 503L), such Series 2019 Multimodal Bonds shall bear interest at the Commercial Paper Rate or Rates applicable to such Series 2019 Multimodal Bonds. The Remarketing Agent shall select the Commercial Paper Rate Period or Periods for each of such Series 2019 Multimodal Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than two hundred seventy (270) days determined by the Remarketing Agent with the intention of yielding the lowest overall interest expense on the applicable Series 2019 Multimodal Bonds, taking into account (A) all other Commercial Paper Rate Periods for all the Series 2019 Multimodal Bonds of the same series or subseries bearing interest at a Commercial Paper Rate, (B) general economic and market conditions relevant to such Series 2019 Multimodal Bonds and (C) such other facts, circumstances and conditions as such Remarketing Agent determines to be relevant. Notwithstanding the foregoing, no Commercial Paper Rate Period for any Series 2019 Multimodal Bond shall be selected with an expiration date later than the fifth (5th) Business Day prior to the expiration date of any Series 2019 Credit Facility, as the same is then in effect, with respect to such Series 2019 Multimodal Bonds. The last day of each Commercial Paper Rate Period shall be a day immediately preceding a Business Day. If the Interest Rate Determination Method with respect to any Series 2019 Multimodal Bonds is being converted from a Commercial Paper Rate to a new Interest Rate Determination Method, after receipt of the Conversion Notice delivered pursuant to Section 503, the Remarketing Agent shall determine the Commercial Paper Rate Periods with respect to such Series 2019 Multimodal Bonds in such manner that, as soon as possible, all Commercial Paper Rate Periods with respect to series or subseries of Series 2019 Multimodal Bonds shall end on the same date, which date shall be the last day of the then-current Commercial Paper Rate Periods and, upon the establishment of such Commercial Paper Rate Periods, the day next succeeding the last day of all such Commercial Paper Rate Periods shall be the Conversion Date for the new Interest Rate Determination Method. The Remarketing Agent, promptly upon the determination of the last day of such Commercial Paper Rate Periods prior to Conversion to a new Interest Rate Determination Method, shall give written notice of such last day and such Conversion Date to the City, the Series 2019 Paying Agent and the applicable Series 2019 Credit Facility Provider.

The Remarketing Agent shall set a Commercial Paper Rate for each Series 2019 Multimodal Bond bearing interest at the Commercial Paper Rate not later than 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period for such series or subseries of Series 2019 Multimodal Bonds. The Commercial Paper Rate applicable to each Series 2019 Multimodal Bond bearing interest at the Commercial Paper Rate will be the rate determined by the Remarketing Agent to be the lowest interest rate which would be necessary for such Remarketing Agent to place such Series 2019

Multimodal Bond on the first day of the applicable Commercial Paper Rate Period at a price of par.

No Commercial Paper Rate or Commercial Paper Rate Period for any Series 2019 Multimodal Bonds bearing interest at a Commercial Paper Rate shall be established that would require an interest payment that exceeds the amount available under the applicable Series 2019 Credit Facility to pay the interest component of the Purchase Price of such Series 2019 Multimodal Bonds.

D. Term Rate.

(1) Generally. During the initial Term Rate Periods commencing for the Series 2019A Bonds and the Series 2019D Bonds on the Issue Date thereof, and upon a successful Conversion of any Series 2019 Multimodal Bonds to bear interest at the Term Rate from another Interest Rate Determination Method pursuant to Section 503 or the establishment of a new Term Rate Period and a new Term Rate for any Series 2019 Multimodal Bonds then bearing interest at a Term Rate, and until such Series 2019 Multimodal Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 503 or Section 503G(6), such Series 2019 Multimodal Bonds shall bear interest at a Term Rate. Following the initial Term Rate Periods commencing for the Series 2019A Bonds and the Series 2019D Bonds on the Issue Date thereof, any subsequent Term Rate Period shall commence on the Term Rate Conversion Date and end on a day that precedes a Business Day selected by the City that is a minimum of 180 days after the Term Rate Conversion Date, but in no event later than the maturity date of the applicable Series 2019 Multimodal Bonds. Upon such selection, such Business Day will be an Interest Payment Date for the Series 2019 Multimodal Bonds. The duration of the Term Rate Period and the Stepped Rate, if any, to be applicable to the Series 2019 Multimodal Bonds should insufficient funds be available for their purchase at the end of such Term Rate Period, shall be as specified in the Pricing Notice given with respect to the Conversion of any Series 2019 Multimodal Bonds to such Term Rate Period pursuant to Section 502D(4) or with respect to any new Term Rate and Term Rate Period for Series 2019 Multimodal Bonds then bearing interest at a Term Rate pursuant to Section

502D(2). With respect to each Term Rate Period except the initial Term Rate Period established upon issuance of the Series 2019A Bonds and Series 2019D Bonds, the Remarketing Agent will set the Term Rate for the Series 2019 Multimodal Bonds by 5:00 p.m., New York City time, on the applicable Term Rate Computation Date. Each Term Rate, except the initial Term Rate established upon issuance of the Series 2019A Bonds and Series 2019D Bonds, shall be the rate of interest that, if borne by such Series 2019 Multimodal Bonds in such Term Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the series or subseries of Series 2019 Multimodal Bonds, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the series or subseries of Series 2019 Multimodal Bonds, be the lowest interest rate that would enable such Remarketing Agent to place such Series 2019 Multimodal Bonds at a price of par on the first day of such Term Rate Period.

(2) Term Rate Continuation. On any date a series or subseries of Series 2019 Multimodal Bonds in a Term Rate Period is subject to optional redemption, or as of the day following the last day of a Term Rate Period for any series or subseries of Series 2019 Multimodal Bonds, unless the City has given a Conversion Notice with respect to the Conversion of such Series 2019 Multimodal Bonds to another Interest Rate Determination Method pursuant to Section 503, the City may establish a new Term Rate Period and Term Rate for such Series 2019 Multimodal Bonds with such right to be exercised by delivery of a written notice of an Authorized Representative (a "Term Rate Continuation Notice") to the Series 2019 Paying Agent, the Remarketing Agent and the applicable Series 2019 Credit Facility Provider, if any, for such Series 2019 Multimodal Bonds no less than thirty-one (31) days prior to the effective date of the new Term Rate Period. The Authorized Representative shall also deliver a Pricing Notice to the Series 2019 Paying Agent no later than two Business Days prior to the effective date of the new Term Rate Period. The Term Rate Continuation Notice and the Pricing Notice required by this paragraph shall each be accompanied by the proposed form of an Opinion of Bond Counsel proposed to be delivered in connection with the continuation of such series or subseries of Series 2019 Multimodal Bonds in the

Term Rate Period stating that the new Term Rate Period is authorized and permitted under the General Bond Ordinance and this Supplemental Ordinance and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such series of Series 2019 Multimodal Bonds.

(3) Limitations. Any establishment of a new Term Rate and Term Rate Period for any series or subseries of Series 2019 Multimodal Bonds pursuant to Section 502D(2) above must comply with the following:

(i) the first day of such new Term Rate Period must be (a) a date on which such Series 2019 Multimodal Bonds are subject to optional redemption pursuant to Section 601, or (b) a date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 605, Section 615, or Section 701;

(ii) the first day of such new Term Rate Period must be a Business Day; and

(iii) no new Term Rate shall become effective unless the Opinion of Bond Counsel referred to in Section 502D(2) is delivered on (and as of) the first day of the new Term Rate Period and all such Outstanding Series 2019 Multimodal Bonds are successfully remarketed in the new Term Rate Period at the new Term Rate on the first day of the new Term Rate Period.

(4) Contents of Term Rate Continuation Notice. The City's Term Rate Continuation Notice must specify: (i) the proposed Term Rate Period; (ii) whether the Series 2019 Credit Facility then in effect, if any, will remain in effect; (iii) if a new Series 2019 Credit Facility will be in effect after the effective date of the new Term Rate Period and Term Rate; and (iv) the expected ratings, if any, on such Series 2019 Multimodal Bonds following the establishment of a new Term Rate Period and Term Rate.

(5) 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 thirty (30) days prior to the first day of the proposed Term Rate Period, the Series 2019 Paying Agent shall give notice by first-class mail to the owners of the

affected series of Series 2019 Multimodal Bonds, which notice shall state in substance:

(i) that a new Term Rate Period and Term Rate is to be established for such series or subseries of Series 2019 Multimodal Bonds on the applicable Term Rate Conversion Date if the conditions specified in this Supplemental Ordinance (and generally described in such notice) are satisfied on or before such date;

(ii) the first day of the new Term Rate Period;

(iii) that the City has delivered to the Series 2019 Paying Agent the form of an Opinion of Bond Counsel proposed to be delivered to the Series 2019 Paying Agent in connection with the continuation of the series or subseries of Series 2019 Multimodal Bonds in the Term Rate;

(iv) that a new Term Rate Period and Term Rate for such series or subseries of Series 2019 Multimodal Bonds shall not be established unless the Opinion of Bond Counsel referred to above is delivered to the Series 2019 Paying Agent on (and as of) the first day of the new Term Rate Period and all such series or subseries of Series 2019 Multimodal Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof;

(v) the CUSIP numbers or other identification information of such series or subseries of Series 2019 Multimodal Bonds, if any;

(vi) that all affected series or subseries of Series 2019 Multimodal Bonds are subject to mandatory tender for purchase on the first day of the new Term Rate Period (whether or not the proposed new Term Rate Period becomes effective on such date, unless the Series 2019 Multimodal Bonds are not supported by a Series 2019 Credit Facility, in which case the Series 2019 Multimodal Bonds will be purchased only upon a successful remarketing at the new Term Rate) at the Purchase Price; and

(vii) that, to the extent that there shall be on deposit with the Series 2019 Paying Agent on the first day of the new Term Rate Period an amount of money sufficient to pay the Purchase Price thereof, all such series or subseries of Series 2019 Multimodal Bonds or subseries of Series 2019 Multimodal Bonds not delivered to the Series 2019 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 Series 2019 Paying Agent, without interest accruing thereon after such date.

(6) End of Term Rate. In the event the City has not given a Term Rate Continuation Notice or a Conversion Notice with respect to Series 2019 Multimodal Bonds bearing interest at a Term Rate at the time required by Section 502D(2) or Section 503, as applicable, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate set forth in Section 502D(3) or the conditions to Conversion to another Rate Period are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as herein provided, then on the day following the last day of the current Term Rate Period, such Series 2019 Multimodal Bonds shall bear interest at a rate of interest equal to the Stepped Rate determined on each Stepped Rate Determination Date, subject to the provisions of Section 611C. The Stepped Rate shall not apply in the event Section 615 applies. If the Stepped Rate is based on the SIFMA Swap Index, a Weekly Rate Period shall automatically commence for such Series 2019 Multimodal Bonds. Notwithstanding anything to the contrary in the General Bond Ordinance or this Supplemental Ordinance, unless a Series 2019 Credit Facility is in effect with respect to such Series 2019 Multimodal Bonds for which a Weekly Rate Period has commenced, such Series 2019 Multimodal Bonds shall not be subject to optional tender pursuant to Section 604.

E. Fixed Rate. The Interest Rate Determination Method for any series or subseries of Series 2019 Multimodal Bonds may be converted from any Variable Rate to a Fixed Rate in accordance with the provisions of 503. After such Conversion, such Series 2019 Multimodal Bonds shall bear interest at the Fixed Rate. The interest rate to be borne by such Series 2019 Multimodal Bonds of each maturity from the Fixed Rate Conversion Date shall be the rate determined by the Remarketing Agent on the Fixed

Rate Computation Date to be the rate which, if borne by such Series 2019 Multimodal Bonds, would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for Tax-Exempt Securities which are comparable to such Series 2019 Multimodal Bonds, be the lowest interest rate which would enable such Remarketing Agent to place such Series 2019 Multimodal Bonds of such maturity for which the Fixed Rate is to be determined at a price of par on the Fixed Rate Conversion Date.

If the City obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining the Fixed Rate for any Series 2019 Multimodal Bond, the Remarketing Agent, subject to the approval of an Authorized Representative, may also determine on or before the Business Day next preceding the determination of the Fixed Rate for such Series 2019 Multimodal Bonds, redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such Series 2019 Multimodal Bonds which differ from such redemption dates and premiums as are set forth in Section 601D hereof, such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then current marketing conditions; and (ii) the Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the Fixed Rate for such Series 2019 Multimodal Bonds, with respect to any Series 2019 Multimodal Bond constituting a Term Bond, a new maturity date for any portion of such Series 2019 Multimodal Bond; provided, however, that such new maturity date shall be a November 15 prior to the original maturity date; and provided further that such Series 2019 Multimodal Bond shall continue to be subject to mandatory redemption from Sinking Fund Installments established for such Series 2019 Multimodal Bond unless, on any Sinking Fund Installment due date for such Series 2019 Multimodal Bond, such Sinking Fund Installment is applied to the payment of that portion of such Series 2019 Multimodal Bond which now matures on such Sinking Fund Installment due date.

F. Index Rate.

(1) Generally. Upon a successful Conversion of any series or subseries of Series 2019 Multimodal Bonds to an Index Rate pursuant to Section 503, or upon the continuation of a series or subseries of Series 2019 Multimodal Bonds in an Index Rate Period, and until such Series 2019 Multimodal Bonds are

successfully converted to another Interest Rate Determination Method pursuant to Section 503, such Series 2019 Multimodal Bonds shall bear interest at the Index Rate applicable to such Series 2019 Multimodal Bonds, as determined by the Index Agent. Except as may be otherwise specified in a Pricing Notice, the initial Index Rate for each Index Rate Period with respect to a Series 2019 Multimodal Bond shall apply to the period commencing on the first day of such Index Rate Period and ending on the following Wednesday, unless such first day is a Wednesday, in which case the initial rate will only apply to such first day and thereafter, each Index Rate shall apply to the period commencing on and including Thursday (whether or not a Business Day) to and including the following Wednesday. The duration of the Index Rate Period, the Stepped Rate to be applicable to such Series 2019 Multimodal Bonds should insufficient funds be available for their purchase at the end of such Index Rate Period, the next Purchase Date, the Index Rate Index, the frequency with which the Index Rate will be recalculated, the Interest Payment Dates applicable to such Series 2019 Multimodal Bonds and any alternative Index Rate Determination Dates shall be as specified in the Pricing Notice given with respect to the Conversion of a series or subseries of Series 2019 Multimodal Bonds to the Index Rate Period pursuant to Section 503D or with respect to any new Index Rate and Index Rate Period for Series 2019 Multimodal Bonds then bearing interest at an Index Rate pursuant to Section 502F(4).

(2) <u>Determination of Applicable Spread</u>. The Index Rate for a series or subseries of Series 2019 Multimodal Bonds shall be based on the Index Rate Index, which shall be designated by the City not less than five Business Days prior to the Conversion Date or Purchase Date. The Remarketing Agent shall determine the Applicable Spread to be used in calculating the Index Rate on or before the Index Rate Determination Date preceding the Conversion Date or Purchase Date. The "Applicable Spread" shall be the amount that, when added to or subtracted from the Index Rate Index, will result in the minimum Index Rate that, in the judgment of the Remarketing Agent under then-existing market conditions, will result in the remarketing of such Series 2019 Multimodal Bonds on their Conversion Date or Purchase Date at a price equal to 100% of the principal amount thereof. The Remarketing Agent shall provide notice by Electronic Means to the

Index Agent, the Series 2019 Paying Agent (if the Series 2019 Paying Agent is not also the Index Agent) and the City of the Applicable Spread. The Remarketing Agent shall offer for sale and use its best efforts to sell such Series 2019 Multimodal Bonds on the Conversion Date at a price equal to 100% of the principal amount thereof, as provided herein and in the applicable Remarketing Agreement.

(3) Calculation of Index Rate. The Index Rate for each series or subseries of Index Bonds shall be calculated on each Index Rate Determination Date (preceding the date on which such Index Rate is to become effective) by the Index Agent and shall be equal to: (A) the Index Rate Index on the Index Rate Determination Date, as determined by the Index Agent, plus (B) the Applicable Spread that was determined pursuant to the preceding paragraph, and such Index Rate shall be rounded to the nearest one hundred thousandth of one percent (0.00001%), except as otherwise provided in a Pricing Notice. The initial Index Rate (as calculated from time to time pursuant to the Pricing Notice) shall apply, unless otherwise specified in the Pricing Notice, to the period commencing on the Conversion Date or the Purchase Date and ending on the next Wednesday or on the Conversion Date, if the Conversion Date is a Wednesday and, notwithstanding anything to the contrary in this Section, may be calculated by the Remarketing Agent, with the approval of the City, on any Business Day not more than sixty (60) Business Days nor less than two (2) Business Days prior to such Conversion Date; and thereafter, each Index Rate, as determined above, unless otherwise specified in the Pricing Notice, shall apply to the period commencing on and including Thursday (whether or not a Business Day) to and including the following Wednesday. The Index Agent shall calculate the Index Rate for each series or subseries of Index Bonds as provided above and shall furnish such Index Rate to the Series 2019 Paying Agent (if the Series 2019 Paying Agent is not also the Index Agent) and the City by Electronic Means no later than the Business Day next succeeding each Index Rate Determination Date. Upon the request of an owner, the Series 2019 Paying Agent shall confirm by Electronic Means the Index Rate then in effect. In lieu of the notifications provided in the preceding sentences, the Series 2019 Paying Agent may make such information available by readily accessible Electronic Means.

The Series 2019 Paying Agent shall, as soon as available and by no later than the Business Day preceding each Interest Payment Date, notify the City in writing of the total amount of interest payable with respect to each Series of Index Bonds on such Interest Payment Date.

The determinations of the initial Index Rate and all subsequent Index Rates shall be conclusive and binding upon the City, the Series 2019 Paying Agent, each Series 2019 Credit Facility Provider, the Remarketing Agent, the Index Agent and the owners, absent manifest error.

(4) Index Rate Continuation. On any date a series or subseries of Series 2019 Multimodal Bonds in an Index Rate Period is subject to optional redemption, or as of the Purchase Date of any series or subseries of Series 2019 Multimodal Bonds in an Index Rate Period, unless the City has given a Conversion Notice with respect to the Conversion of such series or subseries of Series 2019 Multimodal Bonds to another Interest Rate Determination Method pursuant to Section 503, the City may establish a new Index Rate Period for such series or subseries of Series 2019 Multimodal Bonds with such right to be exercised by delivery of a written notice of the Treasurer or any other Authorized Representative (an "Index Rate Continuation Notice") to the Series 2019 Paying Agent, the Index Agent (if the Series 2019 Paying Agent is not the Index Agent), and the Remarketing Agent for such series or subseries of Series 2019 Multimodal Bonds no less than thirty-five (35) days prior to the effective date of the new Index Rate Period. The Index Rate Continuation Notice must contain the information required by Sections 503B and 503F. The Authorized Representative shall also deliver a Pricing Notice to the Series 2019 Paying Agent no later than five (5) Business Days prior to the effective date of the new Index Rate Period. The Index Rate Continuation Notice and the Pricing Notice required by this paragraph shall each be accompanied by the proposed form of an Opinion of Bond Counsel proposed to be delivered in connection with the continuation of such series or subseries of Series 2019 Multimodal Bonds in the Index Rate Period stating that the new Index Rate Period is authorized and permitted under this Supplemental Ordinance and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such Series 2019 Multimodal Bonds.

Each such Series 2019 Multimodal Bond shall be subject to mandatory tender on the first day of such new Index Rate Period pursuant to the applicable provisions of Section 605 for purchase at its Purchase Price. No new Index Rate Period shall become effective unless the Opinion of Bond Counsel referred to above is delivered on (and as of) the first day of the new Index Rate Period and unless all such Outstanding Series 2019 Multimodal Bonds of such series or subseries are successfully remarketed in the new Index Rate Period at the new Index Rate on the first day of the new Index Rate Period.

(5) Notice to Owners. Upon receipt of an Index Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than thirty (30) days prior to the first day of the proposed Index Rate Period, the Series 2019 Paying Agent shall give notice by first-class mail to the owners of the affected Series 2019 Multimodal Bonds, the Index Agent (if the Series 2019 Paying Agent is not the Index Agent) and the Remarketing Agent, which notice shall (1) state in substance that a new Index Rate Period is to be established for such Series 2019 Multimodal Bonds on the applicable Index Rate Conversion Date if the conditions specified in this Supplemental Ordinance (and generally described in such notice) are satisfied on or before such date, (2) state that a new Index Rate Period shall not be established unless the Opinion of Bond Counsel referred to above is delivered to the Series 2019 Paying Agent on (and as of) the first day of the new Index Rate Period and all such Series 2019 Multimodal Bonds are successfully remarketed in the new Index Rate Period and at the new Index Rate on the first day thereof, and (3) contain the additional information required by Sections 503B and 503F.

(6) End of Index Rate. In the event the City has not given an Index Rate Continuation Notice or a Conversion Notice with respect to the Series 2019 Multimodal Bonds bearing interest at an Index Rate at the time required by Section 502F(4) or Section 503, as applicable, or if the conditions to the effectiveness of a new Index Rate Period and new Index Rate set forth in Section 502F(4) or the conditions to Conversion to another Rate Period are not satisfied, then on the day following the last day of the current Index Rate Period, unless otherwise provided in the applicable Pricing Notice, a Weekly Rate Period shall automatically

commence for such Series 2019 Multimodal Bonds; provided that, notwithstanding anything to the contrary in the General Bond Ordinance or this Supplemental Ordinance, unless a Series 2019 Credit Facility is in effect with respect to such Series 2019 Multimodal Bonds, such Series 2019 Multimodal Bonds shall not be subject to optional tender pursuant to Section 604 and shall bear interest at a rate of interest equal to the Stepped Rate determined on each Stepped Rate Determination Date, subject to the provisions of Section 611C.

G. Failure to Determine Rate for Certain Rate Periods. If, for any reason, the Daily Rate or the Weekly Rate on any Series 2019 Multimodal Bond is not established as provided herein by the Remarketing Agent pursuant to Sections 502A or 502B or no Remarketing Agent shall be serving as such hereunder for such Series 2019 Multimodal Bonds or any Rate so established is held to be invalid or unenforceable with respect to any such Rate Period, then an interest rate for such Rate Period equal to 100% of the applicable Rate Index on the date such Daily Rate or Weekly Rate was (or would have been) determined as provided above shall be established automatically.

If, for any reason, the Remarketing Agent fails to set the length of any Commercial Paper Rate Period or to establish any Commercial Paper Rate for any Series 2019 Multimodal Bond or a court holds any Commercial Paper Rate Period or Commercial Paper Rate for any Series 2019 Multimodal Bond to be invalid or unenforceable, a Commercial Paper Rate Period for such Series 2019 Multimodal Bond lasting through the next day immediately preceding a Business Day (or until the earlier stated maturity thereof) and an interest rate applicable to such Series 2019 Multimodal Bond equal to 100% of the Daily Rate Index shall be established automatically.

H. Notice of Rates. In a timely fashion following the determination of any Rate, the Remarketing Agent establishing such Rate shall give written notice or notice by Electronic Means thereof to the City and the Series 2019 Paying Agent. Such notice shall also include details as to the principal amount of the Series 2019 Multimodal Bonds and the Interest Rate Determination Method at the time applicable. Promptly upon receipt of notice from a Remarketing Agent of any Fixed Rate, the Series 2019 Paying Agent shall give the owner of each Series 2019 Multimodal Bond being converted to a Fixed Rate notice of the Fixed Rate.

I. Absence of Remarketing Agent; Binding Determination. If no Remarketing Agent shall be serving hereunder with respect to any series or subseries of Series 2019 Multimodal Bonds, the determination of the applicable Rate Index shall be made by the Series 2019 Paying Agent at the direction of the City. The determination of any Rate or Rate Index by a Remarketing Agent or, as aforesaid, the Series 2019 Paying Agent, at the direction of the City, with respect to any Series 2019 Multimodal Bond, shall be conclusive and binding upon the City, the Series 2019 Paying Agent, the Remarketing Agent, any Series 2019 Credit Facility Provider for such Series 2019 Multimodal Bond and the owner of such Series 2019 Multimodal Bond.

J. No Liability. In determining the interest rate that any Series 2019 Multimodal Bond shall bear as provided in this Article V, neither the Remarketing Agent nor the Series 2019 Paying Agent shall have any liability to the City or the owner of such Series 2019 Multimodal Bond, except for its negligence or willful misconduct.

Section 503 Conversion of Interest Rate Determination Method.

A. Right of Conversion. The Interest Rate Determination Method for any series or subseries of Series 2019 Multimodal Bonds is subject to Conversion from time to time by the City, with such right to be exercised by delivery of a written notice of an Authorized Representative (such notice being the "Conversion Notice") to the Series 2019 Paying Agent, the Index Agent, if any, the Remarketing Agent, and the Series 2019 Credit Facility Provider, if any, for such Series 2019 Multimodal Bonds to be converted as follows:

(1) at least four (4) Business Days prior to the thirtieth (30th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate, Weekly Rate, Commercial Paper Rate, or Index Rate; and

(2) at least five (5) Business Days prior to the thirtieth (30th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate.

Each Authorized Representative is hereby authorized to execute and deliver a Conversion Notice to change the Interest Rate Determination Method at such time or times as the officer executing the Conversion Notice determines to be in the best interests of the City, such determination to be conclusively evidenced by such execution.

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 this Supplemental Ordinance and (unless the Series 2019 Multimodal 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 such Series 2019 Multimodal Bonds to be converted, and (ii) a notice of the new Series 2019 Credit Facility Provider and the new Series 2019 Credit Facility, if any, if at the same time as such Series 2019 Multimodal Bonds are being converted there will be a change of Series 2019 Credit Facility Provider or Series 2019 Credit Facility with respect to such Series 2019 Multimodal Bonds.

B. <u>Conversion to Index Rate Period</u>. The following provisions shall apply to the Conversion of a series or subseries of Series 2019 Multimodal Bonds to an Index Rate Period:

On or prior to the fifth Business Day preceding the Conversion of any Series 2019 Multimodal Bond to the Index Rate Period, the Treasurer or any other Authorized Representative, in consultation with the applicable Remarketing Agent, may determine: (a) the duration of the Index Rate Period, (b) the optional redemption provisions applicable to such Series 2019 Multimodal Bonds during such Index Rate Period, if any, (c) the Stepped Rate to be applicable to such Series 2019 Multimodal Bonds should insufficient funds be available to purchase such bonds at the end of such Index Rate Period, (d) the proposed next Purchase Date, if any, (e) the Index Rate Index, if other than the SIFMA Swap Index, (f) the frequency with which the Index Rate shall be recalculated, (g) the Interest Payment Dates applicable to such Series 2019 Multimodal Bonds while bearing interest in an Index Rate Period, and (h) alternative Index Rate Determination Dates and Stepped Rate Determination Dates, if any. The City shall provide notice to the Series 2019 Paying Agent of all such determinations in the Pricing Notice delivered pursuant to Section 503D.

The Series 2019 Paying Agent shall give notice by first-class mail of a proposed conversion of a series or subseries of Series 2019 Multimodal Bonds to the Index Rate

Period to the owners of such Series 2019 Multimodal Bonds, as provided in Section 502(F). Such notice shall state for such Series 2019 Multimodal Bonds: (A) that the interest rate thereon shall be converted to the Index Rate; (B) the proposed Conversion Date; and (C) that such Series 2019 Multimodal Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for the purchase of such Series 2019 Multimodal Bonds.

C. Conversion from Index Rate Period and Term Rate Period at the Option of the City. Notwithstanding anything herein to the contrary, (i) any series of Series 2019 Multimodal Bonds bearing interest in an Index Rate Period shall be subject to Conversion at the option of the City on any date such series of Series 2019 Multimodal Bonds are subject to optional redemption or any date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to Section 605, Section 615 or Section 701; and (ii) any series of Series 2019 Multimodal Bonds bearing interest in a Term Rate Period shall be subject to Conversion at the option of the City on any date such series of Series 2019 Multimodal Bonds are subject to optional redemption or any date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to Section 605, Section 615 or Section 701.

D. Delivery of Pricing Notice. In connection with any Conversion of the Series 2019 Multimodal Bonds to a Term Rate or an Index Rate, the Authorized Representative shall also deliver a Pricing Notice to the Series 2019 Paying Agent specifying the information required by Section 503F. Such Pricing Notice must be accompanied by the form of an Opinion of Bond Counsel proposed to be delivered in connection with the Conversion stating that the new Term Rate Period or Index Rate Period, as applicable, is authorized and permitted under this Supplemental Ordinance and (unless the Series 2019 Multimodal 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 such series of Series 2019 Multimodal Bonds.

E. Limitations. Any Conversion pursuant to this Section 503 must comply with the following:

(1) the Conversion Date must be a date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 605, Section 615 or Section 701;

(2) the Conversion Date must be a Business Day and, if the Conversion is from the Commercial Paper Rate, shall be a date determined in accordance with Section 502C;

(3) the Series 2019 Credit Facility for such Series 2019 Multimodal Bonds after a Conversion to a Variable Rate must cover (except for conversion to an Index Rate Period or a Term Rate Period) principal plus accrued interest (computed at the Maximum Interest Rate then in effect on the basis of a 365-day year and actual days elapsed or a 360 day year of twelve 30-day months, as applicable) for the maximum number of days between Interest Payment Dates permitted under that Interest Rate Determination Method, plus such additional number of days, if any, as shall be required by each Rating Agency then rating such Series 2019 Multimodal Bonds; provided that if the number of days of interest coverage provided by the Series 2019 Credit Facility is being changed from the number of days previously in place, the Series 2019 Paying Agent shall have also received a Rating Confirmation from each of the Rating Agencies then rating such Series 2019 Multimodal Bonds;

(4) no Conversion shall become effective unless the Opinion of Bond Counsel referred to in Section 503A is delivered on (and as of) the Conversion Date and all affected Outstanding Series 2019 Multimodal Bonds are successfully purchased or deemed purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date; and

(5) upon Conversion of any series or subseries of Series 2019 Multimodal Bonds to a Fixed Rate Period, an Index Rate Period or a Term Rate Period, an Authorized Representative may provide in the Conversion Notice to the Series 2019 Credit Facility Provider, if any, a request for termination of the Series 2019 Credit Facility with respect to such Series 2019 Multimodal Bonds to be effective upon such Conversion to a Fixed Rate Period, an Index Rate Period or a Term Rate Period.

F. Contents of Conversion Notice; Pricing Notice. The Conversion Notice must specify: (1) the proposed Conversion Date; (2) the new Interest Rate Determination Method to take effect; (3) whether the Series 2019 Credit Facility then in effect, if any, will remain in effect and, if applicable, the terms upon which the owners of such Series 2019 Multimodal Bonds shall have the option to tender such Series 2019 Multimodal Bonds for purchase during the new Interest Rate Determination Method; (4) if a new Series 2019 Credit Facility will be in effect after the proposed Conversion Date, the form and terms of such Series 2019 Credit Facility; (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 Pricing Notice delivered in connection with a Conversion to or continuation of a Term Rate must specify: (1) the duration of the Term Rate Period, (2) the optional redemption provisions applicable to such Series 2019 Multimodal Bonds during such Term Rate Period, if any, and (3) the Stepped Rate to be applicable to such Series 2019 Multimodal Bonds should insufficient funds be available to purchase such bonds at the end of such Term Rate Period. The Pricing Notice delivered in connection with a Conversion to or continuation of an Index Rate must specify: (1) the duration of the Index Rate Period, (2) the optional redemption provisions applicable to such Series 2019 Multimodal Bonds during such Index Rate Period, if any, (3) the Stepped Rate to be applicable to such Series 2019 Multimodal Bonds should insufficient funds be available to purchase such bonds at the end of such Index Rate Period, (4) the proposed next Purchase Date, if any, (5) the Index Rate Index, if other than the SIFMA Swap Index, (6) the frequency with which the Index Rate shall be recalculated, (7) the proposed Interest Payment Dates applicable to such Series 2019 Multimodal Bonds while bearing interest in an Index Rate Period, and (8) alternative Index Rate Determination Dates and Stepped Rate Determination Dates, if any.

G. Notice to Owners. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than thirty (30) days prior to the proposed Conversion Date, the Series 2019 Paying Agent shall give notice by first-class mail to the affected owners of Series 2019 Multimodal Bonds, which notice shall state in substance:

(1) that the Interest Rate Determination Method for the applicable Series 2019 Multimodal Bonds shall be converted to the specified Variable Rate or the Fixed Rate, as the case may be, on the applicable Conversion Date if the conditions specified in this Supplemental Ordinance (and generally described in such notice) are satisfied on or before such date;

(2) the applicable Conversion Date;

(3) that the City has delivered to the Remarketing Agent the form of an Opinion of Bond Counsel proposed to be delivered to the Remarketing Agent in connection with the Conversion;

(4) that the Interest Rate Determination Method for such Series 2019 Multimodal Bonds shall not be converted unless the Opinion of Bond Counsel referred to above is delivered to the Remarketing Agent on (and as of) the Conversion Date and all such Series 2019 Multimodal Bonds are successfully purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date;

(5) the CUSIP numbers or other identification information of such Series 2019 Multimodal Bonds;

(6) that all such Series 2019 Multimodal Bonds are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price whether or not the proposed Conversion becomes effective on such date, unless converting from an Index Rate Period or a Term Rate Period not supported by a Series 2019 Credit Facility, in which case the Series 2019 Multimodal Bonds subject to mandatory tender will be purchased only upon a successful remarketing at the new Index Rate or Term Rate;

(7) that, to the extent that there shall be on deposit with the Series 2019 Paying Agent on the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all Series 2019 Multimodal Bonds to be converted on the Conversion Date not delivered to the Series 2019 Paying Agent on or prior to the Conversion 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 Remarketing Agent, without interest accruing thereon after the Conversion Date; and

(8) such additional matters as are required by Section 503B, if applicable.

H. Failure of Conditions to be Met. If the City fails to deliver the Opinion of Bond Counsel required by Section 503E(4) on or before the Conversion Date or if the Remarketing Agent has not successfully remarketed all of the Outstanding Series 2019 Multimodal Bonds of a series or subseries to be converted to the new Interest Rate Determination Method on the Conversion Date, the Interest Rate Determination Method shall not be converted but, except if converting from an Index Rate Period or a Term Rate Period not supported by a Series 2019 Credit Facility, such Series 2019 Multimodal Bonds of a series or subseries shall be deemed to have been tendered for purchase on the Conversion Date specified in the Conversion Notice and shall be purchased on the Conversion Date specified in the Conversion Notice, and such Series 2019 Multimodal Bonds shall continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date specified in the Conversion Notice; provided, however, that, except with respect to Series 2019 Multimodal Bonds bearing interest in an Index Rate Period or a Term Rate Period not supported by a Series 2019 Credit Facility, the rate of interest on such Series 2019 Multimodal Bonds shall be determined on the proposed Conversion Date and, if sufficient funds are not available for the purchase of such Series 2019 Multimodal Bonds, the provisions of Section 611C shall apply. In such event, the City and the owners of such Series 2019 Multimodal Bonds that were to be converted to another Interest Rate Determination Method shall be restored (except as aforesaid with respect to the purchase of Series 2019 Multimodal Bonds) to their former positions and rights hereunder with respect to such Series 2019 Multimodal Bonds, and all rights of the City hereunder shall continue as if no such proceedings for the Conversion of the interest rate on such Series 2019 Multimodal Bonds had taken place.

With respect to any Conversion of a series or subseries of Series 2019 Multimodal Bonds from an Index Rate Period or a Term Rate Period not supported by a Series 2019 Credit Facility, if the City fails to deliver the Opinion of Bond Counsel required by Section 503E(4) to the Remarketing Agent before the Conversion Date or if the Remarketing Agent has not successfully remarketed all of the Outstanding Series 2019 Multimodal Bonds of such series or subseries 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 2019 Multimodal 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 Section 502D(6) or Section 502F(6) with respect to failed Conversions on the day following the end of the applicable Index Rate Period or Term Rate Period, such Series 2019 Multimodal Bonds shall continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date specified in the Conversion Notice. Unsuccessful Conversions or continuations attempted prior to the end of the Index Rate Period or the Term Rate Period do not result in a change in rate and the owners of the Series 2019 Multimodal Bonds will continue to hold such Bonds at the Index Rate or the Term Rate until the end of the Rate Period. Only after the end of the Rate Period will any series of the Series 2019 Multimodal Bonds not remarketed bear interest at the Stepped Rate.

The Series 2019 Paying Agent shall immediately notify by Electronic Means the Series 2019 Credit Facility Provider and the Remarketing Agent, if any, for such Series 2019 Multimodal Bonds of each such failed Conversion.

I. <u>Notice Failure No Bar</u>. Failure of an owner of a Series 2019 Multimodal Bond to receive the notice described in Section 503G, or any defect therein, shall not affect the validity of any Rate or any continuation of or change in the Interest Rate Determination Method for any of the Series 2019 Multimodal Bonds or extend the period for tendering any of the Series 2019 Multimodal Bonds for purchase, and the Series 2019 Paying Agent shall not be liable to any owner of a Series 2019 Multimodal Bond by reason of the failure of such owner to receive such notice or any defect therein.

J. <u>No Conversion During Continuance of Event of Default</u>. No Conversion shall occur under this Section 503 if at the time of such Conversion an Event of Default

\\DE - 063173/000097 - 3360921 v5

shall have occurred and be continuing. The Series 2019 Paying Agent and the Remarketing Agent may conclusively rely upon a certificate of an Authorized Representative that no such default exists.

K. Notice to Remarketing Agent. The City may not elect a change in the Interest Rate Determination Method for any series or subseries of Series 2019 Multimodal Bonds without written notice to the Remarketing Agent for the affected Series 2019 Multimodal Bonds.

L. Rescission of Election. Notwithstanding anything herein to the contrary, the City may rescind any Conversion Notice given pursuant to this Section 503 by giving written notice thereof to the Series 2019 Paying Agent, the Series 2019 Credit Facility Provider for such Series 2019 Multimodal Bonds, if any, and the Remarketing Agent on or prior to such proposed Conversion Date. If the Series 2019 Paying Agent receives notice of such rescission prior to the time the Series 2019 Paying Agent has given notice to the owners of the affected Series 2019 Multimodal Bonds pursuant to Section 503G, then the Conversion Notice previously delivered by the City shall be of no force and effect. If the Series 2019 Paying Agent receives notice from the City of rescission of the Conversion Notice after the Series 2019 Paying Agent has given notice to the owners of the affected Series 2019 Multimodal Bonds pursuant to Section 503G, then such Series 2019 Multimodal Bonds shall continue to be subject to mandatory tender for purchase on the Conversion Date specified in the Conversion Notice (unless such Bonds are in an Index Rate Period or in a Term Rate Period not supported by a Series 2019 Credit Facility prior to such proposed Conversion Date, in which case there will be no purchase or Conversion) and the Rate Period for such Series 2019 Multimodal Bonds shall automatically adjust to, or continue as, a Weekly Rate Period on the Conversion Date specified in the Conversion Notice. No Opinion of Bond Counsel shall be required in connection with the automatic adjustment to a Weekly Rate Period pursuant to this paragraph.

Section 504 Conversion of Series 2019 Credit Facility Bonds. Notwithstanding anything to the contrary contained in the General Bond Ordinance or this Supplemental Ordinance, if all of the Outstanding Series 2019 Multimodal Bonds of any series or subseries are Series 2019 Credit Facility Bonds, such Series 2019 Multimodal Bonds may be converted to

\\DE - 063173/000097 - 3369921 v5

a Fixed Rate on such Conversion Date as shall be acceptable to the applicable Series 2019 Credit Facility Provider, the Series 2019 Paying Agent, the Remarketing Agent and the City, provided that on such Conversion Date the City shall deliver to the Remarketing Agent an Opinion of Bond Counsel stating that the Conversion is authorized and permitted under this Supplemental Ordinance and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any Series 2019 Multimodal Bonds of such series or subseries.

Section 505 Stepped Rate Calculation; Weekly Rate Period. The Index Agent shall calculate the Stepped Rate to be applicable to any series or subseries of Series 2019 Multimodal Bonds on each Stepped Rate Determination Date and furnish such calculations to the Series 2019 Paying Agent. The Series 2019 Paying Agent will furnish the Stepped Rate calculations to the City by Electronic Means on each Stepped Rate Determination Date and such Stepped Rate shall apply to such Series 2019 Multimodal Bonds during the periods set forth in the applicable Pricing Notice. If not provided for in the applicable Pricing Notice or if the Stepped Rate is otherwise based on the SIFMA Swap Index, such Stepped Rate with respect to a Series 2019 Multimodal Bond shall be applicable to such Bond during the period from and including the Failed Tender Date to and including the following Wednesday (unless the Failed Tender Date is a Wednesday, in which event the initial rate will only apply to such Wednesday) and, thereafter, the Stepped Rate with respect to a Series 2019 Multimodal Bond will apply for each Calendar Week, unless a change in spread occurs within a Calendar Week, until such Series 2019 Multimodal Bond is purchased. The Index Agent's calculations of the Stepped Rate or Rates for any Calendar Week shall reflect any applicable changes in the Stepped Rate that, by definition, will occur during such period, including any applicable changes in the spread to be applied to the Stepped Rate Index.

Notwithstanding anything to the contrary in this Supplemental Ordinance, including Section 502B hereof, in a Weekly Rate Period during which a series or subseries of Series 2019 Multimodal Bonds bears interest at the Stepped Rate based on the SIFMA Swap Index, the rate of interest applicable to such series or subseries of Series 2019 Multimodal Bonds during each Calendar Week shall be the Stepped Rate, calculated as set forth in this Section 505, including any applicable changes in the actual rate of interest that occur during such Calendar Week as reflected in such calculations.

ARTICLE VI
REDEMPTION AND PURCHASE OF SERIES 2019A-D BONDS

Section 601 Optional Redemption.

A. Optional Redemption – Commercial Paper Rate Period. Series 2019 Multimodal Bonds bearing interest at the Commercial Paper Rate are not subject to optional redemption prior to their respective Purchase Dates. Series 2019 Multimodal Bonds bearing interest at the Commercial Paper Rate are subject to redemption at the option of the City in whole or in part on their respective Purchase Dates at a redemption price equal to the Purchase Price thereof.

B. Optional Redemption – Daily Rate Period and Weekly Rate Period. Series 2019 Multimodal Bonds bearing interest at the Daily Rate or the Weekly Rate are subject to optional redemption by the City, in whole or in part, in Authorized Denominations on any day, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

C. Optional Redemption – Term Rate Period. Series 2019 Multimodal Bonds bearing interest at the Term Rate are subject to redemption at the option of the City in whole or in part, in Authorized Denominations, on: (1) the day following the last day of any Term Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium; and (2) any day designated by the City in the Pricing Notice relating to such 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.

D. Optional Redemption – Fixed Rate Period. Unless the City obtains a Favorable Opinion of Bond Counsel as provided in Section 502E, any series or subseries of Series 2019 Multimodal Bonds bearing interest at a Fixed Rate are subject to redemption in whole or in part (and if in part, in such order of maturity as the City shall specify and within a maturity by lot or by such other method as the Series 2019 Paying Agent determines to be fair and reasonable and in Authorized Denominations), on any date, at such times and at such redemption prices as follows:

(1) If, on the Fixed Rate Conversion Date, the remaining term of such Series 2019 Multimodal Bonds is greater than eight years, then such Series 2019 Multimodal Bonds will not be subject to optional redemption until the first May 15 or November 15 (whichever is earlier) to follow the eighth (8th) anniversary of the Conversion of such Series 2019 Multimodal Bonds to a Fixed Rate. On such first May 15 or November 15, such Series 2019 Multimodal Bonds will be subject to redemption at 102% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, which redemption price will decline by one percent (1%) per annum on each succeeding anniversary of such first May 15 or November 15 until reaching a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, and thereafter at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

(2) If, on the Fixed Rate Conversion Date, the remaining term of such Series 2019 Multimodal Bonds is less than eight years, then such Series 2019 Multimodal Bonds will not be subject to optional redemption.

E. Optional Redemption – Index Rate Period. Series 2019 Multimodal Bonds bearing interest at the Index Rate are subject to redemption at the option of the City in whole or in part, in Authorized Denominations, on: (1) the day following the last day of any Index Rate Period, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium; and (2) any day designated by the City in the Pricing Notice relating to the current Index 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.

F. Optional Redemption for Series 2019B Bonds and Series 2019C Bonds. The Series 2019B Bonds and Series 2019C Bonds may be subject to redemption prior to maturity at the option of the City as described in the initial Pricing Notice and in the Series 2019B Bonds and Series 2019C Bonds. Such redemption may be in whole or in part at any time in principal amounts equal to Authorized Denominations in such order of maturities as may be determined by the City, at the Redemption Price designated therein.

G. Selection of Series 2019A-D Bonds for Optional Redemption. The City shall designate which series, subseries and maturities of such series or subseries of Series 2019A-D Bonds are to be called for optional redemption pursuant to Section 601; provided that Series 2019 Credit Facility Bonds shall be redeemed prior to any other Series 2019 Multimodal Bonds; and provided further that, prior to the successful remarketing of any series of Series 2019 Multimodal Bonds and division of such series into applicable subseries, any partial redemption of such Series 2019 Multimodal Bonds shall be applied to reduce scheduled Sinking Fund Installments of any applicable subseries of such Series 2019 Multimodal Bonds for such date as designated by the City, subject to minimum Authorized Denominations. If less than all of the Series 2019A-D Bonds of any series or subseries maturing by their terms on any one date are to be redeemed at any one time, the City shall select the Series 2019A-D Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair. For purposes of such selection, the Series 2019A-D Bonds of each series or subseries shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the City may designate which Sinking Fund Installments under Section 602, or portions thereof, that are to be reduced as allocated to such redemption.

H. Sufficient Funds Required for Optional Redemption. Any optional redemption of the Series 2019A-D Bonds and notice thereof shall be rescinded and cancelled pursuant to Section 602 if for any reason on the date fixed for redemption moneys are not available in the Redemption Account or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on such Series 2019A-D Bonds called for redemption.

I. Notice of Redemption; Rescission. Notice of the prior redemption of any Series 2019A-D Bonds shall be given by the Series 2019 Bonds Registrar in the name of the City by mailing a copy of the redemption notice by certified or first-class postage prepaid mail, not more than 60 nor less than 20 days prior to the redemption date to the owners of the Series 2019A-D Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2019 Bonds Registrar, or in the event that the Series 2019A-D Bonds to be redeemed are registered in the name of the Securities Depository, such notice may, in the alternative, be given by Electronic Means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2019A-D Bonds.

Such notice shall specify the Series 2019A-D Bonds to be redeemed, the Redemption Price to be paid and the redemption date. Such notice shall further specify any condition to such redemption and shall state that, upon the satisfaction of any such condition, on the redemption date there will become and will be due and payable upon each Series 2019A-D Bond or portion thereof (in integral multiples of Authorized Denominations) so to be redeemed at the principal corporate trust office of the Series 2019A-D Bonds Paying Agent, the applicable Redemption Price and accrued interest to the redemption date, and that from and after such date, interest on the Series 2019A-D Bonds (or portions thereof) called for redemption will cease to accrue. Notice having been given in the manner hereinabove provided and upon satisfaction of any condition to such redemption, the Series 2019A-D Bond or Series 2019A-D Bonds so called for redemption shall become due and payable on the redemption date so designated and, upon presentation thereof at the principal corporate trust office of the Series 2019A-D Bonds Paying Agent, the City will pay the Series 2019A-D Bond or Series 2019A-D Bonds so called for redemption. No further interest shall accrue on the principal of any such Series 2019A-D Bond (or portion thereof) called for redemption from and after the redemption date, provided sufficient funds are on deposit at the place of payment on the redemption date. Upon surrender of any Series 2019A-D Bond redeemed in part only, the Series 2019 Bonds Registrar shall execute and deliver to the owner thereof, at no expense to such owner, a new Series 2019A-D Bond or Series 2019A-D Bonds of the same maturity and interest rate and of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Series 2019A-D Bond surrendered.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Series 2019 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 2019A-D 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 2019A-D Bonds called for redemption.

Once notice has been given by the Series 2019 Bonds Registrar, such notice shall be conclusive against all parties and no owner may object thereto or may object to the cessation of interest on the redemption date on the ground that such owner failed to actually receive such notice.

Section 602 Mandatory Redemption.

A. Mandatory Sinking Fund Redemption of Series 2019A-D Bonds. Except as otherwise provided in Section 502E with respect to the Series 2019 Multimodal Bonds, Series 2019A-D are subject to mandatory redemption from Sinking Fund Installments for such Series 2019A-D Bonds, on each date a Sinking Fund Installment for such Series 2019A-D Bonds is due, and in the principal amount equal to the Sinking Fund Installment due on such date at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. Sinking Fund Installments for Series 2019A-D Bonds shall be due in such amounts and on such dates as set forth in the initial Pricing Notice, except to the extent modified in a subsequent Pricing Notice.

B. Selection of Series 2019A-D Bonds for Mandatory Sinking Fund Redemption. If less than all of the Series 2019A-D Bonds of any series or subseries maturing by their terms on any one date are to be redeemed at any one time with Sinking Fund Installments, the Series 2019 Paying Agent shall select the Series 2019A-D Bonds of such series or subseries and maturity to be redeemed by lot in any manner that it deems appropriate; provided that Series 2019 Credit Facility Bonds shall be redeemed prior to any other Series 2019 Multimodal Bonds; and provided further that, prior to the successful remarketing of any series of Variable Rate Bonds and division of such series into applicable subseries, any partial redemption of such series of Series 2019A-D Bonds shall be applied to reduce scheduled Sinking Fund Installments of any applicable subseries of such series for such date as designated by the City, subject to minimum Authorized Denominations. The Series 2019 Paying Agent shall promptly notify the City in writing of the numbers of the Series 2019A-D Bonds so selected for redemption. For purposes of such selection, the Series 2019A-D Bonds of each series or subseries shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 603 Purchase In Lieu of Redemption. In lieu of mandatory redemption, the City may surrender to the Series 2019 Paying Agent for cancellation any series or subseries of Series 2019A-D Bonds purchased on the open market, and such series or subseries of Series 2019A-D Bonds shall be cancelled by the Series 2019 Paying Agent. If any series or subseries of Series 2019A-D Bonds are so cancelled, the City may designate the Sinking Fund Installments or portions thereof within such series or subseries of Series 2019A-D Bonds so purchased that are to be reduced as a result of such cancellation. The City covenants and agrees that any Series 2019A-D Bonds so purchased on the open market in lieu of mandatory redemption will be surrendered promptly to the Series 2019 Paying Agent for cancellation.

Section 604 Owner's Option to Tender Series 2019 Multimodal Bonds for Purchase. During any Daily Rate Period, any Series 2019 Multimodal Bond or (subject to the other requirements in this section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the owner or beneficial owner of such Series 2019 Multimodal Bond to the Remarketing Agent and to the Series 2019 Paying Agent at its principal office of an irrevocable written notice or notice by Electronic Means by 11:00 a.m. (New York City time) on the Purchase Date, which states the principal amount of such Series 2019 Multimodal Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent on the Purchase Date in accordance with Section 606. The Series 2019 Paying Agent shall keep a written record of the notice described in clause (A) above.

During any Weekly Rate Period, any Series 2019 Multimodal Bond or (subject to the other requirements in this section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the owner or beneficial owner of such Series 2019 Multimodal Bond to the Remarketing Agent and to the Series 2019 Paying Agent at its principal office of an irrevocable written notice or notice by Electronic Means by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such Series 2019 Multimodal Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent on the Purchase Date in accordance with Section 606 the Series 2019 Paying Agent shall keep a written record of the notice described in clause (A) above.

If any Series 2019 Multimodal Bond is to be purchased in part pursuant to the paragraphs above in this Section, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

Any instrument delivered to the Series 2019 Paying Agent in accordance with this Section shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon the Securities Depository and any subsequent owner or beneficial owner of the Series 2019 Multimodal Bond to which it relates, including any Series 2019 Multimodal Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the owner or beneficial owner of the Series 2019 Multimodal Bonds specified therein shall not have any right to optionally tender for purchase such Series 2019 Multimodal Bonds prior to the date of purchase specified in such notice. The City, the Remarketing Agent and the Series 2019 Paying Agent may conclusively assume that any person (other than an owner) providing notice of optional tender pursuant to the paragraphs above in this Section is the beneficial owner of the Series 2019 Multimodal Bond to which such notice relates, and none of the City, the Remarketing Agent or the Series 2019 Paying Agent shall assume any liability in accepting such notice from any person whom it reasonably believes to be a beneficial owner of Series 2019 Multimodal Bonds.

Section 605 <u>Mandatory Tender of Series 2019 Multimodal Bonds for Purchase</u>. The Series 2019 Multimodal Bonds shall be subject to mandatory tender for purchase at the applicable Purchase Price, at the following times and upon the occurrence of any of the events stated below:

A. with respect to all Series 2019 Multimodal Bonds, on the Conversion Date for such Series 2019 Multimodal Bonds to a new Interest Rate Determination Method specified in a Conversion Notice (whether or not the proposed Conversion becomes effective on such date, unless such Series 2019 Multimodal Bonds are being converted from an Index Rate Period or a Term Rate Period not supported by a Series 2019 Credit Facility and the proposed Conversion does not occur, in which case the Series 2019 Multimodal Bonds subject to mandatory tender will not be purchased);

B. with respect to Series 2019 Multimodal Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate: (A) on the fifth (5th) Business Day preceding (i) the scheduled expiration of a Series 2019 Credit Facility or (ii) the

Termination of a Series 2019 Credit Facility at the election of the City as permitted by such Series 2019 Credit Facility; and (B) on the date of the provision of a substitute Series 2019 Credit Facility pursuant to Section 614 and the resultant termination of an existing Series 2019 Credit Facility;

C. with respect to each Series 2019 Multimodal Bond bearing interest at a Commercial Paper Rate, each Interest Payment Date immediately following each Commercial Paper Rate Period for such Series 2019 Multimodal Bond;

D. with respect to each Series 2019 Multimodal Bond bearing interest at a Term Rate, on the Interest Payment Date immediately following each Term Rate Period for such Series 2019 Multimodal Bond;

E. with respect to Series 2019 Multimodal Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate, upon receipt by the Series 2019 Paying Agent of written notice from the Series 2019 Credit Facility Provider for any such Series 2019 Multimodal Bonds that an event of default or an event of termination (other than an immediate termination or suspension) has occurred under the related Series 2019 Credit Facility with the effect that the obligations of such Series 2019 Credit Facility Provider to purchase such Series 2019 Multimodal Bonds or otherwise provide for the Purchase Price of such Series 2019 Multimodal Bonds under such Series 2019 Credit Facility shall terminate on the date specified in such notice, in which event such Series 2019 Multimodal Bonds shall be subject to purchase on a Business Day selected by the Series 2019 Paying Agent, which date shall be not more than five (5) Business Days after receipt of such notice, but in no event later than the Business Day preceding the termination date specified in the notice received from such Series 2019 Credit Facility Provider; and

F. with respect to Series 2019 Multimodal Bonds bearing interest at an Index Rate, on the Purchase Date designated by the Treasurer or any other Authorized Representative pursuant to Section 502F(4) or Section 503B.

The Series 2019 Paying Agent shall give notice by first class mail to the owners of affected Series 2019 Multimodal Bonds of each termination of a Series 2019 Credit Facility and each expiration of a Series 2019 Credit Facility making Series 2019 Multimodal Bonds subject to

WDE - 063173/000097 - 3360821 v5

mandatory tender pursuant to this Section 605, which notice shall (i) state the date of such termination, substitution or expiration; (ii) state that such Series 2019 Multimodal Bonds shall be subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice); and (iii) be mailed by the Series 2019 Paying Agent not later than the fifteenth (15th) day prior to such Termination, substitution or expiration.

No notice need be given to the owners of any Series 2019 Multimodal Bond bearing interest at a Commercial Paper Rate of the mandatory tender for purchase of such Series 2019 Multimodal Bond on an Interest Payment Date for such Series 2019 Multimodal Bond.

Unless Section 615 applies, upon the expiration of the then current Term Rate Period for a series of Series 2019 Multimodal Bonds, the Series 2019 Paying Agent shall give notice by first class mail to the owner of such Series 2019 Multimodal Bonds at the address shown on the bond register not later than the fifteenth (15th) day prior to the date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to this Section 605, which notice shall state that such Series 2019 Multimodal Bonds are subject to mandatory tender on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice).

With respect to a series or subseries of Series 2019 Multimodal Bonds in an Index Rate Period, the Series 2019 Paying Agent shall give notice by first-class mail, not later than the thirtieth (30th) day prior to the date on which such Series 2019 Multimodal Bonds are subject to mandatory tender pursuant to this Section 605, which notice shall state that such Series 2019 Multimodal 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).

The Series 2019 Paying Agent shall give notice by first class mail within two (2) Business Days of receipt of a notice from a Series 2019 Credit Facility Provider pursuant to this Section 605, to the owners of the affected Series 2019 Multimodal Bonds at their addresses shown on the bond register, which notice shall: (1) state such Series 2019 Multimodal Bonds are subject to mandatory tender for purchase pursuant to this Section 605 at the applicable Purchase Price (which shall be specified in such notice); and (2) state the Purchase Date.

Notice of mandatory tender for purchase on the Conversion Date shall be given by the Series 2019 Paying Agent to the owners as provided in Section 503G.

Notwithstanding anything to the contrary in the General Bond Ordinance or this Supplemental Ordinance, including without limitation the provisions of this Section 605, the City may rescind any notice of mandatory tender or Conversion Notice provided to owners of the Series 2019 Multimodal Bonds pursuant to this Section 605 in connection with the substitution of a Series 2019 Credit Facility by giving written notice of such rescission to owners of such Series 2019 Multimodal Bonds on or prior to the date set for such substitution and mandatory tender.

Section 606 Delivery of Tendered Series 2019 Multimodal Bonds. With respect to any Series 2019 Multimodal Bond that is in book-entry only form, delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent in connection with any optional or mandatory tender for purchase pursuant to Section 604 or Section 605 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such Series 2019 Multimodal Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such Series 2019 Multimodal Bond to the account of the Series 2019 Paying Agent, the account of the applicable Series 2019 Credit Facility Provider, or to the account of a Participant of such Securities Depository acting on behalf of the Series 2019 Paying Agent. With respect to any Series 2019 Multimodal Bond that is not in book-entry only form, delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent in connection with any optional or mandatory tender for purchase pursuant to Section 604 or Section 605 shall be effected by physical delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent at its principal office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Series 2019 Paying Agent, executed in blank by the owner thereof with the signature of such owner guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Section 607 Series 2019 Multimodal Bonds Deemed Purchased. If moneys sufficient to pay the Purchase Price of Series 2019 Multimodal Bonds to be purchased pursuant to Section 604 or Section 605 shall be held by the Series 2019 Paying Agent on the applicable Purchase Date, such Series 2019 Multimodal Bonds shall be deemed to have been purchased for all purposes of this Supplemental Ordinance, irrespective of whether or not such Series 2019 Multimodal Bonds shall have been delivered to the Series 2019 Paying Agent or transferred on the books of a Participant of the Securities Depository for such Series 2019 Multimodal Bonds, and neither the former owner or beneficial owner of such Series 2019 Multimodal Bonds nor any other person shall have any claim thereon, under this Supplemental Ordinance or otherwise, for any amount other than the Purchase Price thereof.

In the event of non-delivery of any Series 2019 Multimodal Bond to be purchased pursuant to Section 604 or Section 605, the Series 2019 Paying Agent shall segregate and hold uninvested the moneys for the Purchase Price of such Series 2019 Multimodal Bond in trust, without liability for interest thereon, for the benefit of the former owners or beneficial owners of such Series 2019 Multimodal Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Series 2019 Multimodal Bond. Any moneys that the Series 2019 Paying Agent shall segregate and hold in trust for the payment of the Purchase Price of any Series 2019 Multimodal Bond and remaining unclaimed for two (2) years after the date of purchase shall be paid automatically to the City. After the payment of such unclaimed moneys to the City, the former owner or beneficial owner of such Series 2019 Multimodal Bond shall look only to the City for the payment thereof.

Section 608 Deposit of Series 2019 Multimodal Bonds. The Series 2019 Paying Agent agrees to accept and hold all Series 2019 Multimodal Bonds delivered to it pursuant to Section 604 or Section 605 in trust for the benefit of the respective owners or beneficial owners that shall have so delivered such Series 2019 Multimodal Bonds until the Purchase Price of such Series 2019 Multimodal Bonds shall have been delivered to or for the account of or to the order of such owners or beneficial owners pursuant to Section 611. Any Series 2019 Multimodal Bonds registered for transfer to new purchasers and delivered to the Series 2019 Paying Agent as described in Section 612 shall be held in trust by the Series 2019 Paying Agent for the benefit of such new purchasers until delivery to such new purchasers.

Section 609 Remarketing of Tendered Series 2019 Multimodal Bonds.

A. Daily Put or Commercial Paper Tender Bonds.

(1) Not later than 11:00 a.m. (New York City time) on each Business Day on which the Series 2019 Paying Agent receives a notice from an owner or beneficial owner of a Series 2019 Multimodal Bond to be tendered pursuant to Section 604 (the "Daily Put Bonds"), and on each day any Series 2019 Multimodal Bonds bearing interest at a Commercial Paper Rate are subject to mandatory tender pursuant to Section 605 (the "Commercial Paper Tender Bonds"), the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City, specifying the principal amount of Series 2019 Multimodal Bonds for which it has received such notice and the names of the owner or owners thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Daily Put Bonds or Commercial Paper Tender Bonds, other than Series 2019 Credit Facility Bonds, which shall be remarketed pursuant to Section 613.

(2) Not later than 11:30 a.m. (New York City time) on the Purchase Date described in subparagraph (1) above, the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City of the accrued amount of interest payable with respect to the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, as of such Purchase Date and confirming the aggregate principal amount of the Daily Put Bonds or Commercial Paper Tender Bonds.

(3) Not later than 12:00 noon (New York City time) on any Purchase Date for Daily Put Bonds or Commercial Paper Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the City and the Series 2019 Paying Agent of the principal amount of any Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Daily Put Bonds or Commercial Paper Tender Bonds that have been remarketed to the Series 2019 Paying Agent by 12:15 p.m. (New York City time) on such day pursuant to Section 610.

(4) If a Remarketing Agent's notice pursuant to subparagraph (3) above indicates that such Remarketing Agent has on hand less remarketing proceeds

than are needed to purchase all the Daily Put Bonds or Commercial Paper Tender Bonds to be purchased on any Purchase Date or if the Series 2019 Paying Agent does not receive a notice from the Remarketing Agent pursuant to subparagraph (3) above, the Series 2019 Paying Agent shall demand payment under the applicable Series 2019 Credit Facility then in effect with respect to the tendered Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (3) above, to pay the Purchase Price of the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable. The Series 2019 Paying Agent shall immediately after such demand for payment give notice by Electronic Means to the City of the amount, if any, of such demand.

B. Weekly Put Bonds.

(1) Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Series 2019 Paying Agent receives a notice from an owner or beneficial owner of Series 2019 Multimodal Bonds to be tendered pursuant to Section 604 (the "Weekly Put Bonds"), the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City, specifying the principal amount of Series 2019 Multimodal Bonds for which it has received such notice, the names of the owner or owners thereof and the Purchase Date. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Weekly Put Bonds, other than Series 2019 Credit Facility Bonds, which shall be remarketed pursuant to Section 613.

(2) Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in subparagraph (1) above, the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City of the accrued amount of interest payable with respect to the Weekly Put Bonds as of such Purchase Date and confirming the aggregate principal amount of the Weekly Put Bonds.

(3) Not later than 11:30 a.m. (New York City time) on any Purchase Date for Weekly Put Bonds, the Remarketing Agent shall give notice by Electronic Means to the City and the Series 2019 Paying Agent of the principal amount of Weekly Put Bonds that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Weekly Put Bonds that have been remarketed to the Series 2019 Paying Agent by 12:15 p.m. (New York City time) on the Purchase Date pursuant to Section 610.

(4) If a Remarketing Agent's notice pursuant to subparagraph (3) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date or if the Series 2019 Paying Agent does not receive a notice from the Remarketing Agent pursuant to subparagraph (3) above, the Series 2019 Paying Agent shall demand payment under the applicable Series 2019 Credit Facility then in effect with respect to the Weekly Put Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (3) above, to pay the Purchase Price of the Weekly Put Bonds. The Series 2019 Paying Agent shall immediately after such demand for payment give notice by Electronic Means to the City of the amount, if any, of such demand.

C. Mandatory Tender Bonds.

(1) Not later than 9:30 a.m. (New York City time) on each Purchase Date occurring pursuant to Section 605 with the exception of subsection 605C, the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City specifying the principal amount of all Outstanding Series 2019 Multimodal Bonds that are subject to mandatory tender on such Purchase Date pursuant to any subsection of Section 605 except subsection 605C (the "Mandatory Tender Bonds") and the names of the registered owner or owners thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Mandatory Tender Bonds (if there is still an

obligation to remarket), other than Series 2019 Credit Facility Bonds, which shall be remarketed pursuant to Section 613.

(2) Not later than 10:00 a.m. (New York City time) on each Purchase Date described in subparagraph (1) above, the Series 2019 Paying Agent shall give notice by Electronic Means to the Remarketing Agent and the City of the accrued amount of interest payable with respect to the Mandatory Tender Bonds as of the Purchase Date and confirming the aggregate principal amount of the Mandatory Tender Bonds.

(3) Not later than 11:30 a.m. (New York City time) on any Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the Series 2019 Paying Agent and the City of the principal amount of Mandatory Tender Bonds that have not been remarketed in accordance with the Remarketing Agreement and its written commitment to deliver funds from the Mandatory Tender Bonds that have been remarketed to the Series 2019 Paying Agent by 12:15 p.m. (New York City time) on the Purchase Date pursuant to Section 610.

(4) If a Remarketing Agent's notice pursuant to subparagraph (3) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date or if the Series 2019 Paying Agent does not receive a notice from the Remarketing Agent pursuant to subparagraph (3) above, the Series 2019 Paying Agent shall demand payment under the applicable Series 2019 Credit Facility then in effect with respect to the Mandatory Tender Bonds by 12:30 p.m. (New York City time) on such Purchase Date so as to provide by 3:00 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (3) above, to pay the Purchase Price of the Mandatory Tender Bonds. The Series 2019 Paying Agent shall immediately after such demand for payment give notice to the City of the amount, if any, of such demand.

D. Optional City Deposit. If a Remarketing Agent's notice pursuant to subparagraph 609A(3), 609B(3) or 609C(3) above indicates that such Remarketing Agent has remarketed less than all the Daily Put Bonds, Commercial Paper Tender Bonds, Weekly Put Bonds, or Mandatory Tender Bonds to be purchased on any Purchase Date and the Series 2019 Paying Agent does not receive sufficient funds from, or has received notice from a Series 2019 Credit Facility Provider that it will not provide sufficient funds from, draws on the applicable Series 2019 Credit Facility to pay the Purchase Price of all such Series 2019 Multimodal Bonds that have not been remarketed by 12:15 p.m. (New York City time) on the Purchase Date, the Series 2019 Paying Agent shall immediately (but in no event later than 2:30 p.m. (New York City time)) give notice by Electronic Means to the City specifying the principal amount and the Purchase Price of such Series 2019 Multimodal Bonds for which moneys will not be available in the Series 2019 Bond Purchase Fund and requesting the City to deposit with the Series 2019 Paying Agent as soon as possible on such Purchase Date, preferably by 3:00 p.m. (New York City time), an amount sufficient to pay that portion of the Purchase Price for which moneys will not be available in the Series 2019 Bond Purchase Fund, such notice to be confirmed immediately by Electronic Means to the Series 2019 Paying Agent by the City. Such deposit by the City shall be at the option of the City.

E. Limitations. The Remarketing Agent shall remarket the Series 2019 Multimodal Bonds, as provided herein, at not less than the Purchase Price thereof, except for Series 2019 Credit Facility Bonds, which shall be remarketed pursuant to Section 613.

Section 610 Deposits into Accounts in the Series 2019 Bond Purchase Fund. The terms of any sale by a Remarketing Agent of any Series 2019 Multimodal Bond tendered or deemed tendered for purchase pursuant to Section 604 or Section 605 shall provide for the payment of the Purchase Price for such tendered or deemed tendered Series 2019 Multimodal Bond by such Remarketing Agent to the Series 2019 Paying Agent for deposit in the Series 2019 Remarketing Account of the Series 2019 Bond Purchase Fund in immediately available funds at or before 12:15 p.m. (New York City time) on the Purchase Date. The Remarketing Agent shall cause to be paid to the Series 2019 Paying Agent on each Purchase Date for tendered or deemed tendered Series 2019 Multimodal Bonds all amounts representing proceeds of the remarketing of such Series 2019 Multimodal Bonds, based upon the notice given by the

Remarketing Agent pursuant to Section 609A(3), Section 609B(3), Section 609C(3), as the case may be. All such amounts shall be deposited in the Series 2019 Remarketing Account.

The Series 2019 Paying Agent shall deposit in the Series 2019 Credit Facility Purchase Account all amounts received under a Series 2019 Credit Facility pursuant to Section 609A(4), Section 609B(4) or Section 609C(4), as the case may be, and related to the Series 2019 Multimodal Bonds.

Upon receipt of any notice from the Series 2019 Paying Agent pursuant to Section 609D that insufficient funds will be on deposit in the Series 2019 Bond Purchase Fund to pay the full Purchase Price of all Series 2019 Multimodal Bonds to be purchased on a Purchase Date, the City shall, at its option, deliver or cause to be delivered to the Series 2019 Paying Agent immediately available funds in an amount equal to such deficiency prior to 3:00 p.m. (New York City time) on the Purchase Date. All such funds shall be deposited in the Series 2019 City Account.

The Series 2019 Paying Agent shall hold amounts in the Series 2019 Bond Purchase Fund uninvested.

Section 611 Disbursements From the Series 2019 Bond Purchase Fund.

A. Application of Moneys. Moneys in the Series 2019 Bond Purchase Fund (other than the proceeds of any remarketing of Series 2019 Credit Facility Bonds, which shall be paid to the applicable Series 2019 Credit Facility Provider on the remarketing date) shall be applied at or before 3:00 p.m. (New York City time) to the purchase of Series 2019 Multimodal Bonds as provided herein by the Series 2019 Paying Agent, on each Purchase Date, as follows:

(1) First - Moneys constituting funds in the Series 2019 Remarketing Account shall be used by the Series 2019 Paying Agent on any Purchase Date to purchase Series 2019 Multimodal Bonds tendered or deemed tendered for purchase pursuant to Section 604 or Section 605 at the Purchase Price.

(2) Second - In the event such moneys in the Series 2019 Remarketing Account on any Purchase Date are insufficient to purchase all Series 2019 Multimodal Bonds tendered or deemed tendered for purchase pursuant to Section

\DE - 063173/000097 - 3360921 v3

604 or Section 605 on such Purchase Date, moneys in the Series 2019 Credit Facility Purchase Account on such Purchase Date shall be used by the Series 2019 Paying Agent at that time to purchase such remaining Series 2019 Multimodal Bonds at the Purchase Price thereof.

(3) Third - If the amount of money in any Series 2019 Remarketing Account and Series 2019 Credit Facility Purchase Account, if applicable, on any Purchase Date is insufficient to pay in full the Purchase Price of all Series 2019 Multimodal Bonds tendered or deemed tendered for purchase pursuant to Section 604 or Section 605 on such Purchase Date, moneys in the Series 2019 City Account on such Purchase Date, if any, shall be used by the Series 2019 Paying Agent at that time to purchase such remaining Series 2019 Multimodal Bonds at the Purchase Price thereof.

Notwithstanding anything to the contrary in this Section, if the Series 2019 Multimodal Bonds tendered or deemed tendered for purchase pursuant to Section 604 or Section 605 are in book-entry only entry form, payment of the Purchase Price of such Series 2019 Multimodal Bonds shall be made in accordance with the rules and procedures of the applicable Securities Depository.

B. Nondeliveries. The Series 2019 Paying Agent shall, as to any Series 2019 Multimodal Bonds that are not in book-entry only form and that have not been delivered to it as required by Section 606, (i) notify the Remarketing Agent in writing of such nondelivery and (ii) place a stop transfer against an appropriate amount of Series 2019 Multimodal Bonds registered in the name of the owner of such Series 2019 Multimodal Bonds on the bond register. The Series 2019 Paying Agent shall place and maintain such stop transfer commencing with the lowest serial number Series 2019 Multimodal Bond registered in the name of such owner until stop transfers have been placed against an appropriate amount of Series 2019 Multimodal Bonds until the appropriate Series 2019 Multimodal Bonds are delivered to the Series 2019 Paying Agent as required by Section 606. Upon such delivery, the Series 2019 Paying Agent shall make any necessary adjustments to the bond register.

C. Insufficient Funds. Except as set forth in this Section 611C with respect to any Series 2019 Multimodal Bonds bearing interest in an Index Rate Period or a Term

Rate Period and not supported by a Series 2019 Credit Facility, if sufficient funds are not available for the purchase of all Bonds of a series or subseries of Series 2019 Multimodal Bonds tendered or deemed tendered on any Purchase Date, all Series 2019 Multimodal Bonds of such series or subseries shall be tendered to the Series 2019 Credit Facility Provider at a deemed purchase price equal to 100% of the principal amount of such Series 2019 Multimodal Bonds and thereafter shall constitute Series 2019 Credit Facility Bonds under the Series 2019 Credit Facility and bear interest and be subject to redemption as set forth in the Series 2019 Credit Facility. Notwithstanding any other provision of this Supplemental Ordinance, such failed purchase and tender shall not constitute an Event of Default.

For any series or subseries of Series 2019 Multimodal Bonds bearing interest in an Index Rate Period or a Term Rate Period and not supported by a Series 2019 Credit Facility, if sufficient funds are not available for the purchase of all such series or subseries of Series 2019 Multimodal Bonds tendered or deemed tendered and required to be purchased on the Purchase Date following the end of the applicable Index Rate Period or Term Rate Period, all Series 2019 Multimodal Bonds of such series or subseries shall bear interest at a rate of interest equal to the Stepped Rate from such Failed Tender Date until all such Series 2019 Multimodal Bonds are purchased as required in accordance with this Supplemental Ordinance, such rate to be determined in accordance with Section 505, and all tendered Series 2019 Multimodal Bonds of such series or subseries shall be returned to their respective owners. Notwithstanding anything to the contrary in this Supplemental Ordinance, if the Stepped Rate is based on the SIFMA Swap Index, such Series 2019 Multimodal Bonds shall automatically convert to a Weekly Rate Period at the Stepped Rate and shall not be subject to optional tender pursuant to Section 604. No Opinion of Bond Counsel shall be required in connection with this automatic adjustment to a Weekly Rate Period. Notwithstanding any other provision of this Supplemental Ordinance, such failed purchase and return shall not constitute an Event of Default. In addition, the Remarketing Agent shall remain obligated to remarket such series or subseries of Series 2019 Multimodal Bonds and such series or subseries of Series 2019 Multimodal Bonds bearing interest at a Stepped Rate shall remain subject to optional and mandatory redemption, mandatory tender for purchase, and Conversion as provided in this Supplemental Ordinance.

Section 612 Delivery of Series 2019 Multimodal Bonds. If the Series 2019 Multimodal Bonds are not in book-entry only form, a principal amount of Series 2019 Multimodal Bonds equal to the amount of Series 2019 Multimodal Bonds successfully remarketed by each Remarketing Agent shall be delivered to the Series 2019 Paying Agent for registration or transfer to such persons as shall be designated by the Remarketing Agent. Such Series 2019 Multimodal Bonds shall be held available at the office of the Series 2019 Paying Agent and shall be picked up at a location designated by the Series 2019 Paying Agent by the applicable Remarketing Agent at or after 1:00 p.m. (New York City time) on the Purchase Date against delivery of funds for deposit into the Series 2019 Remarketing Account of the Series 2019 Bond Purchase Fund equal to the Purchase Price of the Series 2019 Multimodal Bonds that have been remarketed. If the Series 2019 Multimodal Bonds are in book entry, transfer of ownership of the remarketed Series 2019 Multimodal Bonds shall be effected in accordance with the procedures of the applicable Securities Depository against delivery of funds for deposit into the Series 2019 Remarketing Account of the Series 2019 Purchase Fund equal to the Purchase Price of Series 2019 Multimodal Bonds that have been remarketed.

Any Series 2019 Multimodal Bonds purchased with funds in the Series 2019 Credit Facility Purchase Account of the Series 2019 Bond Purchase Fund shall be delivered and held in accordance with Section 613. Any Series 2019 Multimodal Bonds purchased with funds in the Series 2019 City Account of the Series 2019 Bond Purchase Fund shall be delivered and held in accordance with the instructions of the City furnished to the Series 2019 Paying Agent. Such Series 2019 Multimodal Bonds shall be held available for registration of transfer and delivery by the Series 2019 Paying Agent in such manner as may be agreed between the Series 2019 Paying Agent and the applicable Series 2019 Credit Facility Provider or the City, as the case may be.

Section 613 Credit Facility; Series 2019 Credit Facility Bonds. Unless all the Outstanding Bonds of any series or subseries of Series 2019 Multimodal Bonds are Series 2019 Credit Facility Bonds or bear interest at a Fixed Rate, or at a Term Rate or an Index Rate not intended to be supported by a Series 2019 Credit Facility, the City shall provide, or cause to be provided, to the Series 2019 Paying Agent a Series 2019 Credit Facility for such series or subseries of Series 2019 Multimodal Bonds. The City shall have the option, but shall not be required, to provide a Series 2019 Credit Facility to the Series 2019 Paying Agent for any series or subseries of Series 2019 Multimodal Bonds bearing interest at a Term Rate or an Index Rate.

Except as otherwise provided herein, the City shall not reduce the amount of a Series 2019 Credit Facility without obtaining a Rating Confirmation with respect to such action. Additionally, the City shall not permit a substitution of a Series 2019 Credit Facility Provider without subjecting the Series 2019 Multimodal Bonds affected thereby to mandatory purchase pursuant to Section 605B. Each Series 2019 Credit Facility and each substitute Series 2019 Credit Facility shall include provisions that are consistent with the timing requirements of this Supplemental Ordinance. The City shall have the right at any time to provide, pursuant to Section 614, a substitute Series 2019 Credit Facility for any Series 2019 Credit Facility then in effect. If there shall have been delivered to the Series 2019 Paying Agent (i) a substitute Series 2019 Credit Facility meeting the requirements of Section 614 and (ii) the opinions and documents required by Section 614, then the Series 2019 Paying Agent shall accept such substitute Series 2019 Credit Facility and, if so directed by the City, on or after the effective date of such substitute Series 2019 Credit Facility promptly surrender the Series 2019 Credit Facility being so substituted in accordance with the respective terms thereof for cancellation; provided the Series 2019 Paying Agent shall not surrender any Series 2019 Credit Facility until all draws or requests to purchase Series 2019 Multimodal Bonds made under such Series 2019 Credit Facility have been honored in accordance with the terms thereof, including all draws required to be made in connection with such substitution. In the event that the City elects to provide a substitute Series 2019 Credit Facility, the affected Series 2019 Multimodal Bonds shall be subject to the mandatory tender provisions of Section 605B. Notwithstanding the foregoing, if at any time there shall cease to be any Bonds of any series of Series 2019 Multimodal Bonds Outstanding or if all the Outstanding Bonds of any series of Series 2019 Multimodal Bonds have been converted to a Fixed Rate, an Index Rate or a Term Rate not intended to be supported by a Series 2019 Credit Facility, or a Series 2019 Credit Facility shall be terminated pursuant to its terms, the Series 2019 Paying Agent shall promptly surrender such Series 2019 Credit Facility in accordance with its terms for cancellation. The Series 2019 Paying Agent shall comply with the procedures set forth in each Series 2019 Credit Facility relating to the termination thereof. The termination or suspension of a Series 2019 Credit Facility shall not affect the provisions of this Section obligating the City to provide a Series 2019 Credit Facility to the Series 2019 Paying Agent.

Notwithstanding anything to the contrary in this Supplemental Ordinance, including without limitation the provisions of this Section, any reduction in the amount of a Series 2019 Credit Facility with respect to a series of Series 2019 Multimodal Bonds may occur: (i) without a

Rating Confirmation or a mandatory purchase of such Series 2019 Multimodal Bonds in conjunction with the payment of a portion of the principal of such series of Series 2019 Multimodal Bonds pursuant to this Supplemental Ordinance or in conjunction with a redemption or defeasance of all or a portion of such series of Series 2019 Multimodal Bonds pursuant to this Supplemental Ordinance; or (ii) without a Rating Confirmation in connection with the mandatory purchase of all or a portion of such series of Series 2019 Multimodal Bonds by the applicable Series 2019 Credit Facility Provider upon (A) the Conversion of the interest mode of such Series 2019 Multimodal Bonds to a rate that is not supported by such Series 2019 Credit Facility, (B) the occurrence of the stated expiration of the such Series 2019 Credit Facility or (C) the passage of a period of time specified in the Series 2019 Credit Facility following the occurrence of an event of default specified in the Series 2019 Credit Facility.

In the event that a Series 2019 Credit Facility is in effect, the Series 2019 Paying Agent shall make a demand for payment under such Series 2019 Credit Facility, subject to and in accordance with its terms, in order to receive payment thereunder on each Purchase Date as provided in Section 609A(4), Section 609B(4) or Section 609C(4), as applicable.

Each such demand for payment shall be made pursuant to and in accordance with this Supplemental Ordinance. The Series 2019 Paying Agent shall give notice of each such demand for payment to the City at the time of each such demand. The proceeds of each such demand shall be deposited in the Series 2019 Credit Facility Purchase Account within the Series 2019 Bond Purchase Fund and used in the order of priority established by Section 611. At the time of making any demand under a Series 2019 Credit Facility pursuant to the paragraph immediately above, the Series 2019 Paying Agent shall direct the applicable Series 2019 Credit Facility Provider to pay the proceeds of such demand directly to the Series 2019 Paying Agent for deposit in the Series 2019 Credit Facility Purchase Account. The Series 2019 Paying Agent shall comply with all provisions of each Series 2019 Credit Facility in order to realize upon any demand for payment thereunder, and will not demand payment under any Series 2019 Credit Facility of any amounts for payment of:(i) Series 2019 Credit Facility Bonds; or (ii) Series 2019 Multimodal Bonds held by the City or actually known by the Series 2019 Paying Agent to be held by any affiliate of the City or any nominee of the City unless such Series 2019 Credit Facility specifically permits such demand.

Any Series 2019 Multimodal Bonds purchased with payments made under a Series 2019 Credit Facility pursuant to the paragraph above shall constitute Series 2019 Credit Facility Bonds and shall be registered in the name of, or as otherwise directed by, the applicable Series 2019 Credit Facility Provider and delivered to or upon the order of, or as otherwise directed by, such Series 2019 Credit Facility Provider.

Unless otherwise provided in a Series 2019 Credit Facility, Series 2019 Credit Facility Bonds shall be remarketed by the applicable Remarketing Agent prior to any other Series 2019 Multimodal Bonds of such series or subseries tendered for purchase pursuant to Section 604 or Section 605 and shall be remarketed in accordance with the terms of the applicable Remarketing Agreement. Upon (i) receipt by the City and the Series 2019 Paying Agent of written notification from a Series 2019 Credit Facility Provider that a Series 2019 Credit Facility has been fully reinstated with respect to principal and interest and (ii) release by the applicable Series 2019 Credit Facility Provider of any Series 2019 Credit Facility Bonds that the Remarketing Agent has remarketed, such Series 2019 Multimodal Bonds shall be made available to the purchasers thereof and shall no longer constitute Series 2019 Credit Facility Bonds for purposes of this Supplemental Ordinance. The proceeds of any remarketing of Series 2019 Credit Facility Bonds shall be paid to the applicable Series 2019 Credit Facility Provider by the Series 2019 Paying Agent on such remarketing date in immediately available funds with interest on the sale price being calculated as if such Bond were not a Series 2019 Credit Facility Bond; provided, however, if all such Bonds are Series 2019 Credit Facility Bonds, at par plus accrued interest, and the remarketing date will be considered an Interest Payment Date.

Each of the City and the Series 2019 Paying Agent agrees that it will, promptly upon receipt, send to the applicable Series 2019 Credit Facility Provider (by Electronic Means) a copy of every notice received by it hereunder relating to any Series 2019 Credit Facility Bonds.

Notwithstanding anything to the contrary herein or in the Series 2019 Multimodal Bonds, all obligations of the City under or in connection with any Series 2019 Credit Facility (including, without limitation, payment of any Series 2019 Credit Facility Bonds and any Obligations under any Series 2019 Credit Facility) shall be governed by the terms of the applicable Series 2019 Credit Facility.

The Series 2019 Paying Agent shall provide to the Remarketing Agent and to each Rating Agency then rating any series of Series 2019 Multimodal Bonds written notice of the extension of any Series 2019 Credit Facility in effect with respect to such series of Series 2019 Multimodal Bonds.

Whenever requested in writing by the City, the Series 2019 Paying Agent shall submit to the applicable Series 2019 Credit Facility Provider a reduction certificate or other appropriate documentation necessary under the applicable Series 2019 Credit Facility to reduce the principal amount of any Series 2019 Multimodal Bonds and related interest to reflect any purchase or redemption of such Series 2019 Multimodal Bonds by the City and the cancellation of such Series 2019 Multimodal Bonds.

If at any time any Rating Agency reduces the short-term ratings of a Series 2019 Credit Facility Provider below "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch, the City shall use its best efforts to replace such Series 2019 Credit Facility Provider.

Section 614 Substitute Credit Facility Instruments. So long as any Series 2019 Multimodal Bonds bear interest at a Variable Rate other than an Index Rate or Term Rate not supported by a Series 2019 Credit Facility or a Fixed Rate, on or prior to the expiration or termination of any existing Series 2019 Credit Facility, including any renewals or extensions thereof (other than an expiration of such Series 2019 Credit Facility at the final maturity of the Series 2019 Multimodal Bonds to which the Series 2019 Credit Facility relates), the City shall provide to the Series 2019 Paying Agent (with a copy to the applicable Remarketing Agent) a renewal or extension of the term of the existing Series 2019 Credit Facility for such series of Series 2019 Multimodal Bonds or a substitute Series 2019 Credit Facility meeting the requirements set forth below.

The City may at any time provide a substitute Series 2019 Credit Facility in accordance with the provisions hereof and upon delivery to the Series 2019 Paying Agent of the items specified below.

Any such substitute Series 2019 Credit Facility must meet the following conditions:

A. The obligations of the Series 2019 Credit Facility Provider under the substitute Series 2019 Credit Facility to purchase such Series 2019 Multimodal Bonds or otherwise provide for the Purchase Price of such Series 2019 Multimodal Bonds tendered or deemed tendered pursuant to Section 604 or Section 605 shall not be subject to suspension or termination on less than fifteen (15) days' notice to the City and the Series

2019 Paying Agent; provided, however, that the obligations of a Series 2019 Credit Facility Provider to purchase Series 2019 Multimodal Bonds or otherwise provide for the Purchase Price of such Series 2019 Multimodal Bonds may be immediately suspended or terminated (A) without such notice upon the occurrence of such events as may be provided in a Series 2019 Credit Facility and that are disclosed to the owners of such Series 2019 Multimodal Bonds in connection with the provision of such Series 2019 Credit Facility or, (B) if applicable, upon the remarketing of such Series 2019 Multimodal Bonds upon the mandatory tender thereof as a result of provision of such substitute Series 2019 Credit Facility pursuant to Section 605B;

B. the substitute Series 2019 Credit Facility must take effect on or before the Purchase Date for the Series 2019 Multimodal Bonds established pursuant to Section 605B; and

C. the substitute Series 2019 Credit Facility must be in an amount sufficient to pay the maximum Purchase Price of the affected Series 2019 Multimodal Bonds that will be applicable during the Rate Period commencing on such substitution.

On or prior to the date of the delivery of a substitute Series 2019 Credit Facility to the Series 2019 Paying Agent pursuant to this Section, the City shall cause to be furnished to the Series 2019 Paying Agent (i) an Opinion of Bond Counsel addressed to the Series 2019 Paying Agent to the effect that the delivery of such substitute Series 2019 Credit Facility to the Series 2019 Paying Agent is authorized under this Supplemental Ordinance and complies with the terms hereof and will not, in and of itself, adversely affect the Tax-Exempt status of interest on the affected Series 2019 Multimodal Bonds and (ii) an opinion or opinions of counsel to the Series 2019 Credit Facility Provider for such substitute Series 2019 Credit Facility addressed to the City and the Series 2019 Paying Agent, to the effect that the substitute Series 2019 Credit Facility has been duly authorized, executed and delivered by the applicable Series 2019 Credit Facility Provider and constitutes the valid, legal and binding obligation of such Series 2019 Credit Facility Provider enforceable against such Series 2019 Credit Facility Provider in accordance with its terms.

The Series 2019 Paying Agent shall give notice by first class mail to the owners of the affected Series 2019 Multimodal Bonds of the proposed substitution of a Series 2019 Credit Facility not later than the fifteenth (15th) day prior to the substitution date.

Notwithstanding anything to the contrary in this Supplemental Ordinance, including this Section 614, a new Series 2019 Credit Facility may not be substituted for an existing Series 2019 Credit Facility that is in the form of a letter of credit unless a mandatory tender and purchase of all of the Series 2019 Multimodal Bonds of the Series supported by the existing letter of credit occurs.

Notwithstanding anything to the contrary in this Supplemental Ordinance, including without limitation the provisions of this Section 614, in connection with the substitution, pursuant to the terms of this Supplemental Ordinance, of a Series 2019 Credit Facility providing support for any series or subseries of Series 2019 Multimodal Bonds bearing interest at the Weekly Rate, the Weekly Rate with respect to such series or subseries of Series 2019 Multimodal Bonds for the first Calendar Week (or portion thereof) following such substitution shall be set by the applicable Remarketing Agent on the Business Day immediately preceding the date of such substitution. Such Weekly Rate will be effective only if the substitution is effected.

Section 615 Tender of Series 2019 Multimodal Bonds Upon Occurrence of Certain Events. During the initial Term Rate Periods with respect to the Series 2019A Bonds and the Series 2019D Bonds and if so provided by a Series 2019 Credit Facility, the Initial Purchaser of the applicable series or subseries of Series 2019 Multimodal Bonds may cause such Bonds to be tendered to the Series 2019 Credit Facility Provider at a deemed purchase price equal to 100% of the principal amount of such series or subseries of Series 2019 Multimodal Bonds upon the occurrence of an event of default or the occurrence of certain other events as set forth in the applicable Series 2019 Credit Facility. In such an event, the Series 2019 Credit Facility Provider shall deliver an irrevocable written notice of tender to the Series 2019 Paying Agent, the City and the Initial Purchaser, state that such Series 2019 Multimodal Bonds will be tendered in accordance with this provision, state the date on which the Series 2019 Multimodal Bonds are to be tendered or deemed tendered (which shall not be greater than three (3) Business Days after delivery of the tender notice), and specify the event of default that has occurred under the applicable Series 2019 Credit Facility. On and after the tender or deemed tender date provided for in such notice, such Series 2019 Multimodal Bonds shall constitute Series 2019 Credit Facility Bonds under the Series 2019 Credit Facility and shall bear interest at the rates, payable on the dates, and otherwise subject to the provisions provided in the applicable Series 2019 Credit Facility. Promptly following the date of receipt of any notice of tender, the Series 2019 Paying Agent shall notify the Treasurer of such tender. On the date of tender, the Series 2019 Paying

Agent shall register and deliver such series or subseries of Series 2019 Multimodal Bonds as provided under the terms of the applicable Series 2019 Credit Facility. Such series or subseries of Series 2019 Multimodal Bonds shall be required to be delivered in accordance with the procedures of the Securities Depository if held in book-entry form, and if the such Series 2019 Multimodal Bonds are not held in book-entry form, such Bonds are required to be delivered by physical delivery, accompanied by an instrument of transfer in form satisfactory to the Series 2019 Paying Agent at its principal office, by 1:00 p.m. (New York City time), on the tender date.

Section 616 Remarketing Agents for the Series 2019 Multimodal Bonds. The City shall appoint and employ, no later than 30 days before the initial Purchase Date or Conversion of a series or subseries of Series 2019 Multimodal Bonds, a Remarketing Agent for Series 2019 Multimodal Bonds of such series or subseries. All references in this Supplemental Ordinance to the term "Remarketing Agent" shall mean the one or more banks, trust companies or members of the National Association of Securities Dealers Inc. appointed by the City to perform the duties and obligations of the Remarketing Agent hereunder with respect to the Series 2019 Multimodal Bonds, or any subseries thereof; provided that any such bank, trust company or member of the National Association of Securities Dealers, Inc. so appointed shall be organized and doing business under the laws of any state of the United States of America and shall have, together with its parent, if any, a capitalization of at least fifteen million dollars ($15,000,000) as shown in its or its parent's most recently published annual report. The City shall execute and deliver to each Remarketing Agent a Remarketing Agreement, which shall designate the series or subseries of Series 2019 Multimodal Bonds for which it shall act as Remarketing Agent and the Remarketing Agent's principal office and in which such Remarketing Agent shall agree: (i) to perform the duties and comply with the requirements imposed upon it by such Remarketing Agreement and this Supplemental Ordinance; and (ii) to keep such books and records with respect to its activities as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by each of the City and the Series 2019 Paying Agent at all reasonable times.

ARTICLE VII
PURCHASE OF SERIES 2019 MULTIMODAL BONDS AT DIRECTION OF CITY

Section 701 Mandatory Tender for Purchase of Series 2019 Multimodal Bonds at the Direction of City. In addition to the provision relating to the mandatory tender for purchase of Series 2019 Multimodal Bonds pursuant to Section 605, the Series 2019 Multimodal Bonds, or any of them, shall be 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 this Section 701 and the portion not subject to such mandatory tender shall each be in an Authorized Denomination), at the applicable Optional Purchase Price on each Optional Purchase Date. In the event that the City determines to purchase any Series 2019 Multimodal Bonds on any Optional Purchase Date, the City shall provide the Series 2019 Paying Agent with written notice of such determination at least thirty-five (35) days prior to the Optional Purchase Date, which notice shall specify the series or subseries of Series 2019 Multimodal Bonds and the principal amount of such Series 2019 Multimodal Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Series 2019 Paying Agent shall receive notice from the City of its determination to purchase Series 2019 Multimodal Bonds pursuant to the above paragraph, the Series 2019 Paying Agent shall give notice, in the name of the City, of the mandatory tender for purchase of such Series 2019 Multimodal 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 2019 Multimodal Bonds or portions of Series 2019 Multimodal Bonds to be purchased at their addresses appearing in the bond register, with a copy to the applicable Remarketing Agent. Such notice shall specify the series or subseries of Series 2019 Multimodal Bonds and the maturities of such Series 2019 Multimodal Bonds to be purchased, the Optional Purchase Date, the Optional Purchase Price and the place or places where the Optional Purchase Price due upon such tender for purchase shall be payable and, if less than all of the Series 2019 Multimodal Bonds of any series or subseries and like maturity are to be purchased, the letters and numbers or other distinguishing marks of such Series 2019 Multimodal Bonds so to be purchased, and, in the case of Series 2019 Multimodal Bonds to be purchased in part only, such notice shall also specify the respective portions of the principal amount thereof to be purchased. Such notice shall further state that on such Optional Purchase Date there shall become due and payable upon each Series 2019 Multimodal Bond to be purchased, the Optional Purchase Price thereof, or the Optional Purchase Price of the specified portions of the principal amount thereof to be purchased in the case of Series 2019 Multimodal Bonds to be purchased in part only, and that from and after such Optional Purchase Date interest on such Series 2019 Multimodal Bond for the benefit of the current owner of such Series 2019 Multimodal Bond or the portion of such Series 2019 Multimodal Bond to be purchased shall cease to accrue and be payable.

Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the Series 2019 Multimodal Bonds and failure of any owner of a Series 2019 Multimodal Bond to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of the Series 2019 Multimodal Bonds pursuant to this Section.

If at the time the Series 2019 Paying Agent sends any notice of mandatory tender for purchase of the Series 2019 Multimodal Bonds pursuant to this Section, the City has not deposited with the Series 2019 Paying Agent an amount sufficient to pay the full Optional Purchase Price of the Series 2019 Multimodal 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 Series 2019 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 2019 Multimodal 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 2019 Multimodal 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 2019 Multimodal Bonds identified in the notice of mandatory tender for purchase shall be made and the Series 2019 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 2019 Multimodal Bonds pursuant to the notice of mandatory tender for purchase.

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

Section 702 Delivery of Tendered Series 2019 Multimodal Bonds. With respect to any Series 2019 Multimodal Bond that is in book-entry only form, delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent in connection with any mandatory tender for purchase pursuant to Section 701 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such Series 2019 Multimodal Bond or any Participant thereof to reflect the transfer of the beneficial ownership interest in such Series 2019 Multimodal Bond to the account of the Series 2019 Paying Agent, on behalf of the City, or to the account of a Participant acting on behalf of the City. With respect to any Series 2019 Multimodal Bond that is not in book-entry only form, delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent in connection with any mandatory tender for purchase pursuant to Section 701 shall be effected by physical delivery of such Series 2019 Multimodal Bond to the Series 2019 Paying Agent at its principal office, by 1:00 p.m. (New York City time) on the Optional Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Series 2019 Paying Agent, executed in blank by the owner thereof with the signature of such owner guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Section 703 Series 2019 Multimodal Bonds Deemed Purchase. If moneys sufficient to pay the Optional Purchase Price of Series 2019 Multimodal Bonds to be purchased pursuant to Section 701 on an Optional Purchase Date shall be held by the Series 2019 Paying Agent in the Series 2019 Remarketing Account or another account created therefor on such Optional Purchase Date, such Series 2019 Multimodal Bonds shall be deemed to have been purchased for all purposes of this Supplemental Ordinance, irrespective of whether or not such Series 2019 Multimodal Bonds shall have been delivered to the Series 2019 Paying Agent or transferred on the books of the Securities Depository for the Series 2019 Multimodal Bonds, and neither the former owner or former Beneficial owner of such Series 2019 Multimodal Bonds nor any other person shall have any claim thereunder, under this Supplemental Ordinance or otherwise, for any amount other than the Optional Purchase Price thereof.

In the event of non-delivery of any Series 2019 Multimodal Bond to be purchased pursuant to Section 701, the Series 2019 Paying Agent shall segregate and hold uninvested the moneys for the Optional Purchase Price of such Series 2019 Multimodal Bond in trust, without liability for interest thereon, for the benefit of the former owners or beneficial owners of such Series 2019 Multimodal Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Optional Purchase Price of such Series 2019 Multimodal Bond. Any moneys that the Series 2019 Paying Agent shall segregate and hold in trust for the payment of the Optional Purchase Price of any Series 2019 Multimodal Bond remaining unclaimed for two (2) years after the Optional Purchase Date shall be paid automatically to the City. After the payment of such unclaimed moneys to the City, the former owner or former beneficial owner of such Series 2019 Multimodal Bond shall look only to the City for the payment thereof.

Section 704 Deposit of Series 2019 Multimodal Bonds. The Series 2019 Paying Agent agrees to accept and hold all Series 2019 Multimodal Bonds delivered to it pursuant to Section 701 in trust for the benefit of the respective owners or beneficial owners that shall have so delivered such Series 2019 Multimodal Bonds until the Optional Purchase Price of such Series 2019 Multimodal Bonds shall have been delivered to or for the account of or to the order of such owners or beneficial owners pursuant to Section 705. Any Series 2019 Multimodal Bonds purchased pursuant to Section 701 and registered for transfer to the Series 2019 Paying Agent shall be held in trust by the Series 2019 Paying Agent for the benefit of the City until delivery to the City.

Section 705 Payment of Optional Purchase Price of Series 2019 Multimodal Bonds. Moneys held by the Series 2019 Paying Agent for the payment of the Optional Purchase Price of Series 2019 Multimodal Bonds subject to mandatory tender for purchase pursuant to Section 701 shall be applied at or before 3:00 p.m. (New York City time) to the purchase of such Series 2019 Multimodal Bonds. Except as otherwise provided with respect to Series 2019 Multimodal Bonds that are in book-entry only form, payment of the Optional Purchase Price of Series 2019 Multimodal Bonds tendered for purchase pursuant to Section 701 shall be made only upon the surrender of such Series 2019 Multimodal Bonds to the Series 2019 Paying Agent. Notwithstanding anything to the contrary in this Section, if the Series 2019 Multimodal Bond to be tendered for purchase pursuant to Section 701 are in book-entry only form, payment of the

Optional Purchase Price for tendered Series 2019 Multimodal Bonds shall be made in accordance with the rules and procedures of the applicable Securities Depository.

The Series 2019 Paying Agent shall, as to any Series 2019 Multimodal Bonds that are not in book-entry only form and that have not been delivered to it as required by Section 702, place a stop transfer against an appropriate amount of Series 2019 Multimodal Bonds registered in the name of the owner of such Series 2019 Multimodal Bonds on the bond register. The Series 2019 Paying Agent shall place and maintain such stop transfer commencing with the lowest serial number Series 2019 Multimodal Bond registered in the name of such owner until stop transfers have been placed against an appropriate amount of Series 2019 Multimodal Bonds until the appropriate Series 2019 Multimodal Bonds are delivered to the Series 2019 Paying Agent. Upon such delivery, the Series 2019 Paying Agent shall make any necessary adjustments to the bond register.

Section 706 Series 2019 Multimodal Bonds Owned by City. Any Series 2019 Multimodal Bonds purchased by the City pursuant to Section 701 shall not be cancelled by the Series 2019 Paying Agent unless such cancellation is directed by an Authorized Representative but shall remain Outstanding for all purposes of this Supplemental Ordinance, except as otherwise provided herein or the General Bond Ordinance.

The City covenants and agrees that it shall not transfer or cause the transfer of any Series 2019 Multimodal Bond purchased by the City pursuant to Section 701 unless the City delivers to the Series 2019 Paying Agent a Favorable Opinion of Bond Counsel with respect to such transfer.

The City covenants and agrees that, in the event that at any time there are insufficient funds in the Bond Fund or the Redemption Account, as applicable, to pay the principal of and interest then due on the Outstanding Series 2019 Multimodal Bonds, it will surrender or cause to be surrendered to the Series 2019 Paying Agent for cancellation any Series 2019 Multimodal Bonds held by the City.

If all Outstanding Series 2019 Multimodal Bonds of any series or subseries bearing interest in a Term Rate Period or in an Index Rate Period are purchased by the City pursuant to Section 701, then, notwithstanding anything to the contrary in the Pricing Notice or this Supplemental Ordinance, including Section 502, (i) the date of such purchase by the City will be deemed to be the Purchase Date for such series or subseries of Series 2019 Multimodal Bonds, and (ii) the Term Rate or Index Rate, as applicable, will be deemed to have expired on the day immediately preceding such Purchase Date. Upon the City's successful purchase of such series or subseries of Series 2019 Multimodal Bonds, notwithstanding anything to the contrary in this Supplemental Ordinance, such series or subseries of Series 2019 Multimodal Bonds shall be subject to Conversion and remarketing without notice of Conversion being provided by the City pursuant to this Supplemental Ordinance.

ARTICLE VIII
MISCELLANEOUS

Section 801 Tax Covenants. In furtherance of Section 1037 of the General Bond Ordinance, the City, for and on behalf of the Department, represents and specifically agrees as follows (except to the extent that Series 2019 Multimodal Bonds are remarketed after a Conversion as obligations that are not Tax-Exempt):

A. General Covenants.

(1) The City hereby covenants that it shall not (i) make any use of the proceeds of the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds, or any other funds of the City; (ii) make or permit any use of the Airport Facilities financed or refinanced with the proceeds of the Refunded Bonds refunded through the Series 2019A Refunding Project, the Series 2019C Refunding Project, or the Series 2019D Refunding Project or (iii) take (or omit to take) any other action with respect to the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Tax Code, cause the interest on the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds to be included in gross income for federal income tax purposes.

(2) In particular, without limitation, the City hereby covenants that it shall not take (or omit to take) or permit or suffer any action to be taken if the result of the same causes the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds to be "arbitrage bonds" within the meaning of § 148 of the Tax Code

or causes the Series 2019D Bonds to be "private activity bonds" within the meaning of Section 141 of the Tax Code.

B. Rebate.

(1) Except as otherwise expressly provided therein, the City shall pay to the United States in accordance with the requirements of § 148(f) of the Tax Code an amount equal to the sum of (i) the excess of the amount earned on all nonpurpose investments allocable to the Series 2019A Bonds, the Series 2019C Bonds, and the Series 2019D Bonds (other than investments attributable to such excess) over the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Series 2019A Bonds, the Series 2019C Bonds, and the Series 2019D Bonds, plus (ii) any income attributable to such excess.

(2) The City shall maintain within the Airport System Fund a special and separate account hereby created and to be known as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019ACD Rebate Fund" (the "Series 2019ACD Rebate Fund"). The City shall maintain within the Series 2019ACD Rebate Fund such subaccounts as may be necessary, and the City shall deposit to the credit of, and make disbursements to the United States and otherwise from, the Series 2019ACD Rebate Fund such amounts, at such times, as shall be necessary hereunder.

(3) Any amounts so deposited to the credit of the Series 2019ACD Rebate Fund shall be derived from the Net Revenues of the Airport System or from such other legally available sources as the City may determine; provided, however, that the accumulation and application of Net Revenues for such purpose shall be subordinate in priority to the accumulation and application of Net Revenues required by Section 508 of the General Bond Ordinance.

(4) Notwithstanding any provision of this Section 801B, if the Treasurer shall obtain an opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized that any action required under this Section

801B is no longer required or that some further action is required to maintain the exclusion from federal income tax of interest on the Series 2019A Bonds, the Series 2019C Bonds, or the Series 2019D Bonds, the City may rely conclusively on such opinion in complying with the requirements of this Section 801B, and the covenants contained herein shall be deemed to be modified to that extent.

C. Tax Certificate. The Treasurer is hereby authorized to execute one or more tax certificates on behalf of the City in implementation of the covenants and agreements set forth in this Section 801, or to make any election permitted by the Tax Code and determined by the Treasurer to be to the advantage of the City; and the representations, agreements, and elections set forth therein shall be deemed the representations, agreements, and elections of the City, as if the same were set forth herein.

Section 802 Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

Section 803 Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 2019A Bonds, the Series 2019A Refunding Project, the Series 2019B Bonds, the Series 2019B Refunding Project, the Series 2019C Bonds, the Series 2019C Refunding Project, the Series 2019D Bonds, and the Series 2019D Refunding Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 2019A-D Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City for and on behalf of the Department.

COMMITTEE APPROVAL DATE: June 5, 2019

MAYOR-COUNCIL DATE: June 11, 2019

PASSED BY THE COUNCIL July 8, 2019

_______________ - PRESIDENT

APPROVED: _______________ - MAYOR Jul 10, 2019

ATTEST: _______________ - CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL June 27, 2019 ; July 11, 2019

PREPARED BY: HOGAN LOVELLS US LLP DATE: June 20, 2019

REVIEWED BY: Kevin Cain, Assistant City Attorney DATE: June 20, 2019

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Kristin M. Bronson, City Attorney

BY: _______________, Assistant City Attorney DATE: Jun 20, 2019

CITY AND COUNTY OF DENVER SEAL

(THIS PAGE INTENTIONALLY LEFT BLANK)

EXHIBIT A

(FORM OF MULTIMODAL BOND)

No. R-__________ $__________

UNITED STATES OF AMERICA
STATE OF COLORADO
CITY AND COUNTY OF DENVER
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM REVENUE BOND
SERIES 20___

INTEREST RATE	MATURITY DATE	ISSUE DATE	CUSIP
Variable	November 15, 20__	_________, 2019	

REGISTERED OWNER: ______________

PRINCIPAL AMOUNT: DOLLARS

The City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), for value received, hereby promises to pay (solely from the special funds provided therefor, as hereinafter set forth) in lawful money of the United States of America, to the registered Owner hereof, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the interest rates and on the dates (each, an "Interest Payment Date") described herein. The principal of and premium, if any, on this Bond are payable to the registered Owner hereof upon presentation and surrender of this Bond at the principal office of Zions Bancorporation, National Association, as paying agent (together with any successor as paying agent, the "Paying Agent"). Interest on this Bond shall be paid by check and mailed on the applicable Interest Payment Date to the registered Owner hereof as of the close of business on the Record Date at such registered Owner's address as it appears on the Bond Register. As used herein, "Record Date" means: (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; and (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the first (1st) day (whether or not a Business Day) of the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the City, designated as "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 20__" (the "Bonds"), all of which are being issued pursuant to the home-rule powers granted to the City in accordance with its Charter under article XX of the State Constitution, and pursuant to Ordinance No. 0777, Series of 2018, as amended and supplemented, including by Ordinance No. ___, Series of 2019, as supplemented by a Pricing Notice dated _______ __, 2019 (collectively, as amended or supplemented from time to time, the "General Bond Ordinance"). This recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance. Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the General Bond Ordinance provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the General Bond Ordinance.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, EQUALLY AND RATABLY SECURED BY AN IRREVOCABLE LIEN ON THE NET REVENUES AND CERTAIN FUNDS AND ACCOUNTS TO THE EXTENT PROVIDED IN THE GENERAL BOND ORDINANCE. THE BONDS DO NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT, WITHIN THE MEANING OF ANY CONSTITUTIONAL, CHARTER OR STATUTORY PROVISION OR LIMITATION, AND SHALL NOT BE CONSIDERED OR HELD TO BE GENERAL OBLIGATIONS OF THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT. THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT, HAS NOT PLEDGED ITS FULL FAITH AND CREDIT FOR THE PAYMENT OF THE BONDS.

Reference is hereby made to the General Bond Ordinance for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Net Revenue and the rights of the registered Owners of the Bonds and all the terms of the General Bond Ordinance are hereby incorporated herein and constitute a contract between the City and the registered Owner from time to time of this Bond, and to all the provisions thereof the registered Owner of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the General Bond Ordinance.

This Bond is payable both as to principal and interest, and as to any premium upon the redemption hereof, solely from Net Revenues of the Airport System and certain Airport System funds and accounts, all as provided in the General Bond Ordinance.

Interest Rate Determination Method, Rate Periods, Interest Payment Dates and Authorized Denominations

In the manner provided in the General Bond Ordinance, the term of this Bond will be divided into consecutive Rate Periods, which, as set forth and defined in the General Bond Ordinance, may be the Daily Rate Period, the Weekly Rate Period, the Commercial Paper Rate Period, the Term Rate Period, the Index Rate Period or the Fixed Rate Period. During each such Rate Period, this Bond shall bear interest at the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Index Rate, the Fixed Rate or the Stepped Rate, pursuant to the terms of and as defined in the General Bond Ordinance.

The initial Rate Period for this Bond shall be a Term Rate Period and during such initial Rate Period, subject to prior redemption or Conversion, this Bond shall bear interest at a Term Rate of ___% until the Purchase Date of [__________]. Subsequent Rate Period(s) and interest rate(s) for this Bond shall be determined in accordance with the provisions of the General Bond Ordinance.

This Bond shall bear interest payable to the registered Owner hereof from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for, or (iii) if the date of authentication of this Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. During Daily Rate Periods, Weekly Rate Periods, Index Rate Periods, or Commercial Paper Rate Periods, interest on this Bond shall be computed on the basis of a 365- or 366-day year for the number of days actually elapsed. During a Term Rate Period or the Fixed Rate Period, interest on this Bond shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. The term "Interest Payment Date" means: (a) with respect to this Bond:(i) in the Daily Rate Period or the Weekly Rate Period, the first Business Day of each calendar month; (ii) in the Commercial Paper Rate Period, the day immediately succeeding the last day of each Commercial Paper Rate Period applicable to this Bond; (iii) each Conversion Date; (iv) in the Term Rate Period or the Fixed Rate Period, each May 15 and November 15 occurring during such Term Rate Period or Fixed Rate Period, respectively; and (v) in the Index Rate Period, the first Business Day of each calendar month, or, if the City obtains a Favorable Opinion of Bond Counsel, such other periodic dates as shall be selected by the City in accordance with the General Bond Ordinance; (b) with respect to this Bond while bearing interest at the Daily Rate or the Weekly Rate, as applicable, any mandatory tender date on which a Series 2019 Credit Facility providing support for Bonds of the Series or subseries of Bonds of which this Bond is one is substituted; and (c) in all events, the final maturity date or redemption date of this Bond and any other date set forth in the initial Pricing Notice executed in connection with the initial issuance of this Bond or in connection with any Conversion of this Bond.

Pursuant to the General Bond Ordinance, at any one time, each Bond shall have the same Interest Rate Determination Method and shall bear interest at the same rate, except for Bonds that are Series 2019 Credit Facility Bonds, Bonds during a Commercial Paper Rate Period and Bonds of different maturities bearing interest at a Fixed Rate. At the times and subject to the conditions set forth in the General Bond Ordinance, the City may elect that the Bonds shall bear interest based on an Interest Rate Determination Method and for a Rate Period, different from the Interest Rate Determination Method or

Rate Period then applicable. Notice of adjustment of the Interest Rate Determination Method or Rate Period shall be given by the Paying Agent to the Owner of this Bond as set forth in the General Bond Ordinance.

During each Daily Rate Period, this Bond shall bear interest at the Daily Rate, determined by the Remarketing Agent by 9:30 a.m., New York City time, on each Business Day.

During each Weekly Rate Period that this Bond bears interest at the SIFMA Swap Index, this Bond shall bear interest at the Weekly Rate, determined by the Remarketing Agent by 5:00 p.m., New York City time on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week, provided that the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date.

During each period in which this Bond is bearing interest at a Stepped Rate, this Bond shall bear interest at such Stepped Rate or Rates as of the applicable Stepped Rate Determination Date for such as provided in the General Bond Ordinance.

During each Commercial Paper Rate Period, this Bond shall bear interest at the Commercial Paper Rate or rates applicable to this Bond. The Remarketing Agent shall select the Commercial Paper Rate Period or Periods for each of the Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than two hundred seventy (270) days.

During an Index Rate Period, this Bond shall bear interest at the Index Rate calculated on each Index Rate Determination Date by the Index Agent in accordance with the General Bond Ordinance. The City shall determine the Purchase Date, if any, with respect to such Index Rate Period in accordance with the General Bond Ordinance, and an Index Rate Period shall take effect upon satisfaction of the conditions in the General Bond Ordinance.

During a Term Rate Period after the initial Term Rate Period, this Bond shall bear interest at the Term Rate determined by the Remarketing Agent by 5:00 p.m. on the Term Rate Computation Date. The City shall select the duration of each Term Rate Period and each Term Rate Period shall end on a day that precedes a Business Day selected by the City that is a minimum of 180 days after commencement of such Term Rate Period but in no event later than the maturity date of this Bond.

During the Fixed Rate Period, this Bond shall bear interest at the Fixed Rate, determined by the Remarketing Agent on the Fixed Rate Computation Date in accordance with the provisions of the General Bond Ordinance.

In no event shall the interest rate on this Bond be greater than the Maximum Interest Rate.

This Bond shall be deliverable in the form of a fully registered Bond in the following denominations: (a) during any Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, $100,000 and any integral multiple of $5,000 in excess thereof; and (b) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, $5,000 and any multiple thereof; provided, however, that the City has the authority to specify the "Authorized Denominations" for this Bond in the Pricing Notice delivered in connection with the initial issuance of this Bond or a Conversion thereof. The initial Pricing Notice specified that the Authorized Denominations for this Bond shall be _______ during the initial Term Rate Period.

Notwithstanding the foregoing, if as a result of a Conversion of a series or subseries of this Bond from a Term Rate Period or an Index Rate Period to a Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, it is not possible to deliver all the Bonds of a series required or permitted to be Outstanding in a denomination permitted above, Bonds of this Series may be delivered, to the extent necessary, in different denominations.

Optional and Mandatory Tender Provisions

Bonds shall be subject to optional and mandatory tender as specified in the General Bond Ordinance.

Optional and Mandatory Redemption Provisions

Bonds shall be subject to optional and mandatory redemption as specified in the General Bond Ordinance.

Mandatory Tender and Purchase at Direction of City

On each date on which this Bond is subject to redemption at the option of the City, this Bond is also subject to mandatory tender for purchase by the City, in whole or in part, at a purchase price equal to the amount that would be payable upon the redemption of this Bond at the option of the City on such date. Notice of such mandatory tender for purchase shall be given by mail not more than 60 days nor less than 30 days before the date of purchase (the "Optional Purchase Date"). Such notice may be conditional and if conditional notice is given and the Paying Agent does not have sufficient funds available on the Optional Purchase Date to pay the purchase price of the Bonds (the "Optional Purchase Price") subject to mandatory tender for purchase on such Optional Purchase Date, then such purchase shall be cancelled and the City shall be under no obligation to purchase this Bond. If moneys sufficient to pay the Optional Purchase Price of the Bonds subject to mandatory tender for purchase are held by the Paying Agent on the Optional Purchase Date, all Bonds subject to mandatory tender for purchase on such Optional Purchase Date shall be deemed purchased by the City and neither the former Owner or former Beneficial Owner of this Bond nor any other person shall have any claim thereunder, under the General Bond Ordinance or otherwise, for any amount other than the Optional Purchase Price.

Amendments and Modifications

The rights and obligations of the City and of the Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the General Bond Ordinance, which provides, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Owners of Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the General Bond Ordinance, only upon the Bond Register at the Principal Office of the Series 2019 Bonds Registrar, by the registered Owner hereof in person, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Series 2019 Bonds Registrar, together with a written instrument of transfer satisfactory to the Series 2019 Bonds Registrar duly executed by the registered Owner or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the General Bond Ordinance, upon payment of any charges therein prescribed.

Persons Deemed Owners

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Owner hereof for all purposes, including receiving payment of, or on account of, the principal, Purchase Price or Optional Purchase Price hereof and any redemption premium and interest due hereon.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond Ordinance; and that this Bond does not contravene any constitutional, Charter or statutory limitation. The Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

No recourse shall be had for the payment of the principal, interest or premium, if any, of this Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance or other instrument pertaining thereto, against any individual member of the City Council of the City, or any officer or other agent of the City, past, present or future, either directly or indirectly through the City Council of the City or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

Reference is made to the General Bond Ordinance, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the City and other rights and remedies of the owners of the Bonds.

This Bond shall not be entitled to any benefit under the General Bond Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Series 2019 Bonds Registrar.

IN WITNESS WHEREOF, the City, for and on behalf of the Department, acting by and through the City Council of the City, has caused this Bond to be signed and executed in the name of the City, for and on behalf of the Department, and upon its behalf by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a facsimile of the seal of the City to be affixed hereon; and has caused this Bond to be executed and attested by the facsimile signature of the City Clerk and Recorder; all as of the Original Issue Date specified above.

CITY AND COUNTY OF DENVER, COLORADO,
for and on behalf of its Department of Aviation

By:______________________________
Mayor

(SEAL)

Attest:

____
City Clerk and Recorder

Countersigned:

____
City Auditor

CERTIFICATE OF AUTHENTICATION

This is one of the Series 20__ Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2019 Bonds Registrar for such Series 20___ Bonds.

ZIONS BANCORPORATION, National Association, as the Series 2019 Bonds Registrar

By:_________________________________
Authorized Signatory

Date of Authentication: __________, 2019

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

____

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFICATION NUMBER OF ASSIGNEE

____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

____

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:____

Signature:____
(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever

SIGNATURE GUARANTEED, by a Member of the Medallion Signature Program:

____

EXHIBIT B

(FORM OF FIXED INTEREST RATE BOND)

No. R-__________ $__________

UNITED STATES OF AMERICA
STATE OF COLORADO
CITY AND COUNTY OF DENVER
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM REVENUE BOND
SERIES 20___

INTEREST RATE	MATURITY DATE	ISSUE DATE	CUSIP
[0.00]%	November 15, 20__	_________, 2019	

REGISTERED OWNER: __________

PRINCIPAL AMOUNT: DOLLARS

The City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), for value received, hereby promises to pay (solely from the special funds provided therefor, as hereinafter set forth) in lawful money of the United States of America, to the registered Owner hereof, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the interest rate per annum specified above based on a 360-day year of twelve 30-day months, payable on ________ 15, 2019, and semiannually thereafter on November 15 and May 15 of each year and at maturity or upon the prior redemption thereof (each, an "Interest Payment Date"). This Bond shall pay interest to the registered Owner hereof from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for, or (iii) if the date of authentication of this Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the

Interest Payment Date immediately succeeding such date of authentication. As long as the Bonds of the Series of which this Bond is a part are book-entry bonds, principal and premium, if any, of and interest on such Bonds shall be payable by wire transfer to DTC in lawful money of the United States of America. The principal of and premium, if any, on this Bond are payable to the registered Owner hereof upon presentation and surrender of this Bond at the principal office of Zions Bancorporation, National Association, as paying agent (together with any successor as paying agent, the "Paying Agent"). Interest on this Bond shall be paid by check and mailed on the applicable Interest Payment Date to the registered Owner hereof as of the close of business on the Record Date at such registered Owner's address as it appears on the Bond Register. As used herein, "Record Date" means the first (1st) day (whether or not a Business Day) of the month in which such Interest Payment Date occurs.

This Bond is one of a duly authorized issue of bonds of the City, designated as "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 20__" (the "Bonds"), all of which are being issued pursuant to the home-rule powers granted to the City in accordance with its Charter under article XX of the State Constitution, and pursuant to Ordinance No. 0777, Series of 2018, as amended and supplemented, including by Ordinance No. ___, Series of 2019, as supplemented by a Pricing Notice dated _______ __, 2019 (collectively, as amended or supplemented from time to time, the "General Bond Ordinance"). This recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance. Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the General Bond Ordinance provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the General Bond Ordinance.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, EQUALLY AND RATABLY SECURED BY AN IRREVOCABLE LIEN ON THE NET REVENUES AND CERTAIN FUNDS AND ACCOUNTS TO THE EXTENT PROVIDED IN THE GENERAL BOND ORDINANCE. THE BONDS DO NOT CONSTITUTE A DEBT OR AN

INDEBTEDNESS OF THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT, WITHIN THE MEANING OF ANY CONSTITUTIONAL, CHARTER OR STATUTORY PROVISION OR LIMITATION, AND SHALL NOT BE CONSIDERED OR HELD TO BE GENERAL OBLIGATIONS OF THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT. THE CITY, FOR AND ON BEHALF OF THE DEPARTMENT, HAS NOT PLEDGED ITS FULL FAITH AND CREDIT FOR THE PAYMENT OF THE BONDS.

Reference is hereby made to the General Bond Ordinance for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Net Revenue and the rights of the registered Owners of the Bonds and all the terms of the General Bond Ordinance are hereby incorporated herein and constitute a contract between the City and the registered Owner from time to time of this Bond, and to all the provisions thereof the registered Owner of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the General Bond Ordinance.

This Bond is payable both as to principal and interest, and as to any premium upon the redemption hereof, solely from Net Revenues of the Airport System and certain Airport System funds and accounts, all as provided in the General Bond Ordinance.

Optional and Mandatory Redemption Provisions

The Bonds of the Series of which this Bond is a part are subject to optional and mandatory redemption as specified in the General Bond Ordinance.

Amendments and Modifications

The rights and obligations of the City and of the Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the General Bond Ordinance, which provides, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Owners of Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the General Bond Ordinance, only upon the Bond Register at the Principal Office of the Series 2019 Bonds Registrar, by the registered Owner hereof in person, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Series 2019 Bonds Registrar, together with a written instrument of transfer satisfactory to the Series 2019 Bonds Registrar duly executed by the registered Owner or his or her duly authorized attorney, and thereupon a new Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the General Bond Ordinance, upon payment of any charges therein prescribed.

Persons Deemed Owners

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Owner hereof for all purposes, including receiving payment of, or on account of, the principal of and interest due hereon.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond Ordinance; and that this Bond does not contravene any constitutional, Charter or statutory limitation. The Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

No recourse shall be had for the payment of the principal, interest or premium, if any, of this Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance or other instrument pertaining thereto, against any individual member of the City Council of the City, or any officer or other agent of the City, past, present or future, either directly or indirectly through the City Council of the City or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

Reference is made to the General Bond Ordinance, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the City and other rights and remedies of the owners of the Bonds.

This Bond shall not be entitled to any benefit under the General Bond Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Series 2019 Bonds Registrar.

IN WITNESS WHEREOF, the City, for and on behalf of the Department, acting by and through the City Council of the City, has caused this Bond to be signed and executed in the name of the City, for and on behalf of the Department, and upon its behalf by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a facsimile of the seal of the City to be affixed hereon; and has caused this Bond to be executed and attested by the facsimile signature of the City Clerk and Recorder; all as of the Original Issue Date specified above.

CITY AND COUNTY OF DENVER, COLORADO,
for and on behalf of its Department of Aviation

By:______________________________
Mayor

(SEAL)

Attest:

____
City Clerk and Recorder

Countersigned:

____
City Auditor

CERTIFICATE OF AUTHENTICATION

This is one of the Series 20__ Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2019 Bonds Registrar for such Series 20___ Bonds.

ZIONS BANCORPORATION, National Association, as the Series 2019 Bonds Registrar

By:________________________________
Authorized Signatory

Date of Authentication: __________, 2019

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

____

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFICATION NUMBER OF ASSIGNEE

____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

____

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:____

Signature:____
(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever

SIGNATURE GUARANTEED, by a Member of the Medallion Signature Program:

____

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM REVENUE BONDS
SERIES 2019A – MAXIMUM PRINCIPAL AMOUNT OF $210,000,000
SERIES 2019B – MAXIMUM PRINCIPAL AMOUNT OF $30,000,000
SERIES 2019C – MAXIMUM PRINCIPAL AMOUNT OF $160,000,000
SERIES 2019D – MAXIMUM PRINCIPAL AMOUNT OF $100,000,000

TABLE OF CONTENTS

This Table of Contents is not a part of the Series 2019ABCD Airport System Supplemental Bond 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.

* * *

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

DEN

CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018 AND 2017

DENVER INTERNATIONAL AIRPORT

(THIS PAGE INTENTIONALLY LEFT BLANK)

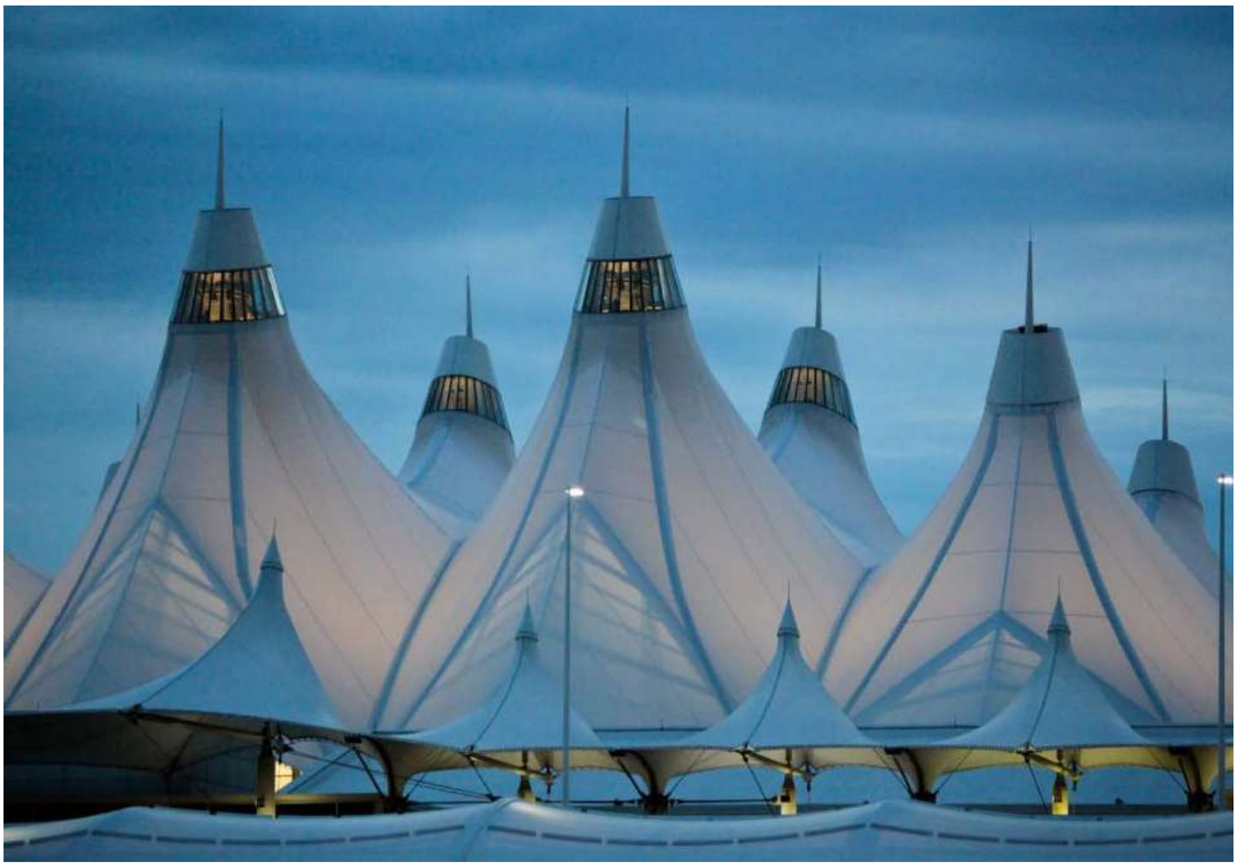
CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018 AND 2017

2018 ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION (UNAUDITED)



Introduction

The Municipal Airport System (Airport) is organized as a department of the City and County of Denver, Colorado (the City). The Airport includes Denver International Airport (DEN or the Airport) and former Stapleton International Airport (Stapleton). The Airport is headed by a Chief Executive Officer who reports directly to the Mayor. In addition, the senior management team further consists of five executive vice presidents. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel to provide a better understanding of the Airport.

The Airport is an enterprise fund of the City. Enterprise funds are defined as government-owned businesses authorized to issue their own revenue bonds and receive fewer than 10% of their annual revenues in grants from all State and Local governments combined. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

Description of DEN

Situated approximately 24 miles northeast of downtown Denver, DEN is the primary air carrier airport serving the region. According to Airports Council International, in 2018, DEN was the fifth busiest airport in the United States and the twentieth busiest in the world, serving 64.5 million passengers. DEN comprises approximately 33,800 acres (53 square miles) of land, an area twice the size of the island of Manhattan and is the second largest physical airport in the world. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road which connects Interstate 70 and intersects with E-470 toll highway. DEN has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide, providing unrestricted global access for any airline and the ability to accommodate fully loaded jumbo jets, including the Airbus A-380.

The Airport's passenger terminal complex has a landside terminal and three airside concourses, as well as cargo and general aviation facilities. The landside terminal accommodates passenger ticketing, baggage claim, concessions, and passenger screening and is flanked by roads and curbs for public and private vehicles. Automobile parking is available in public garages adjacent to the landside terminal and in surface parking lots. DEN has a total of 16,638 parking spaces in the public garages and 27,227 spaces in the surface parking lots. Spaces are also provided for employee parking. Additional passenger services include car rental facilities and ground transportation. On November 19, 2015, a new 519-room Westin hotel and conference center was opened to the public and is connected to the terminal via a public plaza. On April 22, 2016, passenger rail service to downtown Denver began via a train station in the same area.

Passengers travel between the landside terminal and three airside concourses (Concourses A, B, and C) via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The passenger terminal complex includes a landside terminal and three airside concourses with a total of 111 full-service contact gates and 24 ground loading positions.

Metro Area

The Denver Metropolitan Area (Metro Denver), with a population of more than 3.2 million, is the primary region served by DEN. Metro Denver is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Metro Denver is home to 10 Fortune 500 companies, and was ranked #4 in “Best Places for Business and Careers” by Forbes Magazine in 2018. U.S. News and World Report also ranked Denver #2 in “Best Places to Live” in 2019.

Metro Denver’s diverse employment base across various industries, central location and transformation of its transportation network has positioned it to become a key distribution hub, fostering strong economic growth and development for the region/state. Metro Denver’s unemployment rate was 2.9% as of December 2018.

Air Traffic

Located close to the geographic center of the United States mainland, the City has long been a major air transportation hub. DEN has airline service to more than 200 cities. Denver’s natural geographic advantage as a connecting hub location has been enhanced by the Airport’s ability to accommodate aircraft landings and takeoffs in virtually all weather conditions. Total passenger traffic at DEN was up 5.1% in 2018 from 2017, compared with a national average increase of 4.8% as reported by the Department of Transportation’s Bureau of Transportation Statistics (BTS). In 2018, 64.5 million passengers traveled through DEN, with approximately 64.2% originating or terminating their air journeys at DEN, and 35.8% connecting to flights beyond DEN. Originating and destination traffic (O&D) increased by 5.6% in 2018 from 2017. As shown in Table 1, as of December 31, 2018, 27 airlines provided scheduled passenger service at DEN: 10 major/national airlines, seven regional/commuter airlines, and 10 foreign-flag airlines.

In addition, several passenger charter and all-cargo airlines, including Federal Express and United Parcel Service provide service at the Airport.

Table 1
Scheduled Passenger Airlines Serving Denver
(as of December 31, 2018)

Major/National	Regional/Commuter
Alaska Airlines	American Eagle
Allegiant Air	Boutique Air
American Airlines	California Pacific Airlines
Delta Air Lines	Denver Air Connection
Frontier Airlines	Delta Connection
JetBlue Airways	Elite Airways
Southwest Airlines	United Express
Spirit Airlines	
Sun Country Airlines	**Foreign Flag**
United Airlines	Aeromexico
	Air Canada
	British Airways
	Copa Airlines
	Edelweiss
	Icelandair
	Lufthansa German Airlines
	Norwegian Air Shuttle
	Volaris
	WestJet

Airline Use & Lease Agreements

On September 19, 2014, United Airlines and the Airport agreed to an additional 10-year lease commitment provided that the Airport restructure debt by December 31, 2014. The amendment became effective on January 1, 2015 and extends the lease to February 28, 2035. All other signatory airlines, including Southwest and Frontier, operate under two-year Use & Lease Agreements which expired on December 31, 2018. The agreements have been extended through December 31, 2019 with the exercise of the one-year option, with an additional one-year option to extend lease through December 31, 2020.

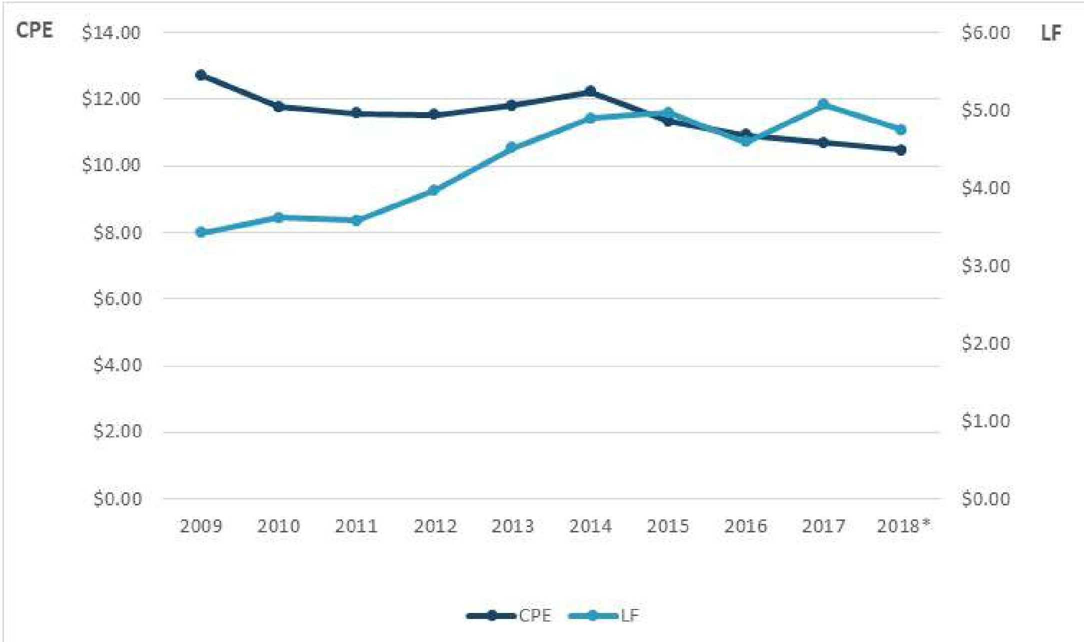
Airlines Rates, Fees, and Charges

The Airport has a hybrid rate structure that is established by the Use & Lease Agreements which is a combination of residual and compensatory rate methods based on cost recovery principles. Residual cost centers recover the full cost of operations from the airlines (e.g. airfield). Compensatory cost centers recover only the costs associated with the space that has been leased by the airlines (e.g. terminal buildings) and allows the Airport to lease vacant space to concessionaires and other tenants for non-airline revenue opportunities. These opportunities allow the Airport to generate free cash flow for reinvestment. In return, the Use & Lease Agreement has established a revenue share between the Airport and airlines, with the airlines receiving 50% of the net revenue up to a $40 million cap per year. In 2018, the Airport is estimated to deposit $113.0 million into the capital improvement account that can be used for any lawful airport purpose. The net revenue available for sharing for the years ended December 31, 2009 through 2018 is reflected in Table 2 below:

Table 2
Net Revenue Available for Sharing
(In thousands)

Year	Total	Airport share
2009	49,681	24,481
2010	87,188	47,188
2011	126,686	86,686
2012	121,695	81,695
2013	122,784	82,784
2014	134,612	94,612
2015	130,147	90,147
2016	112,091	72,091
2017	135,976	95,976
2018*	153,000	113,000

*Estimated amount
Source: Airport Management



CPE = Cost per enplaned passenger. The numbers above reflect an average across all carriers. Individual airlines may have a CPE higher or lower than this based on their individual operating models.

LF = Landing Fee is based on cost per 1,000 lbs. landed weight.

Note: Airport Year-End Settlement Reports

*Landing Fee and CPE are not finalized until the year-end settlement is completed

During the time period shown above, the overall CPE has trended downward as a result of continued enplanement growth, the effective management of airline costs, as well as changes in leased space.

During the time period shown above, the landing fee has been impacted by changes in landed weight, as well as increases in airfield expenses and debt service requirements.

United Group

United Group (United) includes the operations of United Airlines, as well as regional affiliate airlines operating under the United Express brand. United is one of the world's largest airlines and is the principal air carrier operating at DEN. United operates a major connecting hub at DEN under a Use & Lease Agreement with the City that expires in 2035. United currently leases 54 full-service contact gates on Concourse B and 14 ground loading positions. At DEN, United accounted for 43.5% of total passengers in 2018.

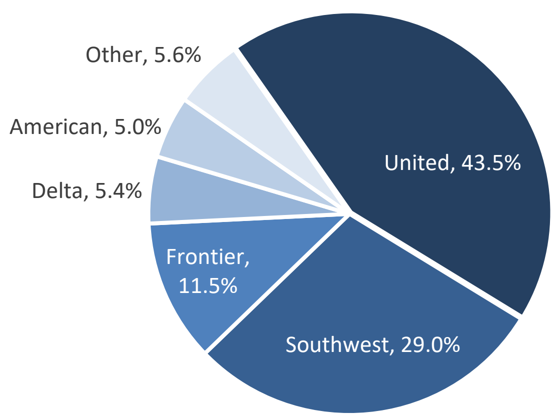
Southwest Airlines

Southwest Airlines (Southwest) has the second largest market share at the Airport for 2018. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at DEN, which is the airline's fourth busiest station in its system. Southwest leases 25 full-service contact gates on Concourse C. Southwest accounted for 29.0% of total passengers in 2018.

Frontier Airlines

Frontier Airlines (Frontier) has the third largest market share at DEN for 2018. DEN is Frontier's only hub and, in 2018, the busiest airport in the Frontier system. Frontier has transformed its business model from a low-cost carrier to an ultra-low-cost carrier. Frontier leases eight full-service contact gates on Concourse A. Frontier accounted for 11.5% of total passengers in 2018.

Airline Market Share
2018 Total Passengers



Cash Management

The Airport's cash is under the control of the City's Chief Financial Officer who invests the funds pursuant to the City's Investment Policy. As of December 31, 2018 and 2017, cash and investments totaled $4.0 billion and $1.7 billion, respectively. Current investment vehicles include municipal securities, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. In 2018 and 2017, the City charged fees of $0.5 million and $0.4 million, respectively, to the Airport for performing the cash management function.

Accounting and Internal Control

The Airport follows accounting principles generally accepted in the United States of America applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with these accounting principles. In developing and evaluating the Airport's accounting system, consideration has been given to the adequacy of internal controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe that the Airport's process of internal control adequately safeguards assets and provides reasonable assurance that financial transactions are recorded properly.

Acknowledgments

The preparation of this report in a timely and efficient manner is the result of, in large part, the dedicated service and professionalism of the Airport's accounting staff. We thank all members of the Airport who contributed to the preparation of the report.

Respectfully Submitted,

Kim Day
Chief Executive Officer

Gisela Shanahan
Chief Financial Officer

BKD
CPAs & Advisors

1801 California Street, Suite 2900 | Denver, CO 80202-2606
303.861.4545 | Fax 303.832.5705 | bkd.com

Independent Auditor's Report

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying financial statements of the City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, Colorado (the City), as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Airport System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2018 and 2017, and the respective changes in financial position and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only those portions of the business-type activities of the City that are attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2018, the Airport System adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Audit Committee
City and County of Denver

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport System's basic financial statements. The information as listed in the table of contents under "Introductory Section" and "Other Information Section", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Denver, Colorado
June 18, 2019

2018 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS(UNAUDITED)

Management's Discussion and Analysis (MD&A) (Unaudited)

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the twelve months ended December 31, 2018, 2017 and 2016. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenue at the Airport totaled $808.4 million, an increase of $39.4 million, or 5.1%, for the twelve-month period ended December 31, 2018, as compared to the twelve-month period ended December 31, 2017. Airline revenue totaled $358.0 million, up $5.9 million, or 1.7%, driven by higher facility rental rates. Non-airline revenue totaled $450.3 million, up $33.5 million, or 8.0%, primarily due to an increase in total passengers of 5.1%, which resulted in an incremental increase in non-airline operating revenues. Non-airline revenue represented 55.7% of total operating revenue.

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

Overview of the Financial Statements

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

This report also includes required supplementary information for the Airport's pension information, other postemployment benefit plan and other information presented for the purposes of additional analysis.

The Governmental Accounting Standards Board (GASB) allows the Airport to present comparative financial statements, but requires that the Airport's MD&A address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – current year, the prior year and the year preceding the prior year (i.e., 2018, 2017 and 2016). During 2018, the Airport adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This GASB was effective for fiscal years beginning after June 15, 2017. The implementation of the GASB 75 required the Airport to record beginning net Other Postemployment Benefits (OPEB) liability and deferred inflows and outflows of resources related to OPEB with the effect of a reduction of $18.7 million on the beginning of 2018 unrestricted net position. The 2017 financial statements were not restated as it was not practical to do so as the actuarial data required to restate was not available.

Additional information related to the Airport's OPEB plan can be found in note 17.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2018, 2017, and 2016 ($ in thousands):

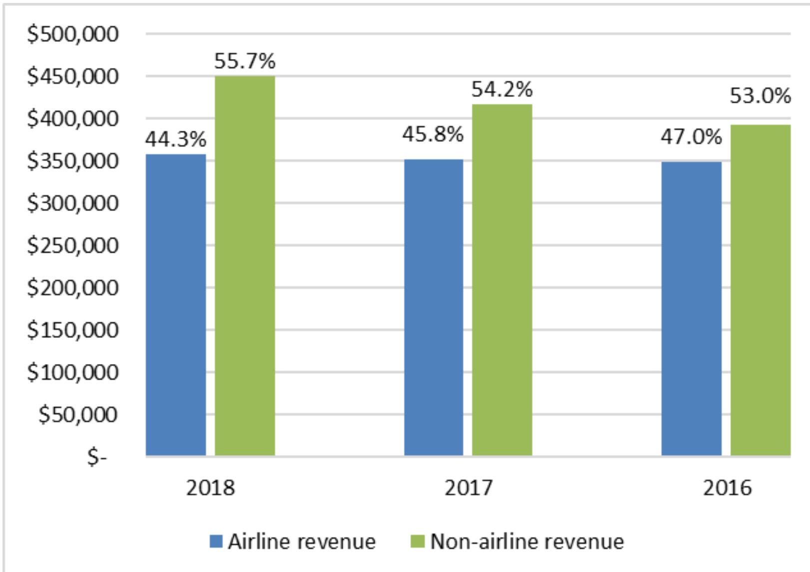
	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Operating revenue	$ 808,360	$ 768,925	$ 742,529	$ 39,435	5.1%
Less: operating expenses	474,314	453,532	469,810	20,782	4.6%
Operating income before depreciation and amortization	334,046	315,393	272,719	18,653	5.9%
Less: depreciation and amortization	193,009	183,351	179,692	9,658	5.3%
Operating income	141,037	132,042	93,027	8,995	6.8%
Nonoperating revenues	233,844	189,763	174,074	44,081	23.2%
Less: nonoperating expenses	237,631	188,152	161,966	49,479	26.3%
Capital grants and contributions	26,730	55,879	3,553	(29,149)	(52.2%)
Increase in net position	163,980	189,532	108,688	(25,552)	(13.5%)
Net position, beginning of year, as previously reported	1,023,673	834,141	725,453	189,532	22.7%
Cumulative effect of change in accounting principle	(18,688)	-	-	(18,688)	(100.0%)
Net position, beginning of year, as adjusted	1,004,985	834,141	725,453	170,844	20.5%
Net position, end of year	$ 1,168,965	$ 1,023,673	$ 834,141	145,292	14.2%

The following is a summary of operating revenues for the years ended December 31, 2018, 2017, and 2016 ($ in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Operating revenue:					
Airline revenue					
Facility rentals	$ 196,065	$ 180,443	$ 198,407	$ 15,622	8.7%
Landing fees	161,981	171,708	150,850	(9,727)	(5.7%)
Total airline revenue	358,046	352,151	349,257	5,895	1.7%
Non-airline revenue					
Parking	189,890	176,006	176,949	13,884	7.9%
Concession	83,297	68,269	67,408	15,028	22.0%
Car Rental	72,621	71,806	66,727	815	1.1%
Hotel	53,304	47,412	43,262	5,892	12.4%
Aviation fuel tax	25,039	25,993	18,892	(954)	(3.7%)
Ground transportation	17,313	12,449	10,594	4,864	39.1%
Other sales and charges	8,850	14,839	9,440	(5,989)	(40.4%)
Total non-airline revenue	450,314	416,774	393,272	33,540	8.0%
Total operating revenue	$ 808,360	$ 768,925	$ 742,529	$ 39,435	5.1%

Total Operating Revenues

(% of total)



2018/2017

Total airline revenues at the Airport were $358.0 million, an increase of $5.9 million, or 1.7%, for the year ended December 31, 2018, as compared to the year ended December 31, 2017.

Facility rental revenue increased by $15.6 million, or 8.7%, resulting from an increase in the terminal complex rental rate in 2018, as well as an increase in the costs related to the Automatic Guideway Transit System (AGTS) due to increased passenger traffic growth and utilization of the airport.

Landing fee revenue decreased by $9.7 million, or 5.7%, driven by the decrease in airfield debt service requirements.

Total non-airline revenues at the Airport were $450.3 million, an increase of $33.5 million, or 8.0%, for the year ended December 31, 2018, as compared to the year ended December 31, 2017.

Parking revenue increased by $13.9 million, or 7.9%, primarily due to rate increases in the garage and economy parking lots, which went into effect February 15, 2018. Garage rates increased to $25 per day (formerly $24), and economy lot rates increased to $16 per day (formerly $13) for the first three days then the rate reduces to $15 for subsequent days.

Concession revenue increased by $15.0 million, or 22.0%, due to a 5.0% increase in total enplaned passengers, as well as a 3.2% increase in sales per enplanement. Additional factors driving the year-over-year increase include the continued refresh of existing concession locations, and an increase in advertising revenues.

Car rental revenue increased by $0.8 million, or 1.1%, primarily due to an increase in O&D passengers.

Hotel revenue increased by $5.9 million, or 12.4%, primarily due to an increase in total occupancy from 69.9% to 75.7%, combined with a 5.2% increase in average room rates.

Aviation fuel tax revenue decreased by approximately $1.0 million, or 3.7%. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground Transportation revenue increased $4.9 million, or 39.1%, due to growth of transportation network companies, as well as an increase in O&D passenger traffic. In addition, approximately $1.0 million of the year-over-year increase is attributable to the result of a one-time adjustment to ground transportation revenue.

Other sales and charges revenue decreased by $6.0 million, or 40.4%, due to lower various operational and revenue sources, combined with a decrease in interest charged.

The Airport's activities changed as described below for the year ended December 31, 2018, as compared to 2017:

	2018	2017	Percentage Change
Passengers (in thousands)	64,495	61,379	5.1%
Enplanements (in thousands)	32,259	30,714	5.0%
Landed Weight (in millions)	35,216	33,884	3.9%
Aircraft Operations (in thousands)(1)	603	582	3.6%
Cargo (in thousand tons)	307	292	5.1%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

2017/2016

Total airline revenues at the Airport were $352.1 million, an increase of $2.9 million, or 0.8%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016.

Facility rentals decreased by $18.0 million, or 9.1%, primarily driven by a reduction in the terminal complex rental rate.

Landing fees increased by $20.9 million, or 13.8%, driven by the increase in airfield debt service requirements.

Total non-airline revenues at the Airport were $416.8 million, an increase of $23.5 million, or 6.0%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016.

Parking revenue decreased by $0.9 million, or 0.5%, due to parking rates remaining unchanged vs. 2016. The offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off-Site Parking) has also caused year-over-year growth to flatten.

Concession revenues between 2017 and 2016 increased $0.8 million, or 1.3%, due to the openings of new locations along with an increase in enplaned passengers.

Car rental revenue increased by $5.1 million, or 7.6%, due to an increase in O&D passengers.

Hotel revenues between 2017 and 2016 increased $4.1 million, or 9.6%, due to an increase in rooms sold as well as an increase in food and beverage sales.

Aviation fuel tax increased by $7.1 million, or 37.6%, due to an increase in operations, as well as increases in fuel prices. Total operations increased by 10 thousand, or 1.6%, year-over-year.

Ground Transportation increased $1.9 million, or 17.5%, due to an increase in Uber and Lyft growth as well as an increase in O&D passenger traffic.

Other sales and charges increased by $5.4 million, or 57.2%, primarily due to an increase in oil and gas revenue as well as an increase in interest charged on late payments.

The Airport's activities changed as described below for the year ended December 31, 2017, as compared to 2016:

	2017	2016	Percentage Change
Passengers (in thousands)	61,379	58,267	5.3%
Enplanements (in thousands)	30,714	29,140	5.4%
Landed Weight (in millions)	33,884	32,421	4.5%
Aircraft Operations (in thousands)(1)	582	573	1.6%
Cargo (in thousand tons)	292	276	5.8%

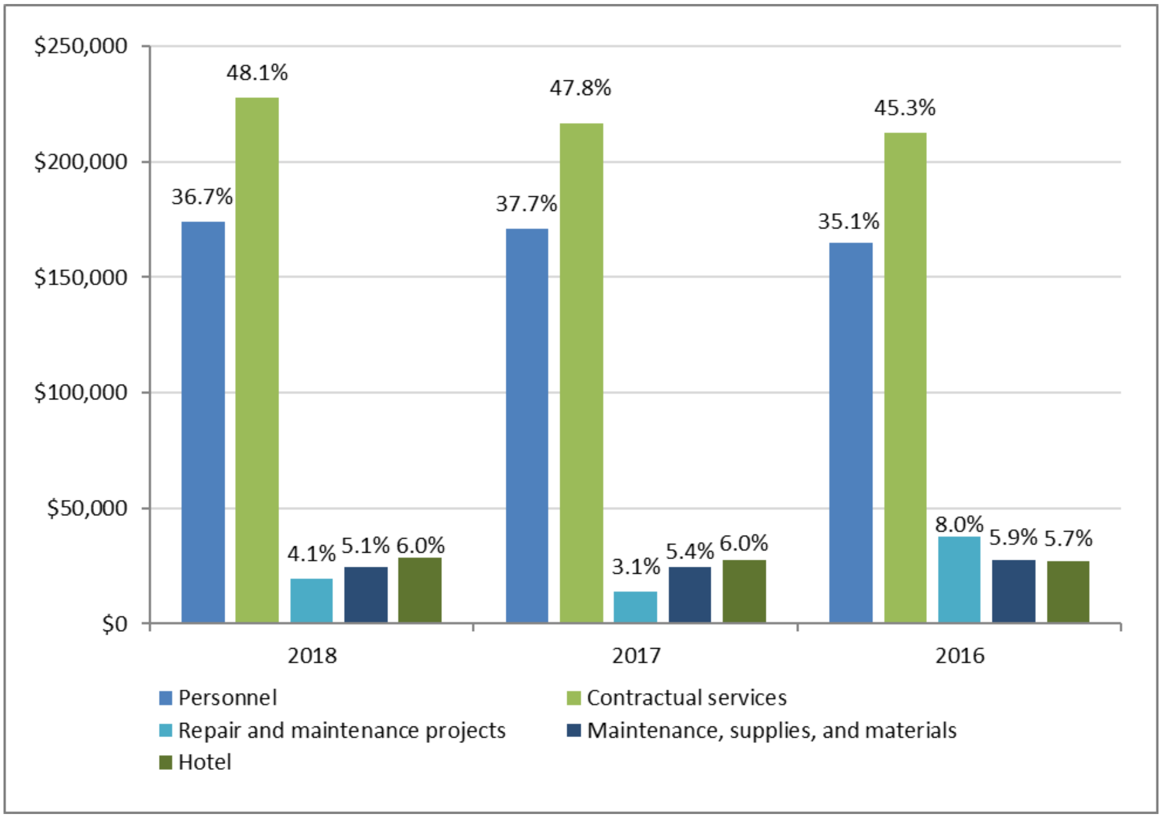
(1)Aircraft operations are takeoffs, landings, or other communications with the control tower.

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2018, 2017, and 2016 ($ in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Personnel	$ 173,979	$ 171,151	$ 165,114	$ 2,828	1.7%
Contractual services	227,918	216,501	212,699	11,417	5.3%
Repair and maintenance projects	19,423	14,071	37,514	5,352	38.0%
Maintenance, supplies, and materials	24,378	24,452	27,547	(74)	(0.3%)
Hotel	28,616	27,357	26,936	1,259	4.6%
Total operating expenses before depreciation and amortization	$ 474,314	$ 453,532	$ 469,810	$ 20,782	4.6%

Operating Expenses before Depreciation and Amortization

(% of total)



2018/2017

Operating expenses, exclusive of depreciation and amortization, were $474.3 million for the year ended December 31, 2018, an increase of $20.8 million, or 4.6%, as compared to year ended December 31, 2017.

Personnel expenses increased by $2.8 million, or 1.7%, primarily driven by annual merit and benefit cost increases, as well as increases in police and fire salaries.

Contractual services expenses increased by $11.4 million, or 5.3%, primarily due to increased maintenance services and other key professional services contracts to support continued passenger growth.

Repair and maintenance expenses increased by $5.4 million, or 38.0%, due to more non-capitalizable project expenditures.

Maintenance, supplies, and materials expenses remained flat year-over-year.

Hotel expenses increased by $1.3 million, or 4.6%, due to an increase in occupancy over the prior year.

2017/2016

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 year ended December 31, 2016.

Personnel increased $6.0 million, or 3.7%, in 2017, primarily due to annual merit increases, as well as increases in police and fire compensation.

Contractual Services increased by $3.8 million, or 1.8%, driven by increased maintenance services, higher utility rates, and additional key professional services partially offset by snow removal savings.

Repair and Maintenance decreased by $23.4 million, or 62.5%, as more projects were deemed to extend asset lives and therefore were capitalized, primarily due to the types of capital in 2017 vs. 2016.

Maintenance, Supplies and Materials decreased by $3.1 million, or 11.2%, due to decreased spend on snow removal chemicals. 21.8 inches of snow fell during the 2017/2016 season compared to 72.8 inches during the 2016/2015 season.

Hotel expenses between 2017 and 2016 increased $0.4 million, or 1.6%, due to an increase in occupancy over prior year. 2017 occupancy rate was 69.9% compared to an occupancy rate of 61.8% for 2016.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2018/2017

Total nonoperating revenues increased by $44.1 million, or 23.2%, primarily due to increases in passenger facility charges, as a result of increases in enplanements. In addition, investment income increased resulting from bond proceeds issued with the Airport System Subordinate Revenue Series 2018A (AMT) bonds (Series 2018A) and 2018B (Non-AMT) bonds (Series 2018B).

Total nonoperating expenses increased by $49.5 million, or 26.3%, primarily due to interest expense associated with the Series 2018A bonds and Series 2018B bonds.

In 2018 and 2017, capital grants totaled $26.7 million and $55.9 million, respectively. The decrease in 2018 from 2017 was driven by Transportation Security Administration 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.

2017/2016

Total nonoperating revenues, net of nonoperating expenses, decreased by $10.5 million, or 86.7%, 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 Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system, as well as Federal Aviation Administration grant funding to maintain and rehabilitate runways and taxiways.

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2018, 2017, and 2016 ($ in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Assets:					
Current assets, unrestricted[1]	$ 346,850	$ 220,362	$ 146,040	$ 126,488	57.4%
Current assets, restricted	1,116,062	244,878	129,475	871,184	355.8%
Noncurrent investments, unrestricted	503,915	446,630	650,222	57,285	12.8%
Noncurrent Investments, restricted	2,168,124	926,510	703,670	1,241,614	134.0%
Long-term receivables	29,716	29,018	7,041	698	2.4%
Capital assets, net	3,826,587	3,651,252	3,538,597	175,335	4.8%
Bond insurance costs, net	384	439	1,725	(55)	(12.5%)
Interest rate swaps	13,226	27,686	33,206	(14,460)	(52.2%)
Total assets	8,004,864	5,546,775	5,209,976	2,458,089	44.3%
Deferred outflows of resources	119,394	156,426	197,481	(37,032)	(23.7%)
Liabilities:					
Current liabilities, unrestricted	215,707	196,299	159,341	19,408	9.9%
Current liabilities, restricted	257,538	244,343	215,149	13,195	5.4%
Bonds payable, noncurrent	6,215,968	3,941,423	3,865,703	2,274,545	57.7%
Interest rate payable swaps, noncurrent	78,388	119,484	154,486	(41,096)	(34.4%)
Notes payable, noncurrent	4,427	7,600	11,193	(3,173)	(41.8%)
Compensated absences payable, noncurrent	7,751	7,421	7,204	330	4.4%
Net pension liability	140,679	153,874	158,033	(13,195)	(8.6%)
Net OPEB liability	18,548	-	-	18,548	100.0%
Total liabilities	6,939,006	4,670,444	4,571,109	2,268,562	48.6%
Deferred inflows of resources	16,287	9,084	2,207	7,203	79.3%
Net position (deficit)					
Net investment in capital assets (deficit)	(29,619)	78,760	(141,151)	(108,379)	(137.6%)
Restricted	507,237	487,601	466,897	19,636	4.0%
Unrestricted	691,347	457,312	508,395	234,035	51.2%
Total net position	$ 1,168,965	$ 1,023,673	$ 834,141	$ 145,292	14.2%

[1] Accounts receivable net of allowance for doubtful accounts of $3,442, $2,151, and $236 respectively

2018/2017

Total assets increased by $2.5 billion, or 44.3%, compared to December 31, 2017. This was primarily due to an increase of $2.3 billion, or 134.5%, in total cash and investments, as well as an increase of $175.3 million, or 4.8%, in total capital assets. The increase in total cash and investments is due to the issuance of Series 2018A and Series 2018B bonds for $2.5 billion. The increase in total capital assets is due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program.

Total deferred outflows of resources decreased by $37.0 million, or 23.7%, due to the amortization of deferred losses on bond refundings, as well as pension adjustments as required under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) and the implementation of GASB 75.

Total liabilities increased by $2.3 billion, or 48.6%, compared to December 31, 2017. This was primarily due to a $2.3 billion, or 57.7%, increase in noncurrent bonds payable as a result of the issuance of Series 2018A and Series 2018B bonds, as well as a $18.5 million increase due to the implementation of GASB 75. This increase was partially offset by a $41.1 million, or 34.4%, decrease in interest rate swaps, a $13.2 million, or 8.6%, decrease in net pension liabilities, and a $9.8 million, or 75.8%, decrease in restricted vouchers payable.

Total deferred inflows of resources increased by $7.2 million, or 79.3%, due to pension adjustments as required under GASB 68 and the implementation of GASB 75.

The Airport's 2018 total net position is $1.2 billion, of which 43.4% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $496.0 million for debt service and $11.3 million for capital projects.

The remaining net position consist of unrestricted balance of $691.3 million which may be used to meet any of the Airport's ongoing operational needs. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt coverage requirements.

In addition, ($29.6) million represent the Airport's net investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2017/2016

Total assets increased by $336.8 million, or 6.5%, compared to December 31, 2016. This was primarily due to an increase of $160.8 million, or 10.4%, in total cash and investments, as well as an increase of $112.7 million, or 3.2%, in total capital assets. The increase in total cash and investments is due to $300.0 million in proceeds received in December 2017 from the Series 2017C Bonds.

Total deferred outflows of resources decreased by $41.1 million, or 20.8%, due to the amortization of deferred losses on refundings.

Total liabilities increased by $99.3 million, or 2.2%, compared to December 31, 2016. This was primarily attributed to an increase in noncurrent bonds payable of $75.7 million, or 2.0%, as well as a $66.2million, or 17.7%, increase in total current liabilities. This was partially offset by a decrease of $35.0 million, or 22.7%, in interest rate swaps.

Total deferred inflows of resources increased by $6.9 million, or 311.6%, due to the amortization of deferred gains on refunding.

Of the Airport's 2017 total net position, 47.6% was restricted for future debt service and capital construction. The bond accounts that are externally restricted represent $484.9 million for debt service and $2.7 million for capital projects, respectively.

As of December 31, 2017, the remaining net position consist of unrestricted balance of $457.3 million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

In addition, $78.8 million represents the Airport's net investment in capital assets.

Long-Term Debt

As of December 31, 2018, the Airport had approximately $6.0 billion in outstanding senior and subordinate bonded debt, bearing fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $391.6 million in 2018.

As of December 31, 2018, the Airport's senior lien debt was rated by Standard & Poor's (S&P's), Moody's, and Fitch at A+, A1, and AA-, respectively, with each of the rating agencies giving the Airport a stable outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds, and junior liens. The debt service coverage ratio on all bonds for the years ended December 31, 2018 and 2017 were 196% and 184% of total debt service, respectively.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for the terminations and yielded a net cash inflow of $1.16 million. Subsequent to December 31, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. These terminations were effective on March 13, 2019, with no cost to the Airport and yielded a net cash inflow of $1.19 million.

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2.3 billion of Series 2018A (AMT) Bonds and (ii) $184.4 million of Series 2018B (Non-AMT) Bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, provided funds for capitalized interest and pay cost of issuance.

On December 21, 2017, the City, for and on behalf of its Department of Aviation, issued $300.0 million, Airport System Subordinate Revenue Bonds Series 2017C – AMT (Series 2017C Bonds). The final maturity of the Series 2017C Bonds was November 15, 2050 with an initial term rate period ending on December 30, 2020. The Series 2017C Bonds, bore interest at a variable rate with interest initially due on July 1, 2018 and on the first business of the month thereafter. At the end of the initial term rate period, the Series 2017C Bonds were subject to mandatory redemption. The proceeds from the Series 2017C Bonds were available to fund Airport capital improvements and used to pay for issuance cost. The Series 2017C Bonds were paid in full with the proceeds from the Series 2018A (AMT) Bonds.

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (Non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

On December 1, 2016, the Airport issued $256.8 million of Series 2016A Bonds in a Non-AMT fixed rate mode to current refund all of the outstanding Series 2006A Bonds and advance refund all outstanding 2007B and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued $108.7 million of Series 2016B Bonds in a Non-AMT index rate mode to current refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of $41.5 million through 2032.

Additional information related to the Airport's long-term debt can be found in notes 8, 9, 10, 11, and 12.

Capital Assets

As of December 31, 2018 and 2017, the Airport had approximately $3.8 billion and $3.7 billion in total capital assets, respectively. These amounts are net of accumulated depreciation of approximately $3.4 billion in 2018 and $3.2 billion in 2017.

The Airport developed a new capital program for the Airport for the years 2018 through 2022 (the "2018-2022 Capital Program"). The prior capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2018 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage, and airfield pavement rehabilitation and lighting projects.

The 2018-2022 Capital Program identifies capital projects with a total cost of approximately $3.5 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$ 1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	**$ 3.5**

Concourse A, B, 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. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport's current expectation that a majority of the additional gates and space would be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the 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 checked bag resolution areas; 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 meetthe latest TSA requirements.

Great Hall Project:

The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas.

Denver Great Hall LLC, a Delaware limited liability company (the "Great Hall Developer") was granted 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. Financial Close (a key condition in the Great Hall Agreement in order for work to proceed) was reached on December 21, 2017 after the successful issuance of approximately $200.0 million in bonds by the Great Hall Developer.

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 $171.0 million and the City responsible for approximately $479.0 million, constituting Progress Payments. Under the Great Hall Agreement, the City also has agreed to fund an approximately additional $120.0 million in contingency costs, to the extent required.

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. Airside projects are partly funded through the Federal Aviation Administration's Airport Improvement Program.

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

Major projects include the improvements and development of the Airport's real estate infrastructure. Additional information related to the Airport's capital assets can be found in note 5.

Other

PFC: In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration (FAA) approved the Airport's application for an increase in the PFC fee from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2018, a total of $2.1 billion has been remitted to the Airport (including interest earned), of which $106.2 million has been expended on approved projects. $2.0 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $30.1 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.2 billion. On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose additional PFC collections at DEN. Additional information related to this subsequent event can be found in note 24.

CFC: Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents ($2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

Budgetary Highlights

	2018 Budget	2018 Actual	% Over / (Under)	2017 Budget	2017 Actual	% Over / (Under)
Operating revenues						
Airline revenues	$ 376,460	$ 358,046	(4.9%)	$ 363,200	$ 352,151	(3.0%)
Non-airline revenues	416,715	450,314	8.1%	407,029	416,774	2.4%
Total operating revenues	793,175	808,360	1.9%	770,229	768,925	(0.2%)
Total operating expenses[1]	470,801	454,891	(3.4%)	463,517	439,461	(5.2%)
Total operating income	$ 322,374	$ 353,469	9.6%	$ 306,712	$ 329,464	7.4%

[1] Operating expenses exclusive of repair and maintenance of projects

2018

Actual operating revenues at the Airport were $808.4 million, which were $15.2 million, or 1.9% higher than the budget of $793.2 million, for the year ended December 31, 2018. The increase was primarily driven by non-airline revenue due to higher than anticipated passenger traffic along with general rate increases, partially offset by a decrease in airline revenues resulting from lower than expected operating expenses.

Similar to 2017, operating expenses were under budget primarily due to vacant positions, savings in contractual services, City indirect cost savings, as well as savings in snow removal chemicals.

2017

Actual operating revenues at the Airport were $768.9 million, which were $1.3 million, or 0.2% less than the budget of $770.2 million, for the year ended December 31, 2017. The decrease in revenue was primarily driven by airline revenue, due to operating expenses being under budget.

Operating expenses were under budget primarily due to vacant positions, savings in contractual services, City indirect cost savings, as well as savings in snow removal chemicals.

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available online at www.flydenver.com.

2018 ANNUAL FINANCIAL REPORT

FINANCIAL STATEMENTS

Statements of Net Position

December 31, 2018 and 2017 ($ in thousands)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 21,763	$ 36,427
Investments	226,536	73,339
Accounts receivable, net of allowance of $3,442 and $2,151, respectively	66,839	52,033
Due from other City agencies	-	3,727
Accrued interest receivable	5,264	6,111
Grants receivable	9,423	30,779
Customer facility charges receivable	3,000	4,176
Inventories	11,538	12,397
Prepaid expenses and other	2,487	1,373
Total current unrestricted assets	346,850	220,362
Restricted assets:		
Cash and cash equivalents	104,402	70,396
Investments	974,686	152,139
Accrued interest receivable	11,218	2,425
Prepaid expenses and other	11,265	5,728
Passenger facility charges receivable	14,491	14,190
Total current restricted assets	1,116,062	244,878
Total current assets	1,462,912	465,240
Noncurrent assets:		
Investments - unrestricted	503,915	446,630
Long-term receivables, net of current portion	29,716	29,018
Capital assets (depreciable):		
Buildings and Improvements	5,580,138	5,466,947
Machinery and equipment	908,973	885,000
	6,489,111	6,351,947
Less: accumulated depreciation and amortization	3,400,441	3,242,642
	3,088,670	3,109,305
Capital assets (non-depreciable):		
Art	7,166	7,165
Capacity rights	12,400	12,400
Construction in progress	422,585	226,616
Land, land rights and air rights	295,766	295,766
Total capital assets	3,826,587	3,651,252
Prepaid bond insurance	384	439
Interest rate swaps	13,226	27,686
Investments - restricted	2,168,124	926,510
Total noncurrent assets	6,541,952	5,081,535
Total assets	8,004,864	5,546,775
Deferred outflows of resources	119,394	156,426

See accompanying notes to financial statements

Statements of Net Position

December 31, 2018 and 2017 ($ in thousands)

	2018	2017
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 92,724	$ 87,071
Due to other City agencies	24,360	8,418
Compensated absences payable	2,391	2,439
Other liabilities	15,599	12,618
Revenue credit payable	40,000	40,000
Advance rent	40,633	45,753
Total current unrestricted liabilities	215,707	196,299
Restricted:		
Vouchers payable	3,125	12,919
Retainages payable	15,573	11,890
Accrued interest and matured coupons	31,563	23,458
Notes payable and capital leases	3,173	3,593
Other liabilities	5,279	6,343
Revenue bonds	198,825	186,140
Total current restricted liabilities	257,538	244,343
Total current liabilities	473,245	440,642
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	5,806,690	3,779,440
Plus: net unamortized premiums	409,278	161,983
Total bonds payable, noncurrent	6,215,968	3,941,423
Interest rate swaps	78,388	119,484
Notes payable and capital leases	4,427	7,600
Compensated absences payable	7,751	7,421
Net pension liability	140,679	153,874
Net OPEB liability	18,548	-
Total noncurrent liabilities	6,465,761	4,229,802
Total liabilities	6,939,006	4,670,444
Deferred inflows of resources	16,287	9,084
Net Position		
Net investment in capital assets (deficit)	(29,619)	78,760
Restricted for:		
Capital projects	11,264	2,708
Debt service	495,973	484,893
Unrestricted	691,347	457,312
Total net position	$ 1,168,965	$ 1,023,673

See accompanying notes to financial statements.

Statements of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2018 and 2017 ($ in thousands)

	2018	2017
Operating revenues:		
Facility rentals	$ 196,065	$ 180,443
Parking	189,890	176,006
Landing fees	161,981	171,708
Concession	83,297	68,269
Car rental	72,621	71,806
Hotel	53,304	47,412
Aviation fuel tax	25,039	25,993
Ground transportation	17,313	12,449
Other sales and charges	8,850	14,839
Total operating revenues	808,360	768,925
Operating expenses:		
Personnel	173,979	171,151
Contractual services	227,918	216,501
Repair and maintenance projects	19,423	14,071
Maintenance, supplies and materials	24,378	24,452
Hotel	28,616	27,357
Total operating expenses	474,314	453,532
Operating income, before depreciation and amortization	334,046	315,393
Depreciation and amortization	193,009	183,351
Operating income	141,037	132,042
Nonoperating revenues (expenses):		
Passenger facility charges	123,907	118,333
Customer facility charges	20,019	19,492
Investment income	73,802	46,779
Interest expense	(214,799)	(188,152)
Grants	-	873
Other revenues (expenses)	(6,716)	4,286
Total nonoperating revenues (expenses), net	(3,787)	1,611
Change in net position before capital grants and contributions	137,250	133,653
Capital grants	26,730	55,879
Change in net position	163,980	189,532
Net position, beginning of year, as previously reported	1,023,673	834,141
Cumulative effect on change in accounting principle	(18,688)	-
Net position, beginning of year, as adjusted	1,004,985	834,141
Net position, end of year	$ 1,168,965	$ 1,023,673

See accompanying notes to financial statements.

Statements of Cash Flows

Years Ended December 31, 2018 and 2017 ($ in thousands)

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 793,127	$ 768,885
Payments to suppliers	(275,556)	(260,829)
Interfund activity payments to other funds	(16,004)	(24,118)
Payments to employees	(165,067)	(149,906)
Net cash provided by operating activities	336,500	334,032
Cash flows from noncapital financing activities:		
Operating grants received	-	873
Net cash provided by noncapital financing activities	-	873
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	2,798,813	300,000
Principal paid on notes payable and capital leases	(3,564)	(3,552)
Principal paid on revenue bonds	(186,140)	(174,045)
Interest paid on revenue bonds	(214,139)	(171,672)
Bond insurance and issue costs paid	(9,561)	(1,836)
Interest paid on notes payable	(29)	(298)
Capital grant receipts	48,086	25,658
Passenger Facility Charges	123,606	122,354
Customer Facility Charges	21,194	18,443
Purchases of capital assets	(363,458)	(307,204)
Payments to escrow for current refunding of debt	-	(11,471)
Payments on current refundings of debt	(300,000)	-
Proceeds from sale of capital assets	874	451
Net cash provided by (used in) capital and related financing activities	1,915,682	(203,172)
Cash flows from investing activities:		
Purchases of investments	(2,408,129)	(2,208,135)
Proceeds from sales and maturities of investments	133,485	2,076,465
Proceeds from sales of assets held for dispostion	5,295	7,399
Proceeds from swap termination	1,161	-
Payments to maintain assets held for disposal	(8,965)	1,338
Interest and dividends on investments and cash equivalents	44,313	20,329
Net cash used in investing activities	(2,232,840)	(102,604)
Net increase in cash and cash equivalents	19,342	29,129
Cash and cash equivalents, beginning of year	106,823	77,694
Cash and cash equivalents, end of year	$ 126,165	$ 106,823

(continued)

Statements of Cash Flows

Years Ended December 31, 2018 and 2017 ($ in thousands)

	2018	2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 141,037	$ 132,042
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	193,009	183,351
Miscellaneous income/(expense)	-	(473)
Changes in assets and liabilities:		
Receivables, net of allowance	(14,806)	(13,591)
Due from other City agencies	3,727	(3,727)
Inventories	860	(1,681)
Prepaid expenses and other	(880)	(135)
Deferred outflows - pension	12,969	12,945
Deferred outflows - OPEB	673	-
Vouchers and other payables	(10,133)	15,483
Deferred rent	(5,120)	14,023
Due to other City agencies	15,942	294
Compensated absences	281	358
Net pension liability	(13,194)	(4,159)
Net OPEB liability	(140)	-
Deferred inflows - pension	6,564	4,819
Deferred inflows - OPEB	1,251	-
Other operating liabilities	4,460	(5,517)
Net cash provided by operating activities	$ 336,500	$ 334,032

Noncash activities:

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

	2018	2017
Unrealized gain (loss) on investments	$ (6,673)	$ (9,869)
Unrealized gain on interest rate swaps	22,244	23,857
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	8,164	3,160
Refunding bond proceeds delivered directly to an irrevocable trust	-	275,505
Transfer of Capital Asset from other Government	4,235	-
Capital assets in vouchers payable and retainage payable	76,804	67,124
Net gain (loss) on disposal of capital assets	(16,355)	(20,799)

See accompanying notes to financial statements.

2018 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (DEN) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

DEN consists of a landside terminal building, hotel, transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents. See note 4 for further discussion.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2018 and 2017. The Airport's investments are maintained in pools at the City and include municipal securities, commercial paper, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities.

(d) Inventories

Inventories consist of materials and supplies valued at cost.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at DEN. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of DEN are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2018 and 2017 was $8.8 million and $9.3 million, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums and premiums (discounts) on bonds are recorded as assets or liabilities and amortized over the life of the bonds or insurance policy using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions and Other Postemployment Benefits (OPEB)

For purposes of recording the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources relating to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Denver Employees' Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Net Position

2018

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.2 billion as of December 31, 2018, a $145.3 million increase in net position from the prior year-end. Of the Airport's 2018 net position, 43.4% are restricted for future debt services and capital construction. The bond accounts represent $496.0 million, including $44.5 million in unspent PFC funds, and are externally restricted for debt service. The net position restricted for capital projects represent $11.3 million.

The remaining net position included unrestricted net position of $691.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($29.6) million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2017

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.0 billion as of December 31, 2017, a $189.5 million increase in net position from the prior year-end. Of the Airport's 2017 net position, 47.6% are restricted for future debt services and capital construction. The bond accounts represent $484.9 million, including $44.9 million in unspent PFC funds, and are externally restricted for debt service. The net position restricted for capital projects represent $2.7 million.

The remaining net position included unrestricted net position of $457.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, $78.8 million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statements of revenues, expenses, and changes in net position distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with DEN's principal ongoing operations. The principal operating revenues of the Airport are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position, and revenues from operating grants are reported as nonoperating revenues.

(o) Rates and Charges

The Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40.0 million are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40.0 million for both 2018 and 2017. Liabilities for these amounts were accrued as of December 31, 2018 and 2017, and are reported in the statements of net position as revenue credit payable.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(q) Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net position.

(r) Change in Accounting Principle

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The adoption of GASB 75 resulted in a $18.7 million decrease in beginning net position as of January 1, 2018, comprised of $19.9 million net OPEB liability as of January 1, 2018 under GASB 75, net of deferred outflows of resources of $1.2 million as of January 1, 2018 under GASB 75. Refer to Note 17 for more information regarding DEN's OPEB. The 2017 financial statements were not restated as it was not practical to do so as the actuarial data required to restate 2017 was not available.

(s) Revisions

The statement of cash flows for the year ended December 31, 2017 has been revised. The presentation of capital assets added through the incurrence of vouchers and retainages payable in the non-cash activities section on the statement of cash flows. The revision increased this disclosure by $42.3 million. The revision had no impact on total cash flows used in capital and related financing activities.

(3) New Accounting Standards

Effective GASB statements impacting the Airport.

Issued in June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and financial reporting for other postemployment benefit (OPEB) that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement has been implemented in fiscal year 2018.

Issued in June 2017, GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of this statement is effective fiscal year 2020.

Issued in April 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, is to improve he information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Implementation of this statement is effective fiscal year 2019.

Issued in June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Implementation of this statement is effective fiscal year 2020.

(4) Cash, Cash Equivalents, and Investments

(a) Deposits

As a department of the City and County of Denver (the City), the Airport System's deposits are pooled with the City's. Deposits are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's Investment Policy (the Policy) requires that certificates of deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name." At December 31, 2018, the amount of the Airport's deposits was $32.6 million. At December 31, 2017, the amount of the Airport's deposits was $26.6 million.

(b) Investments

The Airport's investments are managed by the City and are subject to the Policy of the City. The objectives of the City's Policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. The City's Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the CFO for investment shall also be administered in accordance with the Policy.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The Policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and obligor. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2018 and 2017, respectively, the Airport's cash, cash equivalents, and investment balances were as follows ($ in thousands):

	December 31, 2018	December 31, 2017
Cash and cash equivalents (including cash on hand)	$ 126,165	$ 106,823
Municipal securities	114,827	64,348
Commercial paper	47,143	74,403
Corporate bonds	497,015	242,327
Multinational fixed income	292,617	141,563
Structured products	304,766	204,429
U.S. treasury securities	1,561,057	327,675
U.S. agency securities	1,055,836	543,873
	$ 3,999,426	$ 1,705,441

Fair Value Measurement: The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2018, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair Value Measurements			
Asset	Fair value	Level 1	Level 2	Level 3
Commercial paper	$ 47,143	$ -	$ 47,143	$ -
Corporate bonds	497,015	-	497,015	-
Multinational fixed income	292,617	-	292,617	-
Municipal securities	114,827	-	114,827	-
Structured products	304,766	-	304,766	-
U.S. agency securities	1,055,836	-	1,055,836	-
U.S. treasury securitities	1,561,057	-	1,561,057	-
Total investments	3,873,261	-	3,873,261	-
Net derivative instruments interest rate swaps	$ 65,162	$ -	$ 65,162	$ -

At December 31, 2017, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair Value Measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Commercial paper	$ 74,403	$ -	$ 74,403	$ -
Corporate bonds	242,327	-	242,327	-
Multinational fixed income	141,563	-	141,563	-
Municipal securities	64,348	-	64,348	-
Structured products	204,429	-	204,429	-
U.S. agency securities	543,873	-	543,873	-
U.S. treasury securitities	327,675	-	327,675	-
Total investments	1,598,618	-	1,598,618	-
Net derivative instruments interest rate swaps	$ 91,798	$ -	$ 91,798	$ -

The City invests in two Local Government Investment Pools, CSAFE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2018, the Airport has balances of $17.8 million and $75.8 million in CSAFE and Colotrust, respectively. At December 31, 2017, the Airport had balances of $31.3 million and $52.5 million in CSAFE and Colotrust, respectively. CSAFE measures all of its investments at amortized cost in accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants (GASB 79). Additionally, Colotrust adheres to FASB and reports its investments in accordance with ASC 820. Colotrust maintains a stable net asset value of $1 per share using the fair value method.

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2018 and 2017, is as follows ($ in thousands).

	December 31, 2018	**December 31, 2017**
Unrestricted Cash and cash equivalents	$ 21,763	$ 36,427
Unrestricted Investments	730,451	519,969
Restricted cash and cash equivalents	104,402	70,396
Restricted investments	3,142,810	1,078,649
	$ 3,999,426	$ 1,705,441

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for investments under the control of the CFO by limiting their maximum maturity of investments. Commercial paper can have a maximum maturity of 270 days. U.S. Treasury and Agency securities can have a maximum maturity of 10 years. Structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years.

At December 31, 2018, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

		Investments maturity in years		
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**
Commercial paper	$ 47,143	$ 47,143	$ -	$ -
Municipal securities	114,827	15,410	93,183	6,234
U.S. treasury securities	1,561,057	884,594	572,706	103,757
U.S. agency securities	1,055,836	122,164	776,414	157,258
Corporate bonds	497,015	91,468	405,547	-
Multinational fixed income	292,617	28,231	231,114	33,272
Structured products	304,766	12,211	255,204	37,351
Total	$ 3,873,261	$ 1,201,221	$ 2,334,168	$ 337,872

At December 31, 2017, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

		Investments maturity in years		
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**
Commercial paper	$ 74,403	$ 74,403	$ -	$ -
Municipal securities	64,348	3,814	48,550	11,984
U.S. treasury securities	327,675	6,056	245,098	76,521
U.S. agency securities	543,873	68,000	353,780	122,093
Corporate bonds	242,327	40,484	201,843	-
Multinational fixed income	141,563	23,592	92,410	25,561
Structured products	204,429	9,126	142,837	52,466
Total	$ 1,598,618	$ 225,475	$ 1,084,518	$ 288,625

As of December 31, 2018, the Airport System's portfolio included callable U. S. Agency securities and Municipal Bonds with a total fair value of $9.6 million. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date.

Credit Quality Risk: Credit quality risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation to the City. Moody's, Standard & Poor's, and Fitch are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are assigned credit quality ratings AAA or its equivalent. Of the City's investments at December 31, 2018, commercial paper, U.S. Agency securities and local government investment pools were subject to credit quality risk. The City's Policy requires that commercial paper be rated by at least two of the NRSRO's and have a minimum short-term rating of A-1, P-1, and or F-1 at the time of purchase. The Policy also requires the local government investment pools be in conformity with Title 24, Article 75 Part 7 of the Colorado Revised Statutes and have an office in Denver.

As of December 31, 2018, the Airport's investments were in compliance with the City's Policy. More than 5% of airport investments in U.S. Agency securities are in individual issuers: Federal Home Loan Bank (9.87%) and Federal National Mortgage Association (6.10%).

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name.

None of the Airport System's investments owned at December 31, 2018, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single type of investment, or in a single issuer. The City's Policy states that a maximum of 5% of the portfolio, based on market value, may be invested in commercial paper, municipal securities, corporate debt obligations, or certificates of deposit issued by any one provider. The Policy limits investments in money market funds, local government investment pool and supranationals to 10% per provider. Investments in money market funds, local government investment pools are limited to 25% of total investments with asset-back securities and municipal securities limited to 15% of the portfolio. Corporate bonds are limited to 20% of total investments and federal agency securities limited to 80% of the portfolio.

Foreign Currency Risk: Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Policy does not allow for investments in foreign currency.

As of December 31, 2018, all investments were in compliance with this policy.

(5) Accounts Receivables

(a) Allowance for Doubtful Accounts

Management of the Airport reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2018 and 2017, an allowance of $3.4 million and $2.2 million, respectively, had been established.

(b) Loan Receivable

Included in long-term receivable is approximately $23.7 million loans due from two districts. The Districts are reimbursing the Airport for funding the construction and infrastructure of the rail station at 61st Boulevard and Pena Boulevard for infrastructure work around the Airport property. Each loan bears interest at 5.0% with interest compounded and due semiannually on June 1st and December 1st with principal due annually on December 1st. The outstanding loan balance plus any accrued and unpaid interest will be repaid from ad valorem taxes. The loans are capped at $41.6 million. The projected future collections are as follows ($ in thousands):

	Amount
Year:	
2019	$ 66
2020	77
2021	210
2022	381
2023	570
2024-2028	5,785
2029-2033	11,406
2034-2038	14,381
2039-2041	8,724
Total	$ 41,600

(6) Capital Assets

Changes in capital assets for the years ended December 31, 2018 and 2017 were as follows ($ in thousands):

2018	January 1, 2018	Additions	Transfers and reclassifications	Reductions	December 31, 2018
Depreciable:					
Buildings and improvements	$ 4,220,383	$ 170	$ 127,025	$ (9,825)	$ 4,337,753
Machinery and equipment	885,000	284	38,044	(14,355)	908,973
Infrastructure and land improvements	1,219,512	4,078	12,698	(22,027)	1,214,261
Intangibles	27,052	-	2,080	(1,008)	28,124
	6,351,947	4,532	179,847	(47,215)	6,489,111
Less accumulated depreciation and amortization	(3,242,642)	(193,581)	-	35,782	(3,400,441)
	3,109,305	(189,049)	179,847	(11,433)	3,088,670
Nondepreciable:					
Art	7,165	-	1	-	7,166
Capacity rights	12,400	-	-	-	12,400
Construction in progress	226,616	381,613	(179,848)	(5,796)	422,585
Land, land rights, and air rights	295,766	-		-	295,766
Total capital assets	$ 3,651,252	$ 192,564	$ -	$ (17,229)	$ 3,826,587

2017	January 1, 2017	Additions	Transfers and reclassifications	Reductions	December 31, 2017
Depreciable:					
Buildings and improvements	$ 4,110,501	$ -	$ 125,311	$ (15,429)	$ 4,220,383
Machinery and equipment	810,181	5,266	84,175	(14,622)	885,000
Infrastructure and land improvements	1,176,258	-	43,254	-	1,219,512
Intangibles	22,642	-	5,414	(1,004)	27,052
	6,119,582	5,266	258,154	(31,055)	6,351,947
Less accumulated depreciation and amortization	(3,076,221)	(183,923)	-	17,502	(3,242,642)
	3,043,361	(178,657)	258,154	(13,553)	3,109,305
Nondepreciable:					
Art	6,841	-	324	-	7,165
Capacity rights	12,400	-	-	-	12,400
Construction in progress	180,693	312,562	(258,942)	(7,697)	226,616
Land, land rights, and air rights	295,302	-	464	-	295,766
Total capital assets	$ 3,538,597	$ 133,905	$ -	$ (21,250)	$ 3,651,252

(7) Disposal of Stapleton

The City ceased aviation operations at Stapleton upon the opening of DEN on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct DEN. The City intends to continue to seek such releases and, in accordance with certain Use & Lease Agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The Airport reduced the carrying value of Stapleton by the amount of proceeds from sales of parcels each year. As of December 31, 2018 and 2017, the carrying value has been reduced to $0, but there are some parcels that have not been sold. All proceeds from sales received after the carrying amount became $0 are recorded as revenue. The current and anticipated costs accrued in restricted other liabilities for the environmental liability for Stapleton were $2.8 million and $4.9 million at December 31, 2018, and 2017, respectively. The Airport has accrued $4.5 million of insurance recoveries in accounts receivable at December 31, 2018 and 2017. The Airport has received payments for insurance recoveries totaling $0.0 million in 2018 and $0.2 million in 2017.

(8) Due to Other City Agencies

The City provides various services to the Airport, including data processing, investing, financial services, budgeting, engineering, and personnel (including airport police and fire salaries). Billings from the City, both direct and indirect, during 2018 and 2017 totaled $60.5 million and $59.1 million, respectively, and have been included in operating expenses. The outstanding liability to the City and its related agencies in connection with these services totaled $24.4 million and $8.4 million at December 31, 2018 and 2017, respectively.

The outstanding receivable from the City and its related agencies totaled $0.0 million and $3.7 million at December 31, 2018 and 2017, respectively.

(9) Bonds Payable

Changes in long-term debt for the years ended December 31, 2018 and 2017 were as follows ($ in thousands):

	2018					
	January 1, 2018	Additions	Refunded debt	Retirements	December 31, 2018	Amounts due within one year
Airport System revenue bonds	$ 3,925,500	$ 2,526,075	$ (300,000)	$ (186,140)	$ 5,965,435	$ 198,825
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	161,983	272,738	-	(25,443)	409,278	-
Total bond debt	$ 4,127,563	$ 2,798,813	$ (300,000)	$ (211,583)	6,414,793	$ 198,825
Less current portion					(198,825)	
Noncurrent portion					$ 6,215,968	

	2017					
	January 1, 2017	Additions	Refunded debt	Retirements	December 31, 2017	Amounts due within one year
Airport System revenue bonds	$ 3,850,815	$ 575,505	$ (326,775)	$ (174,045)	$ 3,925,500	$ 186,140
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	144,853	39,799	(4,010)	(18,659)	161,983	-
Total bond debt	$ 4,035,748	$ 615,304	$ (330,785)	$ (192,704)	4,127,563	$ 186,140
Less current portion					(186,140)	
Noncurrent portion					$ 3,941,423	

The Airport has issued bonds, bearing fixed and variable interest rates, collateralized by and payable from Airport Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 bonds which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for 7-day periods. As such, the actual interest rate on the bonds will vary based on market conditions in the short-term tax-exempt bond market.

The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2018 and 2017 are as follows ($ in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding 2018	Amount Outstanding 2017
Airport system revenue bonds				
Series 1992F, G*	November 15, 2031	2.149%	$ 34,900	$ 34,900
Series 2002C*	November 15, 2031	2.149%	26,200	26,200
Series 2007F1-F2**	November 15, 2025	1.5-1.6%	75,550	75,550
Series 2007G1-G2*	November 15, 2031	2.544%	119,400	130,600
Series 2008B*	November 15, 2031	2.48%	50,600	55,200
Series 2008C1-C3*	November 15, 2031	2.379-2.48%	286,800	292,600
Series 2009A	November 15, 2016 to 2036	5.00-5.25%	150,480	150,480
Series 2009B	November 15, 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2031	2.159%	100,955	104,655
Series 2010A	Annually November 15, 2019 to 2032	4.00-5.00%	150,050	160,690
Series 2011A	Annually November 15, 2019 to 2023	4.00-5.25%	182,420	232,165
Series 2011B	Annually November 15, 2019 to 2018, and 2024	4.00-5.00%	9,010	15,070
Series 2012A	Annually November 15, 2019 to 2043	3.00-5.00%	261,645	271,015
Series 2012B	Annually November 15, 2019 to 2043	4.00-5.00%	492,925	498,115
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	Annually November 15, 2019 to 2043	4.00-5.50%	308,400	313,580
Series 2013B	Annually November 15, 2019 to 2043	3.00-5.25%	375,890	381,635
Series 2015A	November 15, 2019 to 2021, and 2023 to 2035	2.200%	148,175	174,870
Series 2016A	November 15, 2019 to 2021, 2023 to 2025, and 2031 to 2032	5.00%	223,735	232,275
Series 2016B*	December 1, 2019, and 2026 to 2031	2.504%	92,390	104,820
Series 2017A	Annually November 15, 2019 to 2030	4.00 - 5.00%	232,980	254,225
Series 2017B	November 15, 2033	5.00%	21,280	21,280
Series 2017C*	Annually November 15, 2021 to 2050	5.00%	-	300,000
Series 2018A	Annually December 1, 2019 to 2048	3.75-5.25%	2,341,710	-
Series 2018B	Annually December 1, 2019 to 2048	3.50-5.00%	184,365	-
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			6,005,515	3,965,580
Less current portion			(198,825)	(186,140)
Net unamortized premiums			409,278	161,983
Total bonds payable noncurrent			$ 6,215,968	$ 3,941,423

* Variable rates are as of December 31, 2018

** Auction rates are as of December 31, 2018

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54.9 million of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to pay principal and interest on $40.1 million of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on $14.8 million of the Series 1991D Bonds which matured on November 15, 2013.

The economically defeased bonds are considered outstanding for the purposes of the General Bond Ordinance and were not considered legal defeasances or in-substance defeasances under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

(b) Bond Issuances

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2,341.7 million of Series 2018A (AMT) bonds and (ii) $184.4 million of Series 2018B (Non-AMT) bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, capitalized interest and pay cost of issuance.

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

The difference between the reacquisition price of $326.8 million and the net carrying amount of the old debt of $327.1 million resulted in the recognition of a deferred gain on refunding in the amount of $.7 million. The deferred gain on refunding is being amortized over the remaining use of the old debt.

(c) Series 2017C

On December 21, 2017, the City, for and on behalf of its Department of Aviation, issued $300.0 million, Airport System Subordinate Revenue Bonds Series 2017C - AMT (Series 2017C Bonds). The final maturity of the Series 2017C Bonds was November 15, 2050 with an initial term rate period ending on December 30, 2020. The Series 2017C Bonds, bore interest at a variable rate with interest initially due on July 1, 2018 and on the first business of the month thereafter. At the end of the initial term rate period, the Series 2017C Bonds were subject to mandatory redemption. The proceeds from the Series 2017C Bonds were available to fund Airport capital improvements and used to pay for issuance cost. The 2017C series was paid off with the proceeds from the Series 2018A (AMT) bonds.

(d) Defeased Bonds

The Airport has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2018 and 2017, respectively, $339.9 million and $430.6 million of bonds outstanding are considered defeased.

(e) Revolving Credit Agreement

On December 21, 2017, the City, for and on behalf of its Department of Aviation, entered into Revolving Credit Agreement ("Revolving Credit Agreement") with a lender for a maximum borrowing of a $150.0 million. On October 22, 2018, the City and the lender terminated the Revolving Credit Agreement. As of December 31, 2017 and through October 22, 2018, no amounts were borrowed under the Revolving Credit Agreement. Amounts borrowed under the Revolving Credit Agreement bear interest at a variable rate which is due on the first day business day of each month with a commitment term until December 18, 2020. Additionally, there was a commitment fee payable quarterly (in arrears) on the difference between the maximum borrowing amount and amounts actually borrowed under the Revolving Credit Agreement. The lien on the Revolving Credit was on parity with the Subordinate Bond Ordinance and any Subordinate Obligations of the Airport Net Revenue. The Revolving Credit Agreement was available as an interim source of funding for Airport capital improvements.

(10) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2018 are as follows ($ in thousands):

Airport System Bonds Payable

	Principal	Interest
Year:		
2019	$ 198,825	$ 267,213
2020	209,935	259,762
2021	214,920	251,253
2022	249,730	242,811
2023	264,625	233,089
2024-2028	1,291,345	1,000,853
2029-2033	1,218,125	726,345
2034-2038	853,195	479,600
2039-2043	817,940	269,268
2044-2048	646,795	95,139
Total	$ 5,965,435	$ 3,825,333

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2018, are as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ -	$ 2,455
2020	-	2,455
2021	-	2,455
2022	-	2,455
2023	-	2,455
2024-2025	40,080	3,436
Total	$ 40,080	$ 15,711

(b) Notes Payable and Capital Lease

The Airport entered into a $20.5 million Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of December 31, 2018 is as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ 2,149	$ 113
2020	2,192	71
2021	2,235	27
Total	$ 6,576	$ 211

The Airport is obligated under leases for equipment that are accounted for as capital leases. The Airport entered into an Installment Purchase Agreement on January 5, 2016 with Santander for $4.1 million to finance various capital equipment purchases at a rate of 1.19%. Payments are due annually. Assets under capital leases at December 31, 2018 and 2017, totaled $1.2 million and $2.4 million, respectively, net of accumulated depreciation of $4.7 million and $3.5 million, respectively.

The payment schedule relating to capital lease requirements as of December 31, 2018 is as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ 1,024	$ 12
Total	$ 1,024	$ 12

Changes in notes payable and capital lease for the years ended December 31, 2018 and 2017 were as follows ($ in thousands):

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Amounts due within one year
Notes payable	$ 8,684	$ -	$ (2,108)	$ 6,576	$ 2,149
Capital Lease payable	2,509	-	(1,485)	1,024	1,024
Total	$ 11,193	$ -	$ (3,593)	$ 7,600	$ 3,173
Less current portion				(3,173)	
Noncurrent portion				$ 4,427	

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts due within one year
Notes payable	$ 10,751	$ -	$ (2,067)	$ 8,684	$ 2,108
Capital Lease payable	3,995	-	(1,486)	2,509	1,485
Total	$ 14,746	$ -	$ (3,553)	11,193	$ 3,593
Less current portion				(3,593)	
Noncurrent portion				$ 7,600	

(11) Demand Bonds

Included in long-term debt are $34.9 million of Series 1992F, G; $26.2 million of Series 2002C, $50.6 million of Series 2008B, $86.8 million of Series 2008C1, $200.0 million of Series 2008C2-C3, $101.0 million of Series 2009C and $119.4 million of Series 2007G1-G2 of Airport Revenue Bonds Series. These Bonds are currently Credit Facility Bonds which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On July 29, 2011 and August 8, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 bonds, respectively, at a floating rate indexed to 1-month LIBOR. On December 11, 2015, this agreement was amended, and the expiration date was extended to December 11, 2020.

On August 31, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate index to 1-month LIBOR. On August 29, 2014, this agreement was amended, and the expiration date was extended to August 29, 2019.

On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2009C bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020.

On October 24, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On November 1, 2014, the Airport entered into credit facility and reimbursement agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on December 1, 2023.

(12) Bond Ordinance Provisions

(a) Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. The Airport is in compliance with the bond covenants listed in the bond ordinance.

(13) Swap Agreements

The Airport has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999, and 2009A swap agreements all pay fixed–receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport's swap agreements are considered investment derivatives in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for the terminations and yielded a net cash inflow of $1.16 million. Additionally, subsequent to December 31, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. These terminations were effective on March 13, 2019, with no cost to the Airport and yielded a net cash inflow of $1.19 million.

The fair value balances and notional amounts of the swaps outstanding at December 31, 2018 and 2017 and the changes in the fair value of such swaps for the years then ended, are as follows ($ in thousands):

							Changes in Fair Value		
Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Classification	Amount	Fair Value 12/31/2018
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 90.076	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,145)	$ (9,978)
							Investment Income	(2,473)	
Societe Generale, New York Branch	10/4/2000	90.076	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	(1,145)	(9,837)
							Investment Income	(2,436)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	91.778	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	(1,471)	(7,730)
							Investment Income	(2,744)	
Merrill Lynch Capital Services, Inc.	10/4/2001	45.889	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(735)	(3,801)
							Investment Income	(1,342)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	91.778	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(212)	321
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	41.992	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,261)	(3,703)
JP Morgan Chase Bank, N.A.	11/15/2006	41.992	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	(1,274)	(3,762)
Jackson Financial Products, LLC	11/15/2006	-	12/7/2018				Investment Income	(3,175)	- (4)
Piper Jaffray Financial Products, Inc.	11/15/2006	41.992	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,261)	(3,703)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	113.700	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(3,982)	(10,051)
GKB Financial Services Corp.	11/15/2007	37.900	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(1,327)	(3,350)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	41.992	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,238	4,297
JP Morgan Chase Bank, N.A.	11/15/2006	41.992	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,216	4,310
Jackson Financial Products, LLC	11/15/2006	-	12/7/2018				Investment Income	3,086	- (4)
Piper Jaffray Financial Products, Inc.	11/15/2006	41.992	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,218	4,298
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	75.800	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	(2,653)	(6,700)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	90.076	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(3,823)	(11,908)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	45.888	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(1,057)	(3,865)
							Investment Income	(1,038)	
Total									$ (65,162)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A
(4) Swaps were terminated 12/7/2018.

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2017
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,172)	$ (13,595)
							Investment Income	(2,447)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	(1,172)	(13,418)
							Investment Income	(2,411)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	(1,480)	(11,945)
							Investment Income	(2,721)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(740)	(5,878)
							Investment Income	(1,330)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(624)	108
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,347)	(4,964)
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	(1,361)	(5,036)
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(2,694)	(9,928)
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,347)	(4,964)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	139.450	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(4,411)	(14,033)
GKB Financial Services Corp.	11/15/2007	46.483	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(1,470)	(4,677)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,112	5,535
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,120	5,527
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	2,287	11,000
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,109	5,516
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	92.967	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	(2,940)	(9,354)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(3,361)	(15,731)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(1,062)	(5,961)
							Investment Income	(1,021)	
Total									$ (91,798)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A

Payments by the Airport to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport's Senior Bonds, and on parity with the Airport's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2018 and 2017. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2018. When the present value of payments to be made by the Airport exceeds the present value of payments to be received, the swap has a negative value to the Airport. When the present value of payments to be received by the Airport exceeds that of payments to be made, the swap has a positive value to the Airport.

(a) Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements rely upon the performance of swap counterparties. The Airport is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport delivers a surety policy or other credit support document guaranteeing its obligations under the Swap Agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2018, the ratings of the Airport's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and AA- by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport. Failure of either the Airport or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of December 31, 2018 are as follows:

	Ratings of the counterparty or its credit support provider		
Counterparty (credit support provider)	**S&P**	**Moody's**	**Fitch**
Goldman Sachs Capital Markets, L.P.			
(Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa2	AA
LOOP Financial Products, LLC	BBB+	A3	BBB+
(Deutsche Bank, AG, New York Branch)			
Merrill Lynch Capital Services, Inc.	NR	A2	A+
(Merrill Lynch & Co., Inc.)			
Royal Bank of Canada	AA-	Aa2	AA
Societe Generale, New York Branch	A	A1	A+
GKB Financial Services Corporation II, Inc.	A	A1	A+
(Societe Generale New York Branch)			
Piper Jaffray Financial Products, Inc.			
(Morgan Stanley Capital Services, Inc.)	BBB+	A3	A

As of December 31, 2018, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change.

The Airport is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Interest Rate Risk – The Airport is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport's net payments on the swap agreements increase.

Basis Risk – Each of the Airport's swap agreements is associated with certain debt obligations or other swaps. The Airport pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport is based on an index different than that used to determine the variable payments received by the Airport under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2018):

Swaps	**1999, 2009A**	**2002**	**2005, 2006B**	**2006A, 2006B**	**1998**	**2008B**
Associated Debt	**1992F, 2002C, 2008B, 2009C**	**1992F, 2002C, 2008B, 2009C**	**2016A**	**2007F, 2007G, 2016B**	**2008C2-C3**	**1992F, 1992G, 2008C1**
Payment to Counterparty:	5.6029%	1.7100%	5.3765%	4.0085%	4.7395%	4.7600%
Payment from Counterparty:	1.7100%	1.9103%	5.8374%	1.7519%	1.8519%	2.0653%
Net Swap Payment:	3.8929%	-0.2003%	-0.4609%	2.2566%	2.8876%	2.6947%
Associated Bond Interest Rate:	2.2455%	0.0000%	5.0000%	2.4974%	2.3790%	2.4660%
Net Swap & Bond Payment:	6.1384%	-0.2003%	4.5391%	4.7540%	5.2666%	5.1607%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2018, debt service requirements of the related variable rate debt and net swap payments for the Airport's cash flow hedges (1998, 1999, and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows ($ in thousands):

	Principal	**Interest**	**Interest rate swaps net**	**Total**
Year:				
2019	$ 43,190	$ 8,407	$ 12,348	$ 63,945
2020	46,415	7,412	9,868	63,695
2021	48,345	6,344	7,184	61,873
2022	53,675	5,232	4,278	63,185
2023	8,290	3,984	2,136	14,410
2024-2028	118,782	11,601	3,147	133,530
2029-2031	45,010	2,032	-	47,042
Total	363,707	45,012	38,961	447,680

*Note: the amortization of the notional amounts on the swaps no longer match the amortization on the bonds (the duration of the bonds is longer than the swaps)

Bond principal reflects the hedged portion on 12/31/2018

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2018.

(13) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at DEN, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. At December 31, 2018 and 2017, Special Facility Revenue Bonds outstanding totaled to $250.6 million.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2018 and 2017 are as follows ($ in thousands):

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Amounts due within one year
Compensated absences payable	$ 9,860	$ 8,700	$ (8,418)	$ 10,142	$ 2,391
Less current				(2,391)	
Noncurrent portion				$ 7,751	

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts due within one year
Compensated absences payable	$ 9,503	$ 7,000	$ (6,643)	$ 9,860	$ 2,439
Less current				(2,439)	
Noncurrent portion				$ 7,421	

(15) Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred outflows of resources of the Airport consist of accumulated decreases in fair value of hedging derivatives, deferred losses on refunding and certain pension and OPEB related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings, and certain pension and OPEB related deferrals. The composition of deferred outflows and inflows are as follows as of December 31 ($ in thousands):

	December 31, 2018		December 31, 2017	
Accumulated decrease in fair value of hedging activities	$	5,303	$	10,857
Deferred loss on refunding of debt		91,202		109,142
GASB 68 pension deferred outflow		21,407		36,427
GASB 75				
DERP OPEB		751		-
DERP Implicit Rate		731		-
Total deferred outflows	$	119,394	$	156,426
Deferred gain on refunding of debt	$	3,549	$	4,265
GASB 68 pension deferred inflow		11,383		4,819
GASB 75 deferred inflow				
DERP OPEB		1,014		-
DERP Implicit Rate		341		-
Total deferred inflows	$	16,287	$	9,084

(16) Pension Plan

(a) Substantially all of DEN's employees are covered under the City and County of Denver's pension plan, the Denver Employees' Retirement Plan (DERP).

Plan Description. The Denver Employees' Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with Sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These code sections establish the plan, provide complete information on DERP, 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 Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

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

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org.

Funding Policy. The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2018 and 2017, were $75.1 million and $64.4 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $10.9 million and $9.5 million for the years ended December 31, 2018 and 2017 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2018 and 2017, DEN reported a liability of $140.7 million and $153.9 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2017 and 2016, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2017, the Airport's proportion was 11.99493%, which was a decrease of 0.6234% from its proportion measured as of December 31, 2016. As of December 31, 2016 the Airport's proportion was 12.61833%, which was a decrease of 0.78234% from its proportion measured as of December 31, 2015.

The components of the Airport's net pension liability related to DERP as of December 31, 2018 and 2017, respectively, are presented below ($ in thousands):

	2018	2017
Total pension liability	$ 407,617	$ 407,712
Plan fiduciary net position	(266,938)	(253,838)
Net pension liability	$ 140,679	$ 153,874

The change in net pension liability for the year ended December 31, 2018 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 153,874	$ 20,675	$ (33,870)	$ 140,679

The change in net pension liability for the year ended December 31, 2017 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 158,033	$ 5,017	$ (9,176)	$ 153,874

For the years ended December 31, 2018 and 2017, pension expense recognized by the Airport was $19.3 million and $22.5 million, respectively. At December 31, 2018, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 2,710	$ -
Changes of assumptions or other inputs	7,451	-
Net difference between projected and actual earnings on pension plan investments	-	4,450
Changes in proportion and differences between contributions recognized and proportionate share of contributions	373	6,933
Contributions subsequent to the measurement date	10,873	-
Total	$ 21,407	$ 11,383

At December 31, 2017, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 3,163	$ -
Changes of assumptions or other inputs	4,069	-
Net difference between projected and actual earnings on pension plan investments	17,359	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,324	4,819
Contributions subsequent to the measurement date	9,512	-
Total	$ 36,427	$ 4,819

At December 31, 2018 and 2017, the Airport reported $10.9 million and $9.5 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized within pension expense as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
2019	$ 4,518
2020	1,323
2021	(2,943)
2022	(3,747)
2023	-
Thereafter	-
	$ (849)

The total pension liability in the December 31, 2017 and 2016 actuarial valuations were determined using the actuarial assumptions as follows:

2017	DERP
Investment Rate of Return	7.50%
Salary Increases	3.00% to 7.00%
Inflation	2.50%

2016	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2017 and 2016 these best estimates are summarized in the following table:

Asset Allocation
2017

Asset Class	Target Allocation	Long-Term Expected Real Rate
US Equities	**22.50%**	
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
International Equity	**23.50%**	
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-Core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Asset Allocation
2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	22.50%	5.70%
Non-U.S. Developed Markets	15.50%	6.70%
Emerging Markets	8.00%	11.60%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	1.00%
Debt	2.50%	5.50%
Private Debt	6.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.00%
Absolute Return	5.00%	3.10%
Energy MLP's	7.00%	9.00%
Private Equity/Other	13.50%	8.90%
Cash	0.00%	0.30%
Total	**100.00%**	

Discount Rate. A single discount rate of 7.50% and 7.75% was used to measure the total pension liability at December 31, 2017 and 2016, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.50% and 7.75%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher ($ in thousands):

	1 % Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of net pension liability	$ 183,367	$ 140,679	$ 104,453

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at https://www.derp.org.

(17) Postemployment Healthcare Benefits under GASB Statement No. 75, as of and for the year ended December 31, 2018

The Airport has two Other Postemployment Healthcare Benefit (OPEB) plans: Denver Employees Retirement Plan (DERP) and DERP Implicit Rate Subsidy.

	Denver International Airport
DERP OPEB Plan Net OPEB Liability	$ 10,855
DERP Implicit Rate Subsidy OPEB Plan Total OPEB Liability	7,693
Total/Net OPEB Liability	$ 18,548

DERP OPEB Plan Description. The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and postemployment health benefits to eligible members. The Plan was established in 1963 by the City. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and postemployment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and postemployment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org.

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

For members who were hired on or after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a consecutive 60 month period of credited service. Five year vesting is required for all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment. Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the Plan's Board, and enacted into ordinance by the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of decreased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2017, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Contributions. The Airport is required to contribute at a rate of 1.26% of annual covered payroll. The contribution requirements for the Airport are established under the City's Revised Municipal Code. For the year ended December 31, 2018, contributions to the DERP OPEB plan were $0.7 million.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the Airport reported a liability of $10.9 million for its proportionate share of the net OPEB liability. The net OPEB liability for DERP was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2017 relative to the total contributions of participating employers to the DERP.

At December 31, 2017, the Airport's proportion was 12.35% percent for OPEB, which was a decrease of 0.662% from its proportion measured as of December 31, 2016.

The components of the Airport's proportionate share of the net OPEB liability related to DERP as of December 31, 2018, are presented below ($ in thousands).

OPEB Plan	Denver International Airport
Total OPEB Liability	$ 20,095
Plan fiduciary net position	9,240
Net OPEB Liability	$ 10,855

For the year ended December 31, 2018, the Airport recognized OPEB expense for the DERP plan of $0.5 million.

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented below ($ in thousands).

	Denver International Airport	
Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Plan:		
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 535
Changes in proportion	77	479
Contributions subsequent to the measurement date	674	-
Total	$ 751	$ 1,014

The $0.7 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented below ($ in thousands).

	Year Ended December 31,	Denver International Airport
OPEB Plan:		
	2019	$ (243)
	2020	(243)
	2021	(243)
	2022	(208)
	2023	-
	Thereafter	-
		$ (937)

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below.

OPEB Plan	**DERP**
Valuation Date	January 1, 2017
Measurement Date	December 31, 2017
Experience Study	Conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012.
Actuarial Method	Entry Age Normal
Long-term Investment Rate of Return	7.50%
Real wage growth	1.10%
Discount Rate	7.50%
Projected Salary Increases	3.00% to 7.00%
Inflation	2.50%
Mortality	Scale AA to 2020, with Multipliers Specific to Gender and Paymenbt Status of Employee

.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below.

Asset Allocation
2017

Asset Class	Target Allocation	Long-Term Expected Real Rate
US Equities	**22.50%**	
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
International Equity	**23.50%**	
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-Core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Discount rate. A single discount rate of 7.50% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.50%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Discount Rate. Below presents the net OPEB liability using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands).

	1 % Decrease	Current Discount Rate	1% Increase
DERP OPEB Plan			
Discount Rate	6.50%	7.50%	8.50%
Proportionate share of net liability	$ 12,758	$ 10,855	$ 9,222

As the Plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Health Cost Trend Rates are not applicable to this Plan.

OPEB plan fiduciary net position. Detailed information about the DERP's fiduciary net position is available in DERP's comprehensive annual financial report which can be obtained at https://www.derp.org.

DERP Implicit Rate Subsidy OPEB Plan

DERP Implicit Subsidy Plan Description. The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicate age.

Benefit Payments. DERP retirees are responsible for 100.00% of the blended premium rate the Airport's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay benefits. For the year ended, December 31, 2018, benefit payments were $0.6 million.

Participation Rate DERP Implicit Subsidy Plan. As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees.

Participating active employees: 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

Actives not currently participating: 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser DHMO plan at or before retirement.

Vested terminated employees: 40% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser DHMO plan when they retire and begin their pension benefits.

Retired participants: Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

Spouse Coverage

Active participants: 25% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown below. A 40% excise tax rate is applied to the portion of premiums projected to exceed the threshold.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1.0% in 2019 and CPI annual thereafter this report assumes that 100.0% of any excise tax liability for high cost retiree coverage will be borne by the City.

Employees covered by benefit terms at December 31, 2016, the date of the latest actuarial valuation:

Inactive employees currently receiving benfit payments	1,107
Inactive employees entitled to but not yet receiving benefit payments	323
Active employees	8,422
Total	9,852

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB.

The Airport's proportionate share is determined by the Airport's contributions for the measurement period divided by total contributions of all employer entities for the measurement period. The Airport's proportionate share of the implicit rate subsidy total OPEB liability related to DERP as of December 31, 2018 is as follows ($ in thousands):

Implicit Rate Subsidy	Denver International Airport
Total OPEB Liability	$ 7,693

For the year ended December 31, 2018, the Airport recognized OPEB expense of $0.5 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2018, is presented below ($ in thousands):

Sources	Denver International Airport Deferred Outflows of Resources	Denver International Airport Deferred Inflows of Resources
Implicit Rate Subsidy:		
Changes of assumptions - future economic or demographic factors	$ 113	$ -
Changes in proportion	26	341
Benefit payments subsequent to the measurement date	592	-
Total	$ 731	$ 341

The $0.6 million reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total implicit rate subsidy OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of recourses and deferred inflows of resources related to OPEB for the implicit rate subsidy will be recognized as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
Implicit Rate Subsidy:	
2019	$ (28)
2020	(28)
2021	(28)
2022	(28)
2023	(28)
Thereafter	(62)
	$ (202)

The implicit rate subsidy liability in the December 31, 2016 actuarial valuation was determine during the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit Rate Subsidy	DERP
Valuation Date	December 31, 2016, rolled forward to the measurement date
Measurement Date	December 31, 2017
Actuarial Method	Entry Age Normal
Asset valuation method	Market value of assets
Discount Rate	3.78% as of December 31, 2016, 3.56% as of December 31, 2017
Participants Valued	Only current active employees under age 65, non-medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected Salary Increases	3.25% per year
Inflation	2.75%
Mortality	RP-2000 MacLeod Watts Scale 2017 projected generationally from 2000
Healthcare cost trend rates	Medical plan premiums and claims costs by are assumed to increase 1.05% each January 1 of 2017-2021. On January 1, 2022 and later the rate is 5%
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic Assumptions	Based on most recent (January 2016) actuarial valuation of the Denver Employees Retirement Plan, except for a different basis used to project future mortality improvements (rates of retirement, termination, disability and mortality).

Discount rate. When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As such, a 3.56% discount was used to measure the implicit rate liability, based on the published rates of the applicable municipal bond index.

Sensitivity of the Airport's proportionate share of the implicit rate subsidy OPEB total liability to changes in the discount rate. Below presents total OPEB liability using the discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

	1 % Decrease	Current Discount Rate	1% Increase
Implicit Rate Subsidy			
Discount Rate	2.56%	3.56%	4.56%
Proportionate share of total liability	$ 8,313	$ 7,693	$ 7,131

Sensitivity of the total implicit rate subsidy OPEB liability to changes in the healthcare cost trend rates presented below ($ in thousands):

Change in Healthcare Cost Trend Rates	1 % Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 6,943	$ 7,693	$ 8,633

(18) Postretirement Healthcare Benefits under GASB Statement No. 45, as of year ended December 31, 2017

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992 postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2017, the monthly health insurance premium supplement was $12.50 per year of service for retired participants under the age of 65, and $6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

(a) Other Postemployment Benefit Plan – Implicit Rate Subsidy under GASB 45, as of and for the year ended December 31, 2017

Employees of the Airport (as City employees), along with a portion of the employees of Denver Health and Hospital Authority (DHHA) (those employed prior to 2001, who have elected to remain members of the Plan), employees of Denver Employees Retirement Plan (DERP), and a majority of the other employees of the City (certain fire and police personnel are excluded), are participants in the City's health care plan. For active employees participating in the City's health care plan, the employers pay a certain percentage of monthly premiums and the employees pay the remainder of the premium. Vested retired employees participating in the City's health care plan pay 100% of the premium and are eligible for an insurance premium reduction payment from DERP. In establishing premiums, the active and retired employees from the three employers (the City, DERP, and DHHA) are grouped together without age-adjustment or differentiation between employers. The premiums are the same for both active and retired employees creating an implicit rate subsidy for the retirees.

The City is acting in a cost-sharing multiple-employer capacity for this other postemployment benefit plan. The City's Revised Municipal Code, Section 18-412, authorizes the City's retirees to participate in the health insurance programs offered to the active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with five years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare eligibility age. For purpose of calculating the implicit rate subsidy, it was estimated there were 1,107 retirees not yet covered by Medicare who were covered by the health insurance programs. There is no stand-alone report for this plan and it is not included in the City's financial statements. The City's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing.

A Schedule of Funding Progress and Schedule of Employer Contributions are presented as Required Supplementary Information following the notes to the financial statements. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Both the Schedule of Funding Progress and the Schedule of Employer Contributions present information related to the cost-sharing plan as a whole, of which the City, including the Airport, is one participant, and should provide information helpful for understanding the scale of the information presented relative to the Airport.

Projections and benefits for financial reporting purposes are based on the substantive plan as understood by the plan and the members and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective calculations. The actuarial evaluations are performed on a biennial basis.

For the December 31, 2016, actuarial valuation of the Implicit Rate Subsidy, the entry age normal, level percent of pay, valuation method was used. The actuarial assumptions included a 2.75% general inflation rate, 4.00% investment rate of return, 3.25% salary increase, and health care cost trend grading from 8.5% decreasing by 0.5% per year to 5.0% thereafter. The amortization period was 30 years, open basis, using a level percentage of pay amortization method.

Contributions made by the Airport toward the implicit rate subsidy were $0.8 million and $0.8 million for the years ended December 31, 2017 and 2016, respectively, based on a pay-as-you-go financing.

(19) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures

(20) Commitments and Contingencies

(a) Commitments

As of December 31, 2018 the Airport had remaining construction project contract capacity totaling $2.0 billion, of which $222.8 million has been committed but not yet incurred, with the remaining $1.8 billion expected to be committed and incurred to complete current approved capital projects.

(b) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for DEN dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

There are no noise penalties due for 2018 or 2017.

(c) Claims and Litigation

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the Complaint). The Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County Intergovernmental Agreement (IGA) as a result of the City's continued use of noise modeling system known as ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the IGA. In conjunction with this declaratory relief, the 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 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. 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") 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 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.

(d) Denver International Assets under Operating Leases

The Airport leases portions of its buildings and improvements to airline and concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2018 and 2017 was $91.7 million and $90.1 million, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 ($ in thousands):

2019	$ 52,679
2020	39,297
2021	35,728
2022	31,138
2023	24,563
2024-2028	57,462
2029-2032	1,337
Total	$ 242,204

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds $20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2018 or 2017. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(e) Federal Grants

Under the terms of the federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(21) Insurance

The Department of Aviation is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Department of Aviation has purchased commercial insurance for the various risks.

Employees of the City and County of Denver (including all Department of Aviation employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with state statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims.

In 2011, the Department of Aviation established an Owner Controlled Insurance Program (OCIP) to insure all contractors and subcontractors working on the Hotel Transit Center Project. The program included general liability, worker's compensation, builder's risk, contractor's pollution and Owners Protection Professional Liability. In 2013, the airport established a Rolling Owner Controlled Insurance Program (ROCIP) for selected Capital Improvement Projects from 2013- 2015. In 2016, ROCIP II was established for selected Capital Improvement Projects from 2016-2018. In 2017, ROCIP III was established for selected Capital Improvement Projects from 2018-2022. Combined ROCIP program experience has generated cost savings to the Department of Aviation.

(22) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airlines' landing fees and facility rental fees (airline operating revenue). For the years ended December 31, 2018 and 2017, United Airlines group represented approximately 43.8% and 43.2% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 24.4% and 24.4% in 2018 and 2017, respectively. No other airline represented more than 10% of the Airport's airline operating revenues. The Airport requires performance bonds to support airlines and concession accounts receivables.

(23) United Airlines

The dominant air carrier at DEN is United Airlines, one of the world's largest airlines. Pursuant to the United Use & Lease Agreement, United currently leases 54 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 43.5% and 42.2% of enplaned passengers at the Airport in 2018 and 2017, respectively.

(24) Subsequent Events

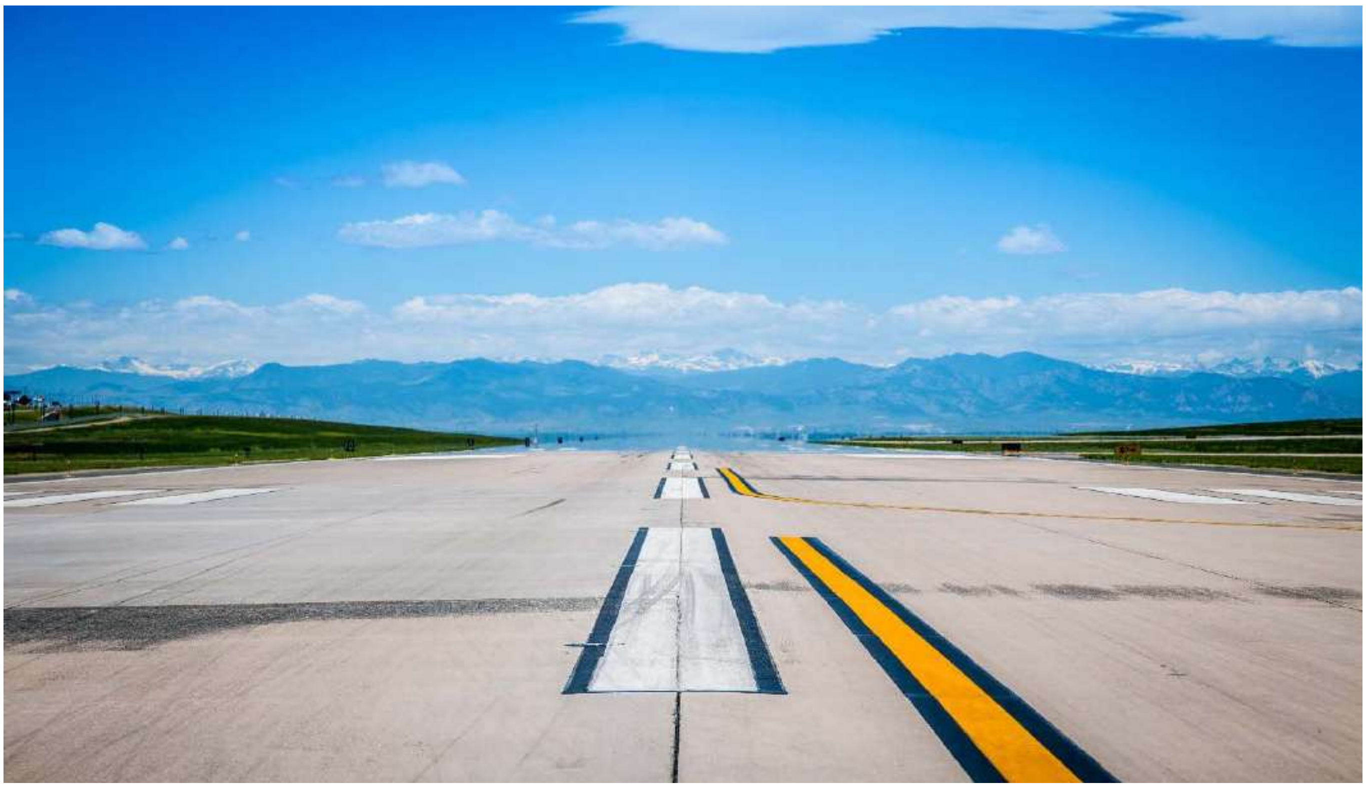
On January 29, 2019, with updates on May 16, 2019 and May 28, 2019, the City on behalf of the Airport filed a Voluntary Event Notice Relating to Construction of the Great Hall Project and Relating to Airport Terminal Concrete Testing Results. These disclosures are available at https://emma.msrb.org/ES1237977-ES967193-ES1368125.pdf, https://emma.msrb.org/EP1036367-EP802986-EP1204505.pdf, and https://emma.msrb.org/ES1398194.pdf respectively.

On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose PFC at DEN. The PFC rate will remain the same, at $4.50, but the authorized maximum PFC collection total increased by $244.4 million to $3.5 billion through February 1, 2029. The Final Agency Decision is to fund approved capital projects.

On March 13, 2019, the Airport fully terminated the 2005 and 2006B Swap Agreements with Royal Bank of Canada and Piper Jaffray Financial Products, LLC. There was no cost to the Airport for the terminations and yielded a net cash inflow of $1.2 million.

2018 ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY
SCHEDULE OF THE AIRPORT'S PROPORTIONATE SHARE (UNAUDITED)
DECEMBER 31, 2018 AND 2017 ($ IN THOUSANDS)

	2018	2017	2016	2015
DEN proportionate share of the net pension liability	11.994930%	12.618330%	13.400670%	13.13003%
DEN proportionate share of the net pension liability	$ 140,679	$ 153,869	$ 158,033	$ 115,000
DEN covered payroll	$ 88,612	$ 85,209	$ 84,601	$ 75,901
DEN proportionate share of the net pension liability as a percentage of its covered payroll	158.76%	180.58%	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	65.49%	62.26%	62.26%	70.11%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Changes in assumptions: Discount rate changed from 7.75% to 7.5%

Note: There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AIRPORT CONTRIBUTIONS - NET PENSION LIABILITY (UNAUDITED)
DECEMBER 31, 2018 AND 2017 ($ IN THOUSANDS)

	2018	2017	2016	2015
Contractually required contribution	$ 10,873	$ 9,513	$ 9,176	$ 9,109
Contributions in relation to the contractually required contribution	10,873	9,513	9,176	9,109
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
DEN covered payroll	$ 92,132	$ 88,612	$ 85,209	$ 84,601
Contributions as a percentage of covered payroll	11.80%	10.74%	10.77%	10.77%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

Changes in assumptions: None

Changes in benefits: None

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF FUNDING PROGRESS, AS REQUIRED UNDER GASB NO. 45
(UNAUDITED)
DECEMBER 31, 2018 AND 2017 ($ IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2012	$ -	$ 88,704	$ 88,704	0.0%	$ 446,182	19.9%
12/31/2014	-	73,713	73,713	0.0%	487,408	15.1%
12/31/2016	-	76,610	76,610	0.0%	526,301	14.6%

The Schedule of Funding Progress was a requirement under GASB No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and is presented for comparative financial statement presentation.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT CONTRIBUTIONS, AS REQUIRED UNDER GASB NO.45
(UNAUDITED)
DECEMBER 31, 2018 AND 2017 ($ IN THOUSANDS)

Year Beginning January 1		Annual Actuarially Required Contribution	Percentage Contributed
		Implicit Rate Subsidy	
2015	$	5,048	112.5%
2016	$	5,479	95.0%
2017	$	5,578	109.3%

The Schedule of Funding Progress was a requirement under GASB No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and is presented for comparative financial statement presentation.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN – NET OPEB LIABILITY
SCHEDULE OF AIRPORT'S PROPORTIONATE SHARE (UNAUDITED)
DECEMBER 31, 2018 ($ IN THOUSANDS)

	2018 OPEB
DEN proportion of the net liability	12.346330%
DEN proportionate share of the net liability	$ 10,855
DEN covered payroll	$ 70,981
DEN proportionate share of the net liability as a percentage of its covered payroll	15.29%
Plan fiduciary net position as a percentage of the total liability	46.0%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information present in this schedule has been determined as of Denver International's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 75.

Notes to Required Supplementary Information:
There were no benefit changes during the year. The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2018 to December 31, 2012. At this time, the recommended mortality table was expected to produce a margin of 8% on the male mortality experience and 7% on the retired female epxerience (Source: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24.)

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN – NET OPEB LIABILITY
SCHEDULE OF AIRPORT CONTRIBUTIONS (UNAUDITED)
DECEMBER 31, 2018 ($ IN THOUSANDS)

	2018 OPEB
Actuarially required contribution	$ 539
Contributions in relation to the actuarially required contribution	674
Contribution deficiency (excess)	(135)
DEN covered payroll	$ 92,132
Contributions as a percentage of covered payroll	0.7%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN – IMPLICIT RATE SUBSIDY
SCHEDULE OF AIRPORT'S PROPORTIONATE SHARE (UNAUDITED)
DECEMBER 31, 2018 ($ IN THOUSANDS)

	2018 Implicit Rate Subsidy
DEN proportion of the total liability	9.788102%
DEN proportionate share of the total liability	$ 7,693
DEN covered-employee payroll	$ 57,996
DEN proportionate share of the total liability as a percentage of its covered-employee payroll	13.26%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information present in this schedule has been determined as of Denver International's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective total implicit rate subsidy OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 75.

Notes to Required Supplementary Information:
There were no benefit changes during the year.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2018 to December 31, 2012.

At this time, the recommended mortality table was expected to produce a margin of 8% on the male mortality experience and 7% on the retired female experience (Source: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24.)

The discount rate changed from 3.78% at December 31, 2016 to 3.56% at December 31, 2017. No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

2018 ANNUAL FINANCIAL REPORT

OTHER INFORMATION (UNAUDITED)

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE AIRPORT REVENUE ACCOUNT (UNAUDITED)

YEAR ENDED DECEMBER 31, 2018 ($ IN THOUSANDS)

Gross Revenues	
Facility Rentals	$ 236,066
Concession Income	83,297
Parking Income	189,878
Car Rental Income	72,621
Landing Fees	166,671
Aviation Fuel Tax	25,039
Other Sales and Charges	25,174
Customer Facility Fee Revenue	20,019
Interest Income	28,191
Designated Passenger Facility Charges	40,851
Hotel	53,304
Miscellaneous Income	4,095
Total Gross Revenues	**$ 945,206**
Operation and Maintenance (O&M) Expenses	
Personnel services	$ 164,889
Contractual services	227,918
Maintenance, supplies, and materials	24,378
Hotel	28,616
Total O&M Expenses	**$ 445,801**
Net Revenues	$ 499,405
Other Available Funds	43,901
Net Revenues plus Other Available Funds	**$ 543,306**
Debt Service Coverage - Senior Bonds	
Debt Service Requirements - Senior Bonds	$ 258,545
Less: Committed Passenger Facility Charges	82,940
Net Debt Service Requirements - Senior Bonds	**$ 175,605**
Debt Service Coverage - Senior Bonds	**309%**
Debt Service Coverage - All Bonds	
Debt Service Requirements - Subordinate Bonds	$ 101,344
Net Debt Service Requirements - Senior Bonds	175,605
Net Debt Service Requirements - All Bonds	**$ 276,949**
Debt Service Coverage - All Bonds	**196%**

Note: Debt Service Requirements are net of capitalized interest.

See accompanying independent auditor's report

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2018

(1) Bond Account

There shall be credited to the Bond Account, in the following order of priority:

(a) Interest Account

The required monthly deposit to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, is an amount which, if made in substantially equal installments, would be sufficient to pay the next maturing installment of interest on such series bonds ($ in thousands).

Bond series	Interest payment date	Balance interest due	Required Interest Acct. balance at 12/31/2018
Series 1992F-G	01/01/19	$ 61	$ 61
Series 2002C	01/01/19	46	46
Series 2007F1-F2	01/01/19	141	141
Series 2007G1-G2	01/01/19	270	270
Series 2008B	01/01/19	98	98
Series 2008C1	01/01/19	170	170
Series 2008C2-C3	01/01/19	388	388
Series 2009A	05/15/19	3,931	983
Series 2009B	05/15/19	2,094	523
Series 2009C	01/01/19	173	173
Series 2010A	05/15/19	3,718	930
Series 2011A	05/15/19	4,823	1,206
Series 2011B	05/15/19	225	56
Series 2012A	05/15/19	6,150	1,538
Series 2012B	05/15/19	11,705	2,926
Series 2012C	05/15/19	544	136
Series 2013A	05/15/19	8,163	2,041
Series 2013B	05/15/19	9,581	2,395
Series 2015A	05/15/19	1,645	411
Series 2016A	05/15/19	5,593	1,398
Series 2016B	01/01/19	197	197
Series 2017A	05/15/19	5,750	1,437
Series 2017B	05/15/19	532	133
Series 2018A	06/01/19	56,694	9,449
Series 2018B	06/01/19	4,410	735
			$ 27,841

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2018

(b) Principal Account

The required monthly deposit to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, is an amount which, if made in substantially equal installments, would be sufficient to pay the next maturing installment of principal of such Serial Bonds ($ in thousands).

Bond series	Principal payment date	Balance principal due	Required principal account balance at 12/31/2018
Series 1992F-G	11/15/19	$ 2,900	$ 363
Series 2002C	11/15/19	2,800	350
Series 2007G1-G2	11/15/19	10,300	1,288
Series 2008B	11/15/19	5,000	625
Series 2008C1	11/15/19	7,700	963
Series 2008C2-C3	11/15/19	21,300	2,663
Series 2009C	11/15/19	13,600	1,700
Series 2010A	11/15/19	16,045	2,006
Series 2011A	11/15/19	44,430	5,554
Series 2012A	11/15/19	1,025	128
Series 2012B	11/15/19	5,565	696
Series 2013A	11/15/19	4,180	523
Series 2013B	11/15/19	5,985	748
Series 2015A	11/15/19	16,320	2,040
Series 2016A	11/15/19	4,160	520
Series 2016B	11/15/19	10,920	1,365
Series 2017A	11/15/19	22,870	2,859
Series 2018A	12/01/19	3,490	291
Series 2018B	12/01/19	235	20
			$ 24,702

(c) Sinking Account

The required monthly deposit to the Bond Sinking Account, commencing on the first day of the 12th calendar month prior to the date on which the City is required to pay any Term Bonds, is one-twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

(d) Redemption Account

The required deposit to the Bond Redemption Account, on or prior to any date on which the Airport exercises its option to call for prior redemption of any Bonds, is an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2018, the redemption account had a balance of $29.4 million for the sixth runway and baggage system.

(e) Bond Account Summary

The sum of the required bond account balances described in items (a) through (d) above is as follows ($ in thousands):

BOND ACCOUNT SUMMARY

Bond account balance at December 31, 2018	$	58,083
Aggregate required bond account balance		52,543
Overfunded	$	5,540

(2) Bond Reserve Account

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2018 is $563.8 million. The minimum Bond Reserve Account requirement for both Senior and Subordinate Lien Bonds is $554.0 million.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account balance must be funded at an amount equal to no less than two months and no more than four months of the prior year operating expenses. Airport management funds the reserve based on three months of the prior year operating expenses. The operation and maintenance expenses noted below is presented as defined within the 1984 Airport System General Bond Ordinance ($ in thousands).

2017 Operation and Maintenance expenses	$	425,005
Minimum operations and maintenance reserve requirement for 2018	$	70,834
Operation and maintenance reserve account balance at December 31, 2018		107,255
Overfunded	$	36,421

2018 ANNUAL FINANCIAL REPORT

STATISTICAL SECTION (UNAUDITED)

(1) Condensed Schedule of Revenues and Expenses ($ in thousands)

	2009 *	2010	2011	2012 **	2013	2014	2015	2016	2017	2018 ***
Operating revenues	$ 564,490	$ 601,402	$ 602,769	$ 624,673	$ 661,637	$ 711,491	$ 687,536	$ 742,529	$ 768,925	$ 808,360
Operating expenses	379,517	409,865	392,862	388,171	431,935	413,563	436,803	469,810	453,532	474,314
Operating income before depreciation and amortization	184,973	191,537	209,907	236,502	229,702	297,928	250,733	272,719	315,393	334,046
Depreciation and amortization	177,583	181,496	179,070	178,567	184,721	183,560	163,714	179,692	183,351	193,009
Operating income	7,390	10,041	30,837	57,935	44,981	114,368	87,019	93,027	132,042	141,037
Nonoperating revenues (expenses)	(59,749)	(87,795)	(75,488)	(46,259)	(55,906)	(9,013)	9,106	12,108	1,611	(3,787)
Capital contributions, grants and transfers	38,621	30,200	34,702	22,996	31,412	20,533	20,483	3,553	55,879	26,730
Change in net position	$ (13,738)	$ (47,554)	$ (9,949)	$ 34,672	$ 20,487	$ 125,888	$ 116,608	$ 108,688	$ 189,532	$ 163,980

* Restated for GASB 53
** Restated for GASB 65
*** Implementation of GASB 75

(2) Passenger Data (amounts in thousands)

(a) Enplaned Passengers by Major Airline Category

Year	Major International Airlines	% Change	Regional Commuter Airlines	% Change	Charter Miscellaneous Airlines	% Change	Total	% Change
2009	20,646,529	(4.0%)	4,239,139	7.4%	242,365	27.3%	25,128,033	(2.0%)
2010	21,032,064	1.9%	4,666,047	10.1%	326,811	34.8%	26,024,922	3.6%
2011	21,709,430	3.2%	4,439,841	(4.8%)	306,494	(6.2%)	26,455,765	1.7%
2012	21,984,133	1.3%	4,323,837	(2.6%)	289,021	(5.7%)	26,596,991	0.5%
2013	21,618,114	(1.7%)	4,436,819	2.6%	230,374	(20.3%)	26,285,307	(1.2%)
2014[1]	21,962,984	1.6%	4,767,207	7.4%	6,493	(97.2%)	26,736,684	1.7%
2015	22,713,090	3.4%	4,296,830	(9.9%)	9,009	38.7%	27,018,929	1.1%
2016	24,979,910	10.0%	4,155,887	(3.3%)	4,407	(51.1%)	29,140,204	7.9%
2017	26,758,785	7.1%	3,953,656	(4.9%)	1,570	(64.4%)	30,714,011	5.4%
2018	27,951,205	4.5%	4,306,957	8.9%	1,055	(32.8%)	32,259,217	5.0%

[1] In 2014, the airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included adjusting United Express international operations from Miscellaneous to Regional.

(b) Enplaned Passengers by Airline

Airline	2018	% of Total	2017	% of Total
United	9,963,481	30.9%	9,428,550	30.7%
United Express	4,064,288	12.6%	3,548,333	11.6%
Total United	14,027,769	43.5%	12,976,883	42.3%
Southwest	9,386,197	29.1%	9,137,172	29.7%
Frontier	3,696,254	11.5%	3,501,127	11.4%
Delta	1,728,487	5.4%	1,635,708	5.3%
American	1,619,744	5.0%	1,682,943	5.5%
Other	1,800,766	5.5%	1,780,178	5.8%
Totals	32,259,217	100.0%	30,714,011	100.0%

(c) Originating and Connecting Enplaned Passengers for the Year Ended December 31, 2018

Airline	Originating	Connecting	Total
United	5,060,643	4,902,838	9,963,481
United Express	1,220,160	2,844,128	4,064,288
Total United	6,280,803	7,746,966	14,027,769
Southwest	6,810,997	2,575,200	9,386,197
Frontier	2,716,015	980,239	3,696,254
Delta	1,646,669	81,818	1,728,487
American	1,619,744	-	1,619,744
Other	1,672,016	128,750	1,800,766
Totals	20,746,244	11,512,973	32,259,217
Percent of total	64.3%	35.7%	100.0%

(d) Domestic and International Enplaned Passengers

Enplaned Passengers	2018	2017
Domestic	95.4%	95.8%
International	4.6%	4.2%
Total	100.0%	100.0%

(3) Aircraft Operations

(a) Historical Aircraft Operations

Year	Air Carrier	Commuter	Taxi/Gen Aviation	Military	Total	Percent change
2009	456,675	151,659	3,513	130	611,977	(2.2%)
2010	468,962	162,646	3,721	116	635,445	3.8%
2011	452,223	178,742	3,628	87	634,680	(0.1%)
2012	443,389	170,809	3,900	159	618,257	(2.6%)
2013	420,073	162,719	3,988	80	586,860	(5.1%)
2014	422,178	148,436	4,021	526	575,161	(2.0%)
2015	424,930	118,147	4,464	107	547,648	(4.8%)
2016	445,019	122,982	4,376	143	572,520	4.5%
2017	461,992	116,305	4,120	69	582,486	1.7%
2018	462,276	137,027	3,979	121	603,403	3.6%

Aircraft operations are takeoffs, landings, or other communications with the control tower.

(4) Historical Passenger Facility Charge Revenues ($ in thousands)

Year	Amount	Year	Amount
2009	96,865	2014	103,959
2010	102,595	2015	106,007
2011	103,210	2016	114,230
2012	105,472	2017	118,333
2013	103,032	2018	123,907

(5) Enplaned Cargo Operations (in tons)

Year	Air Mail	Freight and Express	Total	% Change
2009	6,459	104,262	110,721	(10.8%)
2010	9,831	111,024	120,855	9.2%
2011	9,306	111,939	121,245	0.3%
2012	8,687	105,180	113,867	(6.1%)
2013	6,909	104,477	111,386	(2.2%)
2014	7,963	106,766	114,729	3.0%
2015	11,885	107,447	119,332	4.0%
2016	11,017	103,688	114,705	(3.9%)
2017	13,675	105,749	119,424	4.1%
2018	11,754	117,377	129,131	8.1%

(6) Historical Net Revenue and Debt Service Coverage under the Bond Ordinance (in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross revenue	$ 631,592	$ 668,885	$ 702,157	$ 713,279	$ 743,101	$ 803,620	$ 808,781	$ 863,126	$ 895,963	$ 945,206
Operation and maintenance expenses	309,270	302,881	312,278	318,394	349,987	355,769	381,445	417,140	425,005	445,801
Net revenue	322,322	366,004	389,879	394,885	393,114	447,851	427,336	445,986	470,958	499,405
Other available funds	49,288	57,449	57,528	51,685	50,409	54,834	56,908	51,574	47,090	43,901
Total amount available for debt service requirements	$ 371,610	$ 423,453	$ 447,407	$ 446,570	$ 443,523	$ 502,685	$ 484,244	$ 497,560	$ 518,048	$ 543,306
Debt service requirements	$ 237,905	$ 235,244	$ 235,356	$ 247,563	$ 242,816	$ 268,422	$ 262,516	$ 294,914	$ 282,251	$ 276,949
Debt service coverage	156%	180%	190%	180%	183%	187%	184%	169%	184%	196%

(7) Summary of Insurance Coverage

Policy number	Company	Item covered	Expiration date	Annual premium	Coverage
AP-086448700-59	AIG	Airport Owner's Liability	5/1/2019	$ 443,791	$ 500,000,000
ERAG93E16	Aspen	Environmental Liability	5/1/2019	$ 75,190	$ 10,000,000
1038092	FM Global	Property	5/1/2019	$ 1,592,670	$ 4,000,000,000
LHR763372	Landmark	Professional Liability (CDL)	5/1/2019	$ 2,500	$ 1,000,000
106510089 (primary)	Travelers	Cyber Liability	5/1/2019	$ 186,612	$ 20,000,000
B1262F10987418 (excess)	Ptarmigan				

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX E

UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

QUARTERLY FINANCIAL REPORT

SEPTEMBER 30, 2019 AND 2018

DENVER INTERNATIONAL AIRPORT

(THIS PAGE INTENTIONALLY LEFT BLANK)

2019 QUARTERLY FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis (MD&A) (Unaudited)

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the nine months ended September 30, 2019, 2018 and 2017. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenue at the Airport totaled $659.9 million, an increase of $51.3 million, or 8.4%, for the nine-month period ended September 30, 2019, as compared to the nine-month period ended September 30, 2018. Airline revenue totaled $296.3 million, up $21.3 million, or 7.7%, driven by higher budgeted facility rental rates and landing fee rates. Non-airline revenue totaled $363.6 million, up $30.0 million, or 9.0%, primarily due to an increase in total passengers of 7.4%, which resulted in an incremental increase in non-airline operating revenues along with new concessions and strong hotel occupancy and rate increases. Non-airline revenue represented 55.1% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $346.4 million for the nine-month period ended September 30, 2019, an increase of $21.4 million, or 6.6%, as compared to the nine-month period ended September 30, 2018. The increase compared to the prior year was primarily driven by increases in contractual services and personnel costs driven by snow removal.

Overview of the Financial Statements

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Governmental Accounting Standards Board (GASB) allows the Airport to present comparative financial statements but requires that the Airport's MD&A address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – the current year, the prior year and the year preceding the prior year (i.e., 2019, 2018 and 2017). During 2018, the Airport adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This GASB was effective for fiscal years beginning after June 15, 2017. The implementation of GASB 75 required the Airport to record beginning net Other Postemployment Benefits (OPEB) liability and deferred inflows and outflows of resources related to OPEB with the effect of a reduction of $18.7 million on the beginning of 2018 unrestricted net position. The 2017 financial statements were not restated as it was not practical to do so because the actuarial data required to restate was not available.

Operating Statistics

Airport operating revenues are primarily driven by airline operations and passenger traffic. The operating statistics section provides information about these figures, as well as the change from the prior period. These statistics in large part drive the financial results of the Airport, as discussed in the following pages. All statistics are obtained from airline self-reporting, as required in the use and lease agreements, and totals shown are inclusive of all regional and affiliate partners.

Summary of Operating Statistics
as of September 30, 2019, 2018, and 2017

	2019	2018	2017	2019 / 2018 Change	2019 / 2018 % Change
Enplanements (in thousands)	25,934	24,158	23,135	1,776	7.4%
Passengers (in thousands)	51,855	48,291	46,233	3,564	7.4%
Cargo (in thousand tons)	244	222	214	22	9.9%
Aircraft operations (in thousands)	478	451	440	27	6.0%
Landed weight (in millions lbs)	28,045	26,262	25,517	1,783	6.8%

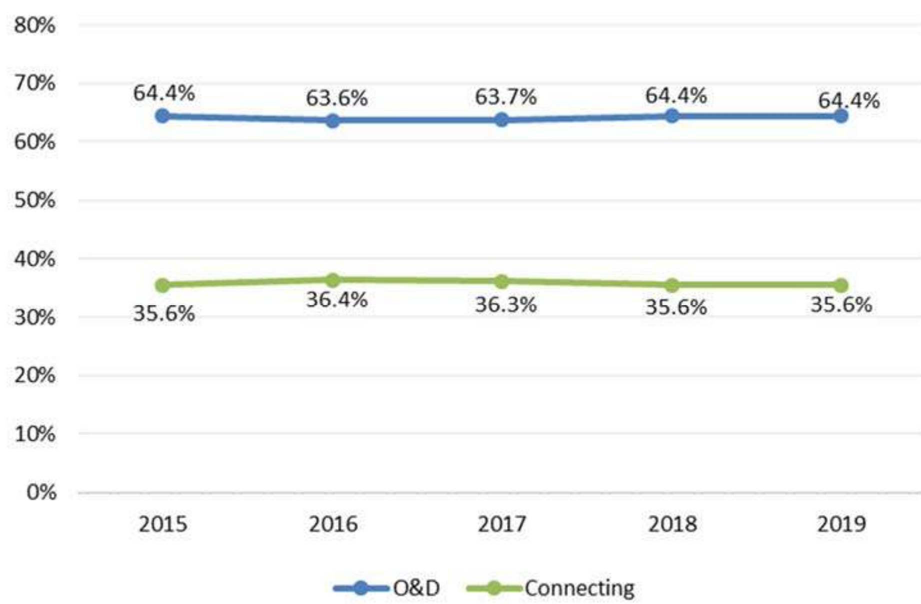
Year to Date Enplanements
as of September 30, 2019, 2018, and 2017
(in thousands)

Airline	2019	2018	2017	2019 / 2018 Change	2019 / 2018 % Change
United	11,592	10,445	9,752	1,147	11.0%
Southwest	7,058	6,982	6,810	76	1.1%
Frontier	3,153	2,766	2,704	387	14.0%
Delta	1,389	1,313	1,231	76	5.8%
American	1,228	1,236	1,271	(8)	(0.6%)
Other	1,514	1,416	1,367	98	6.9%
Total	25,934	24,158	23,135	1,776	7.4%

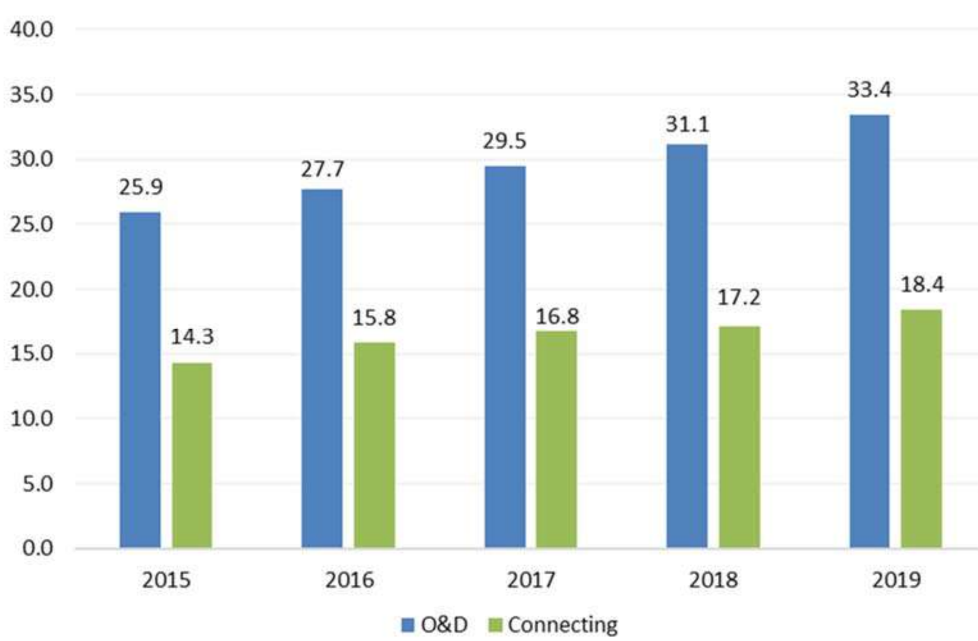
Year to Date Total Passengers
as of September 30, 2019, and 2018
(in thousands)

	2019		2018		2019 / 2018	
Airline	Total Passengers	% O&D	Total Passengers	% O&D	Change in Passengers	% Change
United	23,162	44.9%	20,863	44.5%	2,299	11.0%
Southwest	14,079	72.2%	13,929	73.3%	150	1.1%
Frontier	6,312	78.0%	5,527	72.1%	785	14.2%
Delta	2,784	95.3%	2,636	95.3%	148	5.6%
American	2,460	100.0%	2,475	100.0%	(15)	(0.6%)
Other	3,058	92.0%	2,861	92.6%	197	6.9%
Total	51,855	64.4%	48,291	64.4%	3,564	7.4%

**Origin and Destination (O&D) vs. Connecting Passengers by Percentage
as of September 30**



**Origin and Destination (O&D) vs. Connecting Passengers by Passenger Count
as of September 30
(in millions)**



United Group

United Group (United) includes the operations of United Airlines, as well as regional affiliate airlines operating under the United Express brand. United is one of the world's largest airlines and is the principal air carrier operating at the Airport. United operates a major connecting hub at the Airport under a Use & Lease Agreement with the City that expires in 2035. United currently leases 53 full-service contact gates on Concourse B, and 16 ground loading positions on Concourses A and B. United accounted for 44.7% and 43.5% of total passengers as of September 30, 2019 and December 31, 2018, respectively.

Southwest Airlines

Southwest Airlines (Southwest) maintains the second largest market share at the Airport. Southwest began service at the Airport in January 2006, and since that time has experienced strong and continued growth. The Airport is now the airline's second busiest station in its system, in terms of total scheduled operations. Southwest leases 25 full-service contact gates on Concourse C. Southwest accounted for 27.2% and 29.0% of total passengers as of September 30, 2019 and December 31, 2018, respectively.

Frontier Airlines

Frontier Airlines (Frontier) has the third largest market share at the Airport, which is Frontier's only hub and the busiest airport in the Frontier system. Frontier has transformed its business model from a low-cost carrier to an ultra-low-cost carrier. Frontier currently leases nine full-service contact gates on Concourse A. Frontier accounted for 12.2% of total passengers as of September 30, 2019, as well as December 31, 2018.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the nine-month period ended September 30, 2019, 2018 and 2017 ($ in thousands):

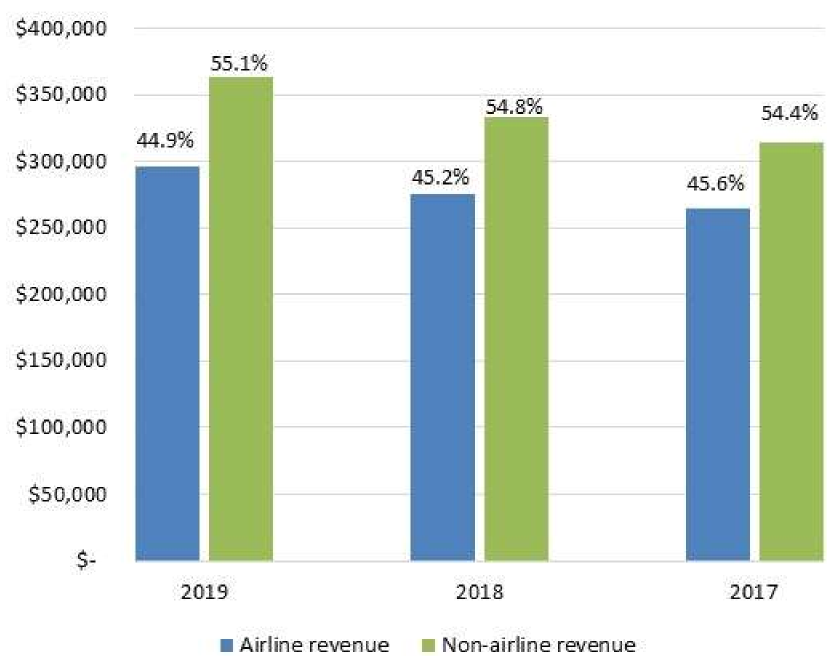
	2019	2018	2017	2019 / 2018 $ Change	2019 / 2018 % Change
Operating revenue	$ 659,912	$ 608,613	$ 578,250	$ 51,299	8.4%
Less: operating expenses	346,438	325,016	321,637	21,422	6.6%
Operating income before depreciation and amortization	313,474	283,597	256,613	29,877	10.5%
Less: depreciation and amortization	147,971	142,782	132,290	5,189	3.6%
Operating income	165,503	140,815	124,323	24,688	17.5%
Add: nonoperating revenues	187,941	149,439	135,166	38,502	25.8%
Less: nonoperating expenses	205,218	154,613	127,959	50,605	32.7%
Add: capital grants and contributions	6,228	25,748	25,101	(19,520)	(75.8%)
Increase in net position	154,454	161,389	156,631	(6,935)	(4.3%)
Net position, beginning of year	1,168,965	1,023,673	834,141	145,292	14.2%
Cumulative effect of change in accounting principle	-	(18,688)	-	18,688	(100.0%)
Net position, beginning of year, as adjusted	1,168,965	1,004,985	834,141	163,980	16.3%
Net position, end of period	$ 1,323,419	$ 1,166,374	$ 990,772	157,045	13.5%

Summary of Operating Revenues

The following is a summary of operating revenues for the nine-month period ended September 30, 2019, 2018 and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ Change	2019 / 2018 % Change
Operating revenue:					
Airline revenue					
Facility rentals	$ 165,060	$ 155,442	$ 144,749	$ 9,618	6.2%
Landing fees	131,267	119,607	119,505	11,660	9.7%
Total airline revenue	296,327	275,049	264,254	21,278	7.7%
Non-airline revenue					
Parking	147,103	140,086	131,578	7,017	5.0%
Concession	70,922	55,384	53,572	15,538	28.1%
Car Rental	60,364	57,087	57,123	3,277	5.7%
Hotel	47,086	39,925	36,533	7,161	17.9%
Aviation fuel tax	19,919	19,262	15,611	657	3.4%
Ground transportation	14,315	13,544	9,635	771	5.7%
Other sales and charges	3,876	8,276	9,944	(4,400)	(53.2%)
Total non-airline revenue	363,585	333,564	313,996	30,021	9.0%
Total operating revenue	$ 659,912	$ 608,613	$ 578,250	$ 51,299	8.4%

Total Operating Revenues
as of September 30, 2019, 2018 and 2017
(% of total)



Total Operating Revenues
as of September 30, 2019, 2018 and 2017
(% of total)

	2019	2018	2017
Airline revenue			
Facility rentals	25.0%	25.5%	25.0%
Landing fees	19.9%	19.7%	20.6%
Total airline revenue	44.9%	45.2%	45.6%
Non-airline revenue			
Parking	22.3%	23.0%	22.8%
Concession	10.7%	9.1%	9.3%
Car Rental	9.1%	9.4%	9.9%
Hotel	7.1%	6.6%	6.3%
Aviation fuel tax	3.0%	3.2%	2.7%
Ground transportation	2.2%	2.2%	1.7%
Other sales and charges	0.7%	1.3%	1.7%
Total non-airline revenue	55.1%	54.8%	54.4%

2019/2018

Total airline revenues at the Airport totaled $296.3 million, an increase of $21.3 million, or 7.7%, for the nine-month period ended September 30, 2019, as compared to the same period in 2018.

Facility rental revenue increased by $9.6 million, or 6.2%, due to an increase in the budgeted terminal complex rental rate in 2019, which is related to additional maintenance and professional services to support the continued passenger growth and utilization.

Landing fee revenue increased by $11.7 million, or 9.7%, driven by an increase in budgeted airfield debt service costs.

Total non-airline revenues at the Airport totaled $363.6 million, an increase of $30.0 million, or 9.0%, for the nine-month period ended September 30, 2019, as compared to the same period in 2018.

Parking revenue increased by $7.0 million, or 5.0%, primarily due to a rate increase and increased parking duration in the garage parking facilities. Effective September 1, 2019, there was an increase in hourly and daily rates for all parking facilities except for the shuttle lots.

Concession revenue increased by $15.5 million, or 28.1%, due to an increase of 7.4% in total enplaned passengers combined with increases in per passenger spend. Also contributing to the increase in concession revenues is an increase in advertising revenue by approximately $1.3 million.

Car rental revenue increased by $3.3 million, or 5.7%, primarily due to an increase in O&D passengers, coupled with an increase in number of transaction days.

Hotel revenue increased by $7.2 million, or 17.9%, primarily due to an increase in occupancy rate from 75.8% to 87.1%, combined with an 10.1% increase in average room rates.

Aviation fuel tax revenue increased by approximately $0.7 million, or 3.4% due to an increase in gallons sold. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground transportation revenue increased $0.8 million, or 5.7%, due to growth of transportation network companies.

Other sales and charges revenue decreased by $4.4 million, or 53.2%, due to various operational and revenue sources.

2018/2017

Total airline revenues at the Airport totaled $275.0 million, an increase of $10.8 million, or 4.1%, for the nine-month period ended September 30, 2018, as compared to the same period in 2017.

Facility rental revenue increased by $10.7 million, or 7.4%, due to a 2.9% increase in the budgeted terminal complex rental rate in 2018, as well as an increase in the costs related to the Automatic Guideway Transit System (AGTS).

Landing fee revenue increased by $0.1 million, or 0.1%, which is driven by an increase in landed weight offset by a reduced budgeted signatory landing fee rate.

Total non-airline revenues at the Airport totaled $333.6 million, an increase of $19.6 million, or 6.2%, for the nine-month period ended September 30, 2018, as compared to the same period in 2017.

Parking revenue increased by $8.5 million, or 6.5%, primarily due to rate increases in the garage and economy parking lots, which went into effect February 15, 2018. Garage rates increased to $25 per day (formerly $24), and economy lot rates increased to $16 per day (formerly $13) for the first three days, and then the rate reduces to $15 for subsequent days.

Concession revenue increased by $1.8 million, or 3.4%, primarily due to an increase of 4.4% in enplaned passengers.

Car rental revenue remained flat year over year.

Hotel revenue increased $3.4 million, or 9.3%, primarily due to an increase in total occupancy from 71.8% to 75.8% combined with a 4.6% increase in average room rates.

Aviation fuel tax revenue increased by $3.7 million, or 23.4%, due to an increase in the price of fuel over the prior year, as well as a 2.9% increase in landed weight. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground transportation revenue increased $3.9 million, or 40.6%, due to growth of transportation network companies as well as the $1.0 million of revenue resulting from an audit of ground transportation revenue.

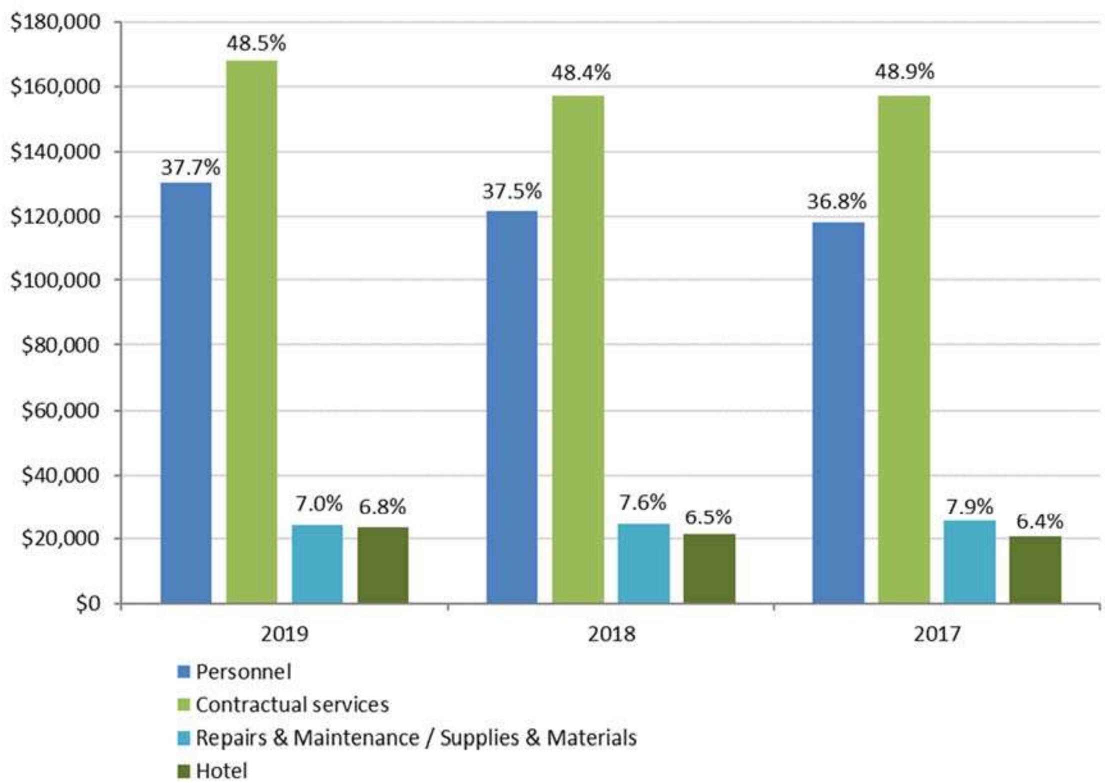
Other sales and charges revenue decreased by $1.7 million, or 16.8%, due to various operational and system-related changes along with a decrease in interest charged.

Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the nine-month period ended September 30, 2019, 2018 and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ Change	2019 / 2018 % Change
Personnel	$ 130,772	$ 121,963	$ 118,284	$ 8,809	7.2%
Contractual services	168,015	157,312	157,354	10,703	6.8%
Repair and maintenance projects	6,962	8,471	8,918	(1,509)	(17.8%)
Maintenance, supplies, and materials	17,329	16,074	16,474	1,255	7.8%
Hotel	23,360	21,196	20,607	2,164	10.2%
Total operating expenses	$ 346,438	$ 325,016	$ 321,637	$ 21,422	6.6%

Total Operating Expenses Before Depreciation and Amortization as of September 30, 2019, 2018, and 2017 (% of total)



2019/2018

Operating expenses, exclusive of depreciation and amortization, were $346.4 million for the nine-month period ended September 30, 2019, an increase of $21.4 million, or 6.6%, as compared to the same period in 2018.

Personnel increased $8.8 million, or 7.2%, primarily driven by increases in police and fire salaries of approximately $4.0 million, increase in annual merit and benefit costs, and higher labor costs associated with snow removal.

Contractual services overall increased $10.7 million, or 6.8%, primarily due to increased maintenance and snow removal services and other key professional services contracts to support continued passenger growth.

Project repair and maintenance decreased by $1.5 million, or 17.8%, due to fewer non-capitalizable project expenditures.

Maintenance, supplies, and materials increased $1.3 million, or 7.8%, due to increase in snow removal related expenses.

Hotel expenses increased $2.2 million, or 10.2%, due to an increase in operating costs associated with an increase in occupancy rate from 75.8% to 87.1% when compared to the prior year.

2018/2017

Operating expenses, exclusive of depreciation and amortization, were $325.0 million for the nine-month period ended September 30, 2018, an increase of $3.4 million, or 1.1%, as compared to the same period in 2017.

Personnel increased $3.7 million, or 3.1%, primarily driven by merit and benefit increases, as well as increases in police and fire salaries.

Contractual services overall remained flat year over year, but timing variances between financial quarter ends.

Repair and maintenance decreased by $0.4 million, or 5.0%, due to timing variances and fewer projects being deemed to extend asset lives, and therefore were not capitalized.

Maintenance, supplies, and materials decreased by $0.4 million, or 2.4%, due to reduction in supply purchases year over year.

Hotel expenses increased $0.6 million, or 2.9%, due to an increase in occupancy over the prior year.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2019/2018

Total nonoperating revenues increased by $38.5 million, or 25.8%, primarily due to an increase in investment income resulting from bond proceeds associated with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

Total nonoperating expenses increased $50.6 million, or 32.7%, primarily due to interest expense associated with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

In 2019 and 2018, capital grants totaled $6.2 million and $25.7 million, respectively. The 2018 capital grants included Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system.

2018/2017

Total nonoperating revenues increased by $14.3 million, or 10.6%, which was primarily due to increases in passenger facility charges, as a result of increases in enplanements. Also contributing to the increase in nonoperating revenue is the increase in investment income resulting from the increase in bond proceeds issued with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

Total nonoperating expenses increased $21.6 million, or 17.7%, primarily due to interest expense associated with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

In 2018 and 2017, capital grants totaled $25.7 million and $25.1 million, respectively.

Summary of Net Position

The following is a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2019, and December 31, 2018 and 2017 ($ in thousands):

	2019	2018	2017	2019 / 2018 $ Change	2019 / 2018 % Change
Assets:					
Current assets, unrestricted[1]	$ 373,398	$ 346,850	$ 220,362	$ 26,548	7.7%
Current assets, restricted	1,066,984	1,116,062	244,878	(49,078)	(4.4%)
Noncurrent investments, unrestricted	582,556	503,915	446,630	78,641	15.6%
Noncurrent Investments, restricted	2,059,870	2,168,124	926,510	(108,254)	(5.0%)
Long-term receivables	29,088	29,716	29,018	(628)	(2.1%)
Capital assets, net	3,982,328	3,826,587	3,651,252	155,741	4.1%
Bond insurance costs, net	343	384	439	(41)	(10.7%)
Interest rate swaps	5,141	13,226	27,686	(8,085)	(61.1%)
Total assets	8,099,708	8,004,864	5,546,775	94,844	1.2%
Deferred outflows of resources	106,866	119,394	156,426	(12,528)	(10.5%)
Liabilities:					
Current liabilities, unrestricted	163,077	215,707	196,299	(52,630)	(24.4%)
Current liabilities, restricted	308,171	257,538	244,343	50,633	19.7%
Bonds payable, noncurrent	6,174,361	6,215,968	3,941,423	(41,607)	(0.7%)
Interest rate payable swaps, noncurrent	52,031	78,388	119,484	(26,357)	(33.6%)
Notes payable, noncurrent	2,787	4,427	7,600	(1,640)	(37.0%)
Compensated absences payable, noncurrent	7,751	7,751	7,421	-	0.0%
Net pension liability	140,679	140,679	153,874	-	0.0%
Net OPEB liability	18,548	18,548	-	-	0.0%
Total liabilities	6,867,405	6,939,006	4,670,444	(71,601)	(1.0%)
Deferred inflows of resources	15,750	16,287	9,084	(537)	(3.3%)
Net position (deficit)					
Net investment in capital assets (deficit)	(170,667)	(29,619)	78,760	(141,048)	476.2%
Restricted	622,656	507,237	487,601	115,419	22.8%
Unrestricted	871,430	691,347	457,312	180,083	26.0%
Total net position	$ 1,323,419	$ 1,168,965	$ 1,023,673	$ 154,454	13.2%

[1] Accounts receivable net of allowance for doubtful accounts of $3,437, $3,442, and $2,151 respectively

2019/2018

Total assets increased by $94.8 million, or 1.2%, compared to December 31, 2018. This was primarily due to a net increase in capital assets of $155.7 million that was partially offset by a decrease of $37.9 million, or 0.9%, in total cash and investments, as well as by the decrease of $12.1 million, or 19.9%, in accounts receivable. The net increase in capital assets is due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program. The decrease in total cash and investments is primarily driven by cash outflows related to the 2018-2022 capital program and partial use of Airport funds to refund Series 2008C2 and 2008C3 Bonds. These decreases in cash and investments are partially offset by cash received from operational activities. The decrease in accounts receivable is attributed to increased collection efforts on accounts as well as issuance of annual airline true-up credits as provided in the use and lease agreements.

Total deferred outflows of resources decreased by $12.5 million, or 10.5%, due to the amortization of deferred losses on bond refundings and the change in fair value of hedging activities.

Total liabilities decreased by $71.6 million, or 1.0%, compared to December 31, 2018. This was primarily due to a $41.6 million, or 0.7%, decrease in noncurrent bonds payable due to bond refunding of the series 2008C2 and 2008C3 Bonds, as well as a $26.4 million, or 33.6%, decrease in noncurrent interest rate payable on swaps as a result of swap terminations.

Total deferred inflows of resources decreased by $0.5 million, or 3.3%, due to the amortization of deferred gain on bond refundings.

The Airport's 2019 total net position is $1.3 billion, of which 47.0% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $610.5 million for debt service and $12.2 million for capital projects.

As of September 30, 2019, the remaining net position consist of unrestricted balance of $871.4 million and a deficit net investment in capital assets of ($170.7). Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2018/2017

Total assets increased by $2.5 billion, or 44.3%, compared to December 31, 2017. This was primarily due to an increase of $2.3 billion, or 134.5%, in total cash and investments, as well as an increase of $175.3 million, or 4.8%, in total capital assets. The increase in total cash and investments is due to the issuance of Series 2018A and Series 2018B Bonds for $2.5 billion. The increase in total capital assets is due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program.

Total deferred outflows of resources decreased by $37.0 million, or 23.7%, due to the amortization of deferred losses on bond refundings, as well as pension adjustments as required under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) and the implementation of GASB 75.

Total liabilities increased by $2.3 billion, or 48.6%, compared to December 31, 2017. This was primarily due to a $2.3 billion, or 57.7%, increase in noncurrent bonds payable as a result of the issuance of Series 2018A and Series 2018B Bonds, as well as a $18.5 million increase due to the implementation of GASB 75. This increase was partially offset by a $41.1 million, or 34.4%, decrease in interest rate swaps, a $13.2 million, or 8.6%, decrease in net pension liabilities, and a $9.8 million, or 75.8%, decrease in restricted vouchers payable.

Total deferred inflows of resources increased by $7.2 million, or 79.3%, due to pension adjustments as required under GASB 68 and the implementation of GASB 75.

The Airport's 2018 total net position is $1.2 billion, of which 43.4% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $496.0 million for debt service and $11.3 million for capital projects.

The remaining net position consist of unrestricted balance of $691.3 million which may be used to meet any of the Airport's ongoing operational needs. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt coverage requirements.

In addition, ($29.6) million represent the Airport's net investment in capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

Long-Term Debt

As of September 30, 2019, the Airport had approximately $6.0 billion in outstanding senior and subordinate bonded debt, bearing fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $391.6 million in 2018. Estimated total annual debt service for 2019 is $492.5 million, which includes an estimate of $113.1 million to be funded from bond capitalized interest accounts.

The Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1, and AA-, respectively, with each of the rating agencies giving the Airport a stable outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds and 110% of the aggregate annual debt service requirements on senior and subordinate bonds, and junior liens. The debt service coverage ratio on all bonds for the years ended December 31, 2018 and 2017 were 196% and 184% of total debt service, respectively.

On August 20, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019A (AMT) (Series 2019A) and Series 2019B (Taxable) (Series 2019B) for $145.9 million and $22.7 million, respectively. The Series 2019A and Series 2019B proceeds coupled with Airport contributions of approximately $54.7 million were used to refund the Series 2008C2 and Series 2008C3 Bonds, terminate the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch, and fund the costs of issuance.

On March 13, 2019, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. There was no cost to the Airport for the terminations and it yielded a net cash inflow of $1.19 million.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for the terminations and it yielded a net cash inflow of $1.16 million.

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2.3 billion of Series 2018A (AMT) Bonds and (ii) $184.4 million of Series 2018B (Non-AMT) Bonds. Combined, these two transactions will be used to assist in funding the

2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, provided funds for capitalized interest and pay cost of issuance.

Capital Assets

As of September 30, 2019, and December 31, 2018, the Airport had $4.0 billion and $3.8 billion, respectively, in total capital assets, net of accumulated depreciation. The net accumulated depreciation is approximately $3.5 billion in 2019 and $3.4 billion in 2018.

The Airport developed a new capital program for the Airport for the years 2018 through 2022 (the “2018-2022 Capital Program”). The prior capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2018 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage, and airfield pavement rehabilitation and lighting projects.

The 2018-2022 Capital Program identifies capital projects with a total cost of approximately $3.5 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$ 1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	**$ 3.5**

Concourse A, B, 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. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport’s current expectation that most of the additional gates and space will be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the 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 checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements. The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. Additional information related to the Great Hall project can be found in Note 14 (Commitments and Contingencies) to the financial statements.

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. Airside projects are partly funded through the Federal Aviation Administration's Airport Improvement Program.

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

Major projects include the improvements and development of the Airport's real estate infrastructure. Additional information related to the Airport's capital assets can be found in note 4.

Passenger Facility Charges (PFCs)

In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration (FAA) approved the Airport's application for an increase in the PFC fee from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2018, a total of $2.1 billion has been remitted to the Airport (including interest earned), of which $106.2 million has been expended on approved projects. $2.0 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $30.1 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.2 billion. On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose additional PFC collections at DEN. As a result of the decision, the PFC rate will remain the same, at $4.50, but the authorized maximum PFC collection total increased by $244.4 million to $3.5 billion through February 1, 2029. The decision is to fund already approved capital projects.

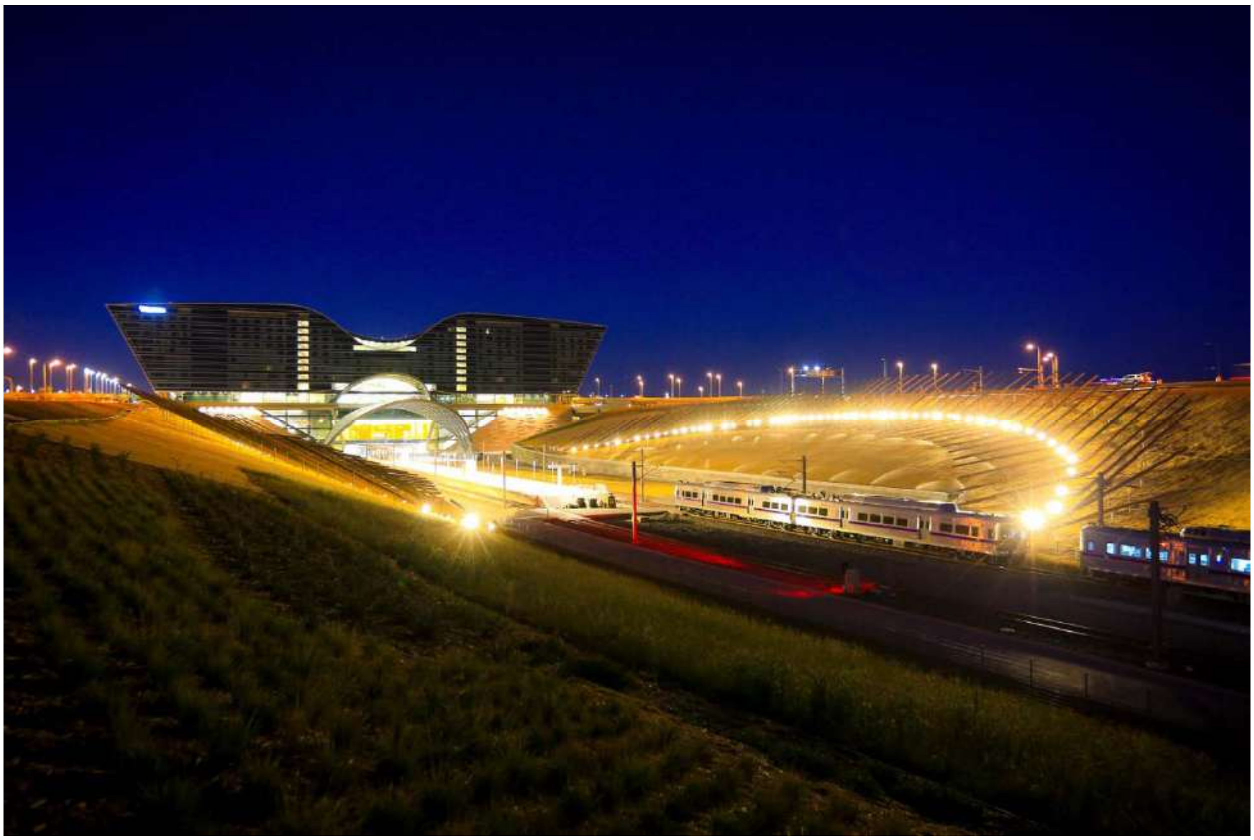
Customer Facility Charges (CFCs)

Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents ($2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340.

2019 QUARTERLY FINANCIAL REPORT
FINANCIAL STATEMENTS (UNAUDITED)



Statements of Net Position (Unaudited)

September 30, 2019 and December 31, 2018 ($ in thousands)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 24,976	$ 21,763
Investments	261,889	226,536
Accounts receivable, net of allowance of $3,437 and $3,442, respectively	48,679	60,745
Accrued interest receivable	3,041	5,264
Grants receivable	13,014	9,423
Customer facility charges receivable	2,130	3,000
Other receivables	6,111	6,094
Inventories	10,872	11,538
Prepaid expenses and other	2,686	2,487
Total current unrestricted assets	373,398	346,850
Restricted assets:		
Cash and cash equivalents	106,213	104,402
Investments	926,020	974,686
Accrued interest receivable	5,151	11,218
Prepaid expenses and other	12,152	11,265
Passenger facility charges receivable	17,448	14,491
Total current restricted assets	1,066,984	1,116,062
Total current assets	1,440,382	1,462,912
Noncurrent assets:		
Investments - unrestricted	582,556	503,915
Long-term receivables, net of current portion	29,088	29,716
Capital assets (depreciable):		
Buildings and Improvements	5,590,341	5,580,138
Machinery and equipment	924,299	908,973
	6,514,640	6,489,111
Less: accumulated depreciation and amortization	3,528,698	3,400,441
	2,985,942	3,088,670
Capital assets (non-depreciable):		
Art	7,166	7,166
Capacity rights	12,400	12,400
Construction in progress	681,054	422,585
Land, land rights and air rights	295,766	295,766
Total capital assets	3,982,328	3,826,587
Prepaid bond insurance	343	384
Interest rate swaps	5,141	13,226
Investments - restricted	2,059,870	2,168,124
Total noncurrent assets	6,659,326	6,541,952
Total assets	8,099,708	8,004,864
Deferred outflows of resources	106,866	119,394
Total assets and deferred outflows	8,206,574	8,124,258

See accompanying notes to financial statements

Statements of Net Position (Unaudited)

September 30, 2019 and December 31, 2018 ($ in thousands)

	2019	2018
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 76,887	$ 92,724
Due to other City agencies	18,671	24,360
Compensated absences payable	2,391	2,391
Other liabilities	2,311	15,599
Revenue credit payable	30,000	40,000
Advance rent	32,817	40,633
Total current unrestricted liabilities	163,077	215,707
Restricted:		
Vouchers payable	2,377	3,125
Retainages payable	20,942	15,573
Accrued interest and matured coupons	93,685	31,563
Notes payable	2,181	3,173
Other liabilities	5,301	5,279
Revenue bonds	183,685	198,825
Total current restricted liabilities	308,171	257,538
Total current liabilities	471,248	473,245
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	5,790,415	5,806,690
Plus: net unamortized premiums	383,946	409,278
Total bonds payable, noncurrent	6,174,361	6,215,968
Interest rate swaps	52,031	78,388
Notes payable	2,787	4,427
Compensated absences payable	7,751	7,751
Net pension liability	140,679	140,679
Net OPEB liability	18,548	18,548
Total noncurrent liabilities	6,396,157	6,465,761
Total liabilities	6,867,405	6,939,006
Deferred inflows of resources	15,750	16,287
Net Position		
Net investment in capital assets (deficit)	(170,667)	(29,619)
Restricted for:		
Capital projects	12,150	11,264
Debt service	610,506	495,973
Unrestricted	871,430	691,347
Total net position	$ 1,323,419	$ 1,168,965

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)

For the Three Months Ended September 30, 2019 and 2018 ($ in thousands)

	2019	2018	$ Change	% Change
Operating revenues:				
Facility rentals	$ 55,085	$ 53,101	$ 1,984	3.7%
Parking	50,943	47,619	3,324	7.0%
Landing fees	45,117	41,241	3,876	9.4%
Concession	28,723	19,457	9,266	47.6%
Car rental	21,548	20,792	756	3.6%
Hotel	17,032	14,698	2,334	15.9%
Aviation fuel tax	7,502	6,040	1,462	24.2%
Ground transportation	5,484	4,802	682	14.2%
Other sales and charges	1,653	1,861	(208)	(11.2%)
Total operating revenues	233,087	209,611	23,476	11.2%
Operating expenses:				
Personnel	42,868	39,056	3,812	9.8%
Contractual services	50,897	49,076	1,821	3.7%
Repair and maintenance projects	3,009	2,010	999	49.7%
Maintenance, supplies and materials	5,871	5,523	348	6.3%
Hotel	8,134	7,390	744	10.1%
Total operating expenses	110,779	103,055	7,724	7.5%
Operating income, before depreciation and amortization	122,308	106,556	15,752	14.8%
Depreciation and amortization	50,367	46,712	3,655	7.8%
Operating income	71,941	59,844	12,097	20.2%
Nonoperating revenues (expenses):				
Passenger facility charges	36,878	35,014	1,864	5.3%
Customer facility charges	6,970	6,724	246	3.7%
Investment income	19,712	11,263	8,449	75.0%
Interest expense	(67,521)	(53,372)	(14,149)	26.5%
Other revenues (expenses)	(253)	3,770	(4,023)	(106.7%)
Total nonoperating revenues (expenses), net	(4,214)	3,399	(7,613)	(224.0%)
Change in net position before capital grants and contributions	67,727	63,243	4,484	7.1%
Capital grants and contributions	5,682	18,748	(13,066)	(69.7%)
Change in net position	73,409	81,991	(8,582)	(10.5%)
Net position, beginning of period, as previously reported	1,250,010	1,103,071	146,939	13.3%
Cumulative effect on change in accounting principle	-	(18,688)	18,688	(100.0%)
Net position, beginning of period, as adjusted	1,250,010	1,084,383	165,627	15.3%
Net position, as of September 30	$ 1,323,419	$ 1,166,374	$ 157,045	13.5%

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)

For the Nine Months Ended September 30, 2019 and 2018 ($ in thousands)

	2019	2018	$ Change	% Change
Operating revenues:				
Facility rentals	$ 165,060	$ 155,442	$ 9,618	6.2%
Parking	147,103	140,086	7,017	5.0%
Landing fees	131,267	119,607	11,660	9.7%
Concession	70,922	55,384	15,538	28.1%
Car rental	60,364	57,087	3,277	5.7%
Hotel	47,086	39,925	7,161	17.9%
Aviation fuel tax	19,919	19,262	657	3.4%
Ground transportation	14,315	13,544	771	5.7%
Other sales and charges	3,876	8,276	(4,400)	(53.2%)
Total operating revenues	659,912	608,613	51,299	8.4%
Operating expenses:				
Personnel	130,772	121,963	8,809	7.2%
Contractual services	168,015	157,312	10,703	6.8%
Repair and maintenance projects	6,962	8,471	(1,509)	(17.8%)
Maintenance, supplies and materials	17,329	16,074	1,255	7.8%
Hotel	23,360	21,196	2,164	10.2%
Total operating expenses	346,438	325,016	21,422	6.6%
Operating income, before depreciation and amortization	313,474	283,597	29,877	10.5%
Depreciation and amortization	147,971	142,782	5,189	3.6%
Operating income	165,503	140,815	24,688	17.5%
Nonoperating revenues (expenses):				
Passenger facility charges	99,457	95,225	4,232	4.4%
Customer facility charges	16,772	16,053	719	4.5%
Investment income	69,923	28,683	41,240	143.8%
Interest expense	(204,331)	(143,714)	(60,617)	42.2%
Other revenues (expenses)	902	(1,421)	2,323	(163.5%)
Total nonoperating revenues (expenses), net	(17,277)	(5,174)	(12,103)	233.9%
Change in net position before capital grants and contributions	148,226	135,641	12,585	9.3%
Capital grants and contributions	6,228	25,748	(19,520)	(75.8%)
Change in net position	154,454	161,389	(6,935)	(4.3%)
Net position, beginning of year, as previously reported	1,168,965	1,023,673	145,292	14.2%
Cumulative effect on change in accounting principle	-	(18,688)	18,688	(100.0%)
Net position, beginning of year, as adjusted	1,168,965	1,004,985	163,980	16.3%
Net position, end as of September 30	$ 1,323,419	$ 1,166,374	$ 157,045	13.5%

See accompanying notes to financial statements

Statements of Cash Flows (Unaudited)

For the Nine Months Ended September 30, 2019 and 2018 ($ in thousands)

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 642,899	$ 568,154
Payments to suppliers	(220,448)	(207,562)
Interfund activity payments to other funds	(10,900)	(7,862)
Payments to employees	(132,640)	(123,677)
Net cash provided by operating activities	278,911	229,053
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	168,585	2,798,813
Principal paid on notes payable and capital leases	(2,620)	(2,983)
Interest paid on revenue bonds	(155,632)	(112,133)
Bond insurance and issue costs paid	(267)	41
Interest paid on notes payable	(101)	(80)
Capital grant receipts	2,637	35,544
Passenger Facility Charges	96,500	92,196
Customer Facility Charges	17,642	16,581
Purchases of capital assets	(305,995)	(258,928)
Payments to escrow for current refunding of debt	(200,000)	(300,000)
Proceeds from sale of capital assets	293	-
Net cash provided by (used in) capital and related financing activities	(378,958)	2,269,051
Cash flows from investing activities:		
Purchases of investments	(1,939,659)	(4,464,501)
Proceeds from sales and maturities of investments	1,982,587	2,076,462
Proceeds from sales of assets held for dispostion	183	5,295
Proceeds from swap termination	(21,487)	-
Payments to maintain assets held for disposal	(2)	(8,944)
Interest and dividends on investments and cash equivaler	83,449	34,472
Net cash provided by (used in) investing activities	105,071	(2,357,216)
Net increase in cash and cash equivalents	5,024	140,887
Cash and cash equivalents, beginning of year	126,165	106,823
Cash and cash equivalents, end of period	$ 131,189	$ 247,710

(continued)

Statements of Cash Flows (Unaudited)

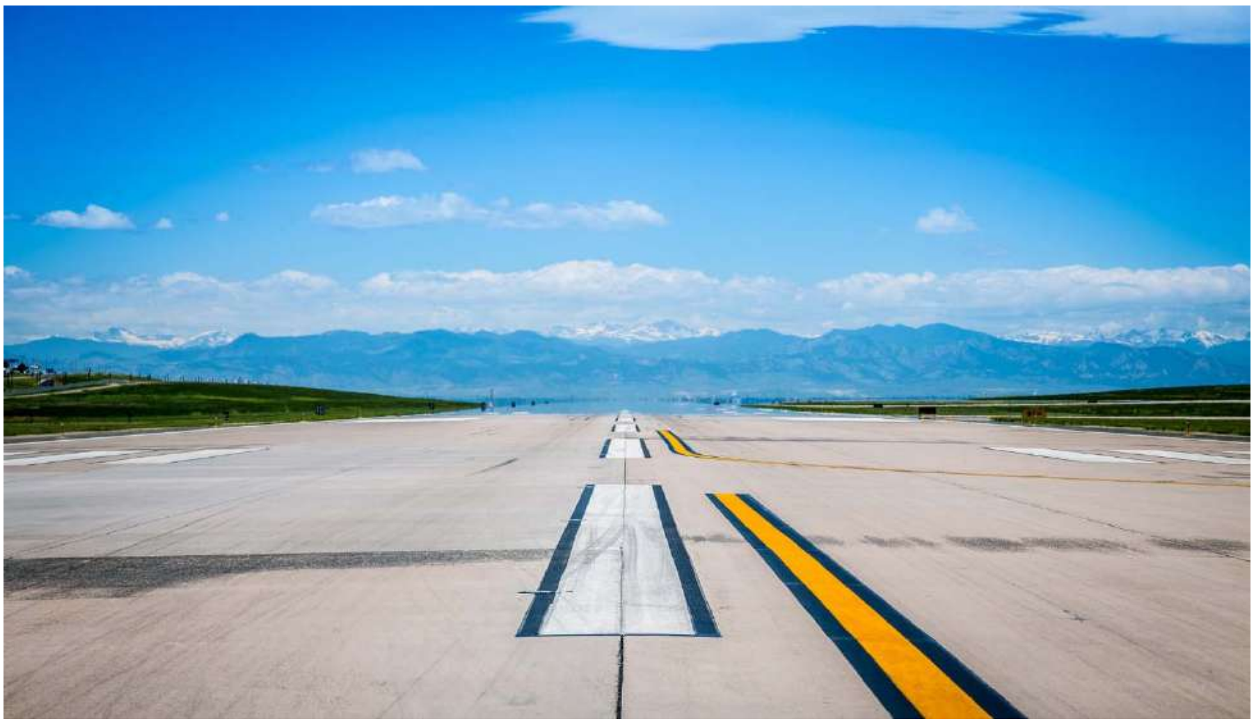
For the Nine Months Ended September 30, 2019 and 2018 ($ in thousands)

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 165,503	$ 140,815
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	147,971	142,782
Changes in assets and liabilities:		
Receivables, net of allowance	12,050	(22,293)
Due from other City agencies	-	3,727
Inventories	666	232
Prepaid expenses and other	(199)	(1,298)
Vouchers and other payables	(10,308)	(22,148)
Deferred rent	(7,816)	(3,977)
Due to other City agencies	(5,689)	7,342
Other operating liabilities	(23,267)	(16,129)
Net cash provided by operating activities	$ 278,911	$ 229,053

	2019	2018
Noncash activities:		
Unrealized gain (loss) on interest rate swaps	(3,695)	-
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	13,781	(4,854)
Refunded bond proceeds delivered directly to an irrevocable trust	200,000	-
Capital assets in vouchers payable and retainage payable	52,895	-

See accompanying notes to financial statements

2019 QUARTERLY FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)



(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (DEN) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

DEN consists of a landside terminal building, hotel, transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2018 and 2017. The Airport's investments are maintained in pools at the City and include municipal securities, commercial paper, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. The City and County of Denver investment policy can be viewed at https:// www.denvergov.org/content/dam/denvergov/Portals/344/documents/transparency/investments/Investment_Policy.pdf.

(d) Inventories

Inventories consist of materials and supplies valued at cost.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at DEN. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of DEN are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The total capitalized interest incurred for fiscal year 2018 was $8.8 million.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums are recorded as assets and amortized over the life of the insurance policy using the effective interest method. Premiums (discounts) on bonds payable are recorded as assets or liabilities and amortized over the life of bonds using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions and Other Postemployment Benefits (OPEB)

For purposes of recording the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources relating to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Denver Employees' Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Net Position

2019

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.3 billion as of September 30, 2019, a $154.5 million increase in net position from December 31, 2018. Of the Airport's 2019 net position, 47.0% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $610.5 million and are externally restricted for debt service. The net position restricted for capital projects represent $12.2 million.

The remaining net position included unrestricted net position of $871.4 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($170.7) million represents the Airport's investment in capital assets less the related debt outstanding to finance those capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2018

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.2 billion as of December 31, 2018, a $145.3 million increase in net position from the prior year-end. Of the Airport's 2018 net position, 43.4% are restricted for future debt services and capital construction. The bond accounts represent $496.0 million and are externally restricted for debt service. The net position restricted for capital projects represent $11.3 million.

The remaining net position included unrestricted net position of $691.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($29.6) million represents the Airport's investment in capital assets less the related debt outstanding to finance those capital assets. The deficit in investment results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

(k) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(l) Operating Revenues and Expenses

The statements of revenues, expenses, and changes in net position distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with DEN's principal ongoing operations. The principal operating revenues of the Airport are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position, and revenues from operating grants are reported as operating revenues.

(o) Rates and Charges

The Airport establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40.0 million are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40.0 million for 2018 and estimated net revenues credited to the airlines through September 30, 2019 totaled $30.0 million. As of September 30, 2019, and December 31, 2018, a liability was accrued for $30.0 million and $40.0 million, respectively, and is reported in the statements of net position as revenue credit payable.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(q) Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in total net position.

(r) Change in Accounting Principles

Government Accounting Standard Board (GASB) issued a pronouncement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), effective for fiscal years beginning after June 15, 2017. GASB 75 replaces GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The adoption of GASB 75 resulted in a $18.7 million decrease in beginning net position as of January 1, 2018, comprised of $19.9 million net OPEB liability as of January 1, 2018 under GASB 75, net of deferred outflows of resources of $1.2 million as of January 1, 2018 under GASB 75. Refer to note 12 for more information regarding DEN's OPEB. The 2017 financial statements were not restated as it was not practical to do so as the actuarial data required to restate 2017 was not available.

(3) Interest Income

Investment income earned on the Airport System's pooled cash and investments is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for September 30, 2019 and 2018, is comprised of interest income on investments of $69.9 million and $28.7 million, respectively. The increase in investment income is primarily driven from bond proceeds issued with the Airport System Subordinate Revenue Series 2018A (AMT) Bonds and 2018B (Non-AMT) Bonds.

(4) Capital Assets

Changes in capital assets for the nine months ended September 30, 2019 were as follows ($ in thousands):

	January 1, 2019	Additions	Transfers and reclassifications	Reductions	September 30, 2019
Depreciable:					
Buildings and improvements	$ 4,337,753	$ -	$ 7,804	$ -	$ 4,345,557
Machinery and equipment	908,973	177	35,261	(20,112)	924,299
Infrastructure and land improvements	1,214,261	-	691	-	1,214,952
Intangibles	28,124	-	1,707	-	29,832
	6,489,111	177	45,463	(20,112)	6,514,640
Less accumulated depreciation and amortization	(3,400,441)	(147,971)	-	19,714	(3,528,698)
	3,088,670	(147,794)	45,463	(398)	2,985,942
Nondepreciable:					
Art	7,166	-	-	-	7,166
Capacity rights	12,400	-	-	-	12,400
Construction in progress	422,585	304,325	(45,463)	(393)	681,054
Land, land rights, and air rights	295,766	-	-	-	295,766
Total capital assets	$ 3,826,587	$ 156,531	$ -	$ (791)	$ 3,982,328

(5) Bonds Payable

Changes in long-term debt for the nine months ended September 30, 2019 were as follows ($ in thousands):

	January 1, 2019	Additions	Refunded debt	Retirements	September 30, 2019	Amounts due within a year
Airport System revenue bonds	$ 5,965,435	$ 168,585	$ (200,000)	$ -	$ 5,934,020	$ 183,685
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	409,278	-	-	(25,332)	383,946	-
Total bond debt	$ 6,414,793	$ 168,585	$ (200,000)	$ (25,332)	6,358,046	$ 183,685
Less current portion					(183,685)	
Noncurrent portion					$ 6,174,361	

The Airport has issued bonds, bearing fixed and variable interest rates, collateralized by and payable from Airport Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 Bonds which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for 7-day periods. As such, the actual interest rate on the bonds will vary based on market conditions in the short-term tax-exempt bond market.

The maturity dates, interest rates, and principal amounts outstanding as of September 30, 2019 and December 31, 2018 are as follows ($ in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding September 30, 2019	Amount Outstanding December 31, 2018
Airport system revenue bonds				
Series 1992F, G*	November 15, 2031	1.849%	$ 34,900	$ 34,900
Series 2002C*	November 15, 2031	1.849%	26,200	26,200
Series 2007F1-F2**	November 15, 2025	1.450%	75,550	75,550
Series 2007G1-G2*	November 15, 2031	2.370%	119,400	119,400
Series 2008B*	November 15, 2031	2.135%	50,600	50,600
Series 2008C1*	November 15, 2031	2.135%	86,800	86,800
Series 2008C2-C3*	November 15, 2031	2.144%	-	200,000
Series 2009A	November 15, 2016 to 2036	5.00-5.25%	150,480	150,480
Series 2009B	November 15, 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2031	1.977%	100,955	100,955
Series 2010A	Annually November 15, 2019 to 2032	4.00-5.00%	150,050	150,050
Series 2011A	Annually November 15, 2019 to 2023	4.00-5.25%	182,420	182,420
Series 2011B	Annually November 15, 2019 to 2018, and 2024	4.00-5.00%	9,010	9,010
Series 2012A	Annually November 15, 2019 to 2043	3.00-5.00%	261,645	261,645
Series 2012B	Annually November 15, 2019 to 2043	4.00-5.00%	492,925	492,925
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	Annually November 15, 2019 to 2043	4.00-5.50%	308,400	308,400
Series 2013B	Annually November 15, 2019 to 2043	3.00-5.25%	375,890	375,890
Series 2015A	November 15, 2019 to 2021, and 2023 to 2035	2.200%	148,175	148,175
Series 2016A	November 15, 2019 to 2021, 2023 to 2025, and 2031 to 2032	5.00%	223,735	223,735
Series 2016B*	December 1, 2019, and 2026 to 2031	2.330%	92,390	92,390
Series 2017A	Annually November 15, 2019 to 2030	4.00 - 5.00%	232,980	232,980
Series 2017B	November 15, 2033	5.00%	21,280	21,280
Series 2018A	Annually December 1, 2019 to 2048	3.75-5.25%	2,341,710	2,341,710
Series 2018B	Annually December 1, 2019 to 2048	3.50-5.00%	184,365	184,365
Series 2019A	November 15, 2020 to 2022, 2024 to 2030	1.37%	145,875	-
Series 2019B	November 15, 2019 and 2020	2.12%	22,710	-
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			5,974,100	6,005,515
Less current portion			(183,685)	(198,825)
Net unamortized premiums			383,946	409,278
Total bonds payable noncurrent			$ 6,174,361	$ 6,215,968

* Variable rates are as of September 30, 2019
** Auction rates are as of September 30, 2019

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54.9 million of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to pay principal and interest on $40.1 million of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on $14.8 million of the Series 1991D Bonds which matured on November 15, 2013. The economically defeased bonds are considered outstanding for the purposes of the General Bond Ordinance and were not considered legal defeasances or in-substance defeasances under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

(b) Bond Issuances

On August 28, 2018, the Airport issued Subordinate Bonds (i) $2,341.7 million of Series 2018A (AMT) Bonds and (ii) $184.4 million of Series 2018B (Non-AMT) Bonds. Combined, these two transactions will be used to assist in funding the 2018-2022 Capital Program, pay off the Airport System Subordinate Revenue Bonds Series 2017C (AMT), the Subordinate Bond Reserve Requirement, capitalized interest and pay cost of issuance.

On August 20, 2019, the Airport issued the Airport System Subordinate Revenue Bonds Series 2019A (AMT) (Series 2019A) and Series 2019B (Taxable) (Series 2019B) for $145.9 million and $22.7 million, respectively. The Series 2019A and Series 2019B proceeds coupled with Airport contributions of approximately $54.7 million were used to refund the Series 2008C2 and Series 2008C3 Bonds, terminate the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch, and fund for costs of issuance. The Series 2019A and Series 2019B Bonds are scheduled to mature on November 15, 2031 and November 15, 2020, respectively, and bear fixed interest of 1.37% and 2.12%, respectively. The Series 2019A Bonds have a Mandatory Tender of $25.9 million due on November 15, 2025. The issuance yielded an approximate net present value savings of $1.5 million.

(c) Defeased Bonds

The Airport has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of September 30, 2019, and December 31, 2018, $339.9 million of bonds outstanding are considered defeased.

(6) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2018 are as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ 198,825	$ 267,213
2020	209,935	259,762
2021	214,920	251,253
2022	249,730	242,811
2023	264,625	233,089
2024-2028	1,291,345	1,000,853
2029-2033	1,218,125	726,345
2034-2038	853,195	479,600
2039-2043	817,940	269,268
2044-2048	646,795	95,139
Total	$ 5,965,435	$ 3,825,333

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2018, are as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ -	$ 2,455
2020	-	2,455
2021	-	2,455
2022	-	2,455
2023	-	2,455
2024-2025	40,080	3,436
Total	$ 40,080	$ 15,711

(b) Notes Payable and Capital Lease

Notes Payable – The Airport entered into a $20.5 million Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of September 30, 2019 is as follows ($ in thousands):

	Principal	Interest
Year:		
2019	$ 541	$ 24
2020	2,192	71
2021	2,235	27
Total	$ 4,968	$ 122

Capital Lease – The Airport entered into an Installment Purchase Agreement on January 5, 2016 for $4.1 million to finance various capital equipment purchases at a rate of 1.19%. The final payment of this obligation was processed during the first quarter of 2019. Net assets under capital leases at September 30, 2019 and December 31, 2018, totaled $0.5 million and $1.2 million, respectively, with accumulated depreciation of $5.4 million and $4.7 million, respectively.

Changes in notes payable and capital lease for the nine months ended September 30, 2019 were as follows ($ in thousands):

	Balance January 1, 2019	Additions	Retirements	Balance September 30, 2019	Amounts due within one year
Notes payable	$ 6,576	$ -	$ (1,608)	$ 4,968	$ 2,181
Capital Lease payable	1,024	-	(1,024)	-	-
Total	$ 7,600	$ -	$ (2,632)	$ 4,968	$ 2,181
Less current portion				(2,181)	
Noncurrent portion				$ 2,787	

(7) Demand Bonds

Included in long-term debt are $34.9 million of Series 1992F, G; $26.2 million of Series 2002C, $50.6 million of Series 2008B, $86.8 million of Series 2008C1, $200.0 million of Series 2008C2-C3, $101.0 million of Series 2009C and $119.4 million of Series 2007G1-G2 of Airport Revenue Bonds Series. The Series 2008C2-C3 were refunded on August 20, 2019, with the Series 2019A-B Bonds coupled with an Airport contribution. These Bonds are currently Credit Facility Bonds which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On July 29, 2011 and August 8, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 Bonds, respectively, at a floating rate indexed to 1-month LIBOR. On December 11, 2015, this agreement was amended, and the expiration date was extended to December 11, 2020.

On August 31, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate index to 1-month LIBOR. On August 29, 2014, this agreement was amended, but expired on August 20, 2019 with the issuance of Series 2019A and 2019B Bonds.

On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C Bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2009C Bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020.

On October 24, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On November 1, 2014, the Airport entered into credit facility and reimbursement agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on December 1, 2023.

On August 20, 2019, the Airport entered into credit facility and reimbursement agreements with State Street Public Leasing Corporation, who purchased the Series 2019A-B Bonds at a fixed interest rate. The Series 2019A (AMT) matures on November 15, 2031 with a Mandatory Tender of $25.9 million due on November 15, 2025, and the Series 2019B (Taxable) matures on November 15, 2020.

(8) Bond Ordinance Provisions

(a) Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. The Airport is in compliance with the bond covenants listed in the bond ordinance.

(9) Swap Agreements

The Airport has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999, and 2009A swap agreements all pay fixed–receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport's swap agreements are considered investment derivatives in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

On August 20, 2019, the Airport fully terminated the 1998 Swap Agreements with Goldman Sachs Capital Markets, L.P. and Societe Generale, New York Branch at a cost of $11.3 million and $11.4 million, respectively, and was funded from Series 2019B Bonds proceeds.

On March 13, 2019, the Airport fully terminated the 2005 and 2006B Swap Agreements with the Royal Bank of Canada and Piper Jaffray Financial Projects, LLC. There was no cost to the airport for these terminations and yielded a net cash inflow of $1.19 million.

On December 7, 2018, the Airport fully terminated the 2005 and 2006B Swap Agreements with Jackson Financial Products, LLC. There was no cost to the Airport for these terminations and yielded a net cash inflow of $1.16 million.

The fair value balances and notional amounts of the swaps outstanding at September 30, 2019 and December 31, 2018 and the changes in the fair value of such swaps for the periods then ended, are as follows ($ in thousands):

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 9/30/2019	
1998 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ -	8/20/2019				Deferred Outflow	$ (441)	$ -	(5)
							Investment Income	$ 1,748		
Societe Generale, New York Branch	10/4/2000	$ -	8/20/2019				Deferred Outflow	$ (441)	-	(5)
							Investment Income	$ 1,992		
1999 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 92	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ 309	(6,099)	
							Investment Income	$ (1,940)		
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 46	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ 154	(3,006)	
							Investment Income	$ (949)		
2002 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	4/15/2002	$ 92	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	$ 242	78	
2005 Swap Agreements										
Royal Bank of Canada	11/15/2006	$ -	3/13/2019				Investment Income	$ (3)	-	(4)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	$ 763	(4,526)	
Piper Jaffray Financial Products, Inc.	11/15/2006	$ -	3/13/2019				Investment Income	$ (3)	-	(4)
2006A Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2007	$ 114	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ 1,127	(11,178)	
GKB Financial Services Corp.	11/15/2007	$ 38	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ 376	(3,726)	
2006B Swap Agreements										
Royal Bank of Canada	11/15/2006	$ -	3/13/2019				Investment Income	$ 12	-	(4)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ (752)	5,063	
Piper Jaffray Financial Products, Inc.	11/15/2006	$ -	3/13/2019				Investment Income	$ (2)	-	(4)
2008A Swap Agreement										
Royal Bank of Canada	12/18/2008	$ 76	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	$ 752	(7,453)	
2008B Swap Agreement										
Loop Financial Products I LLC	1/8/2009	$ 90	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	$ 1,073	(12,981)	
2009A Swap Agreement										
Loop Financial Products I LLC	1/12/2010	$ 46	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ (61)	(3,062)	
							Investment Income	$ (741)		
Total									$ (46,890)	

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A
(4) Swaps were terminated 3/13/2019
(5) Swaps were termintated 8/20/2019

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2018
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 90.076	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,145)	$ (9,978)
							Investment Income	$ (2,473)	
Societe Generale, New York Branch	10/4/2000	$ 90	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,145)	(9,837)
							Investment Income	$ (2,436)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 92	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ (1,471)	(7,730)
							Investment Income	$ (2,744)	
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 46	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ (735)	(3,801)
							Investment Income	$ (1,342)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	$ 92	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	$ (212)	321
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	$ (1,261)	(3,703)
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	$ (1,274)	(3,762)
Jackson Financial Products, LLC	11/15/2006	$ -	12/7/2018				Investment Income	$ (3,175)	-
Piper Jaffray Financial Products, Inc.	11/15/2006	$ 42	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	$ (1,261)	(3,703)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	$ 114	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (3,982)	(10,051)
GKB Financial Services Corp.	11/15/2007	$ 38	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (1,327)	(3,350)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,238	4,297
JP Morgan Chase Bank, N.A.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,216	4,310
Jackson Financial Products, LLC	11/15/2006	$ -	12/7/2018				Investment Income	$ 3,086	-
Piper Jaffray Financial Products, Inc.	11/15/2006	$ 42	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 1,218	4,298
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	$ 76	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	$ (2,653)	(6,700)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	$ 90	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	$ (3,823)	(11,908)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	$ 46	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ (1,057)	(3,865)
							Investment Income	$ (1,038)	
Total									$ (65,162)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A
(4) Swaps were terminated 12/7/2018

Payments by the Airport to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport's Senior Bonds, and on parity with the Airport's Subordinate Bonds. Fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of September 30, 2019 and December 31, 2018. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of September 30, 2019. When the present value of payments to be made by the Airport exceeds the present value of payments to be received, the swap has a negative value to the Airport. When the present value of payments to be received by the Airport exceeds that of payments to be made, the swap has a positive value to the Airport.

(a) Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements rely upon the performance of swap counterparties. The Airport is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport delivers a surety policy or other credit support document guaranteeing its obligations under the Swap Agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2018, the ratings of the Airport's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and AA- by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport. Failure of either the Airport or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of September 30, 2019 are as follows:

Goldman Sachs Capital Markets, L.P.			
(Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa2	AA
LOOP Financial Products, LLC	BBB+	A3	BBB+
(Deutsche Bank, AG, New York Branch)			
Merrill Lynch Capital Services, Inc.	NR	A2	A+
(Merrill Lynch & Co., Inc.)			
Royal Bank of Canada	AA-	Aa2	AA
GKB Financial Services Corporation II, Inc.	A	A1	A+
(Societe Generale New York Branch)			

As of September 30, 2019, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Interest Rate Risk – The Airport is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport's net payments on the swap agreements increase.

Basis Risk – Each of the Airport's swap agreements is associated with certain debt obligations or other swaps. The Airport pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport is based on an index different than that used to determine the variable payments received by the Airport under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2018):

Swaps	**1999, 2009A**	**2002**	**2005, 2006B**	**2006A, 2006B**	**1998**	**2008B**
Associated Debt	**1992F, 2002C, 2008B, 2009C**	**1992F, 2002C, 2008B, 2009C**	**2016A**	**2007F, 2007G, 2016B**	**2008C2-C3**	**1992F, 1992G, 2008C1**
Payment to Counterparty:	5.6029%	1.7100%	5.3765%	4.0085%	4.7395%	4.7600%
Payment from Counterparty:	1.7100%	1.9103%	5.8374%	1.7519%	1.8519%	2.0653%
Net Swap Payment:	3.8929%	-0.2003%	-0.4609%	2.2566%	2.8876%	2.6947%
Associated Bond Interest Rate:	2.2455%	0.0000%	5.0000%	2.4974%	2.3790%	2.4660%
Net Swap & Bond Payment:	6.1384%	-0.2003%	4.5391%	4.7540%	5.2666%	5.1607%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2018, debt service requirements of the related variable rate debt and net swap payments for the Airport's cash flow hedges (1998, 1999, and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows ($ in thousands):

	Principal	Interest	Interest rate swaps net	Total
Year:				
2019	$ 43,190	$ 8,407	$ 12,348	$ 63,945
2020	46,415	7,412	9,868	63,695
2021	48,345	6,344	7,184	61,873
2022	53,675	5,232	4,278	63,185
2023	8,290	3,984	2,136	14,410
2024-2028	118,782	11,601	3,147	133,530
2029-2031	45,010	2,032	-	47,042
Total	363,707	45,012	38,961	447,680

*Note: the amortization of the notional amounts on the swaps no longer match the amortization on the bonds (the duration of the bonds is longer than the swaps)

Bond principal reflects the hedged portion on 12/31/2018

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2018.

(10) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at DEN, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. At December 31, 2018 and 2017, Special Facility Revenue Bonds outstanding totaled to $250.6 million.

(11) Pension Plan

Substantially all of DEN's employees are covered under the City and County of Denver's pension plan, the Denver Employees' Retirement Plan (DERP). The net pension liability is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year. The most recent period presented in this disclosure is as of December 31, 2018 and will be updated at December 31, 2019.

Plan Description – The Denver Employees' Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with Sections 18- 401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These code sections establish the plan, provide complete information on DERP, 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 Plan provides retirement, death and disability benefits for its members and their beneficiaries. Members who were hired before July 1, 2011, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five-year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

Funding Policy – The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2018 and 2017, were $75.1 million and $64.4 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $10.9 million and $9.5 million for the years ended December 31, 2018 and 2017 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At December 31, 2018 and 2017, DEN reported a liability of $140.7 million and $153.9 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2017 and 2016, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2017, the Airport's proportion was 11.99493%, which was a decrease of 0.6234% from its proportion measured as of December 31, 2016. As of December 31, 2016, the Airport's proportion was 12.61833%, which was a decrease of 0.78234% from its proportion measured as of December 31, 2015.

The components of the Airport's net pension liability related to DERP as of December 31, 2018 and 2017, respectively, are presented below ($ in thousands):

	2018	2017
Total pension liability	$ 407,617	$ 407,712
Plan fiduciary net position	(266,938)	(253,838)
Net pension liability	$ 140,679	$ 153,874

The change in net pension liability for the year ended December 31, 2018 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 153,874	$ 20,675	$ (33,870)	$ 140,679

The change in net pension liability for the year ended December 31, 2017 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 158,033	$ 5,017	$ (9,176)	$ 153,874

For the years ended December 31, 2018 and 2017, pension expense recognized by the Airport was $19.3 million and $22.5 million, respectively. At December 31, 2018, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 2,710	$ -
Changes of assumptions or other inputs	7,451	-
Net difference between projected and actual earnings on pension plan investments	-	4,450
Changes in proportion and differences between contributions recognized and proportionate share of contributions	373	6,933
Contributions subsequent to the measurement date	10,873	-
Total	$ 21,407	$ 11,383

At December 31, 2017, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,163	$ -
Changes of assumptions or other inputs	4,069	-
Net difference between projected and actual earnings on pension plan investments	17,359	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,324	4,819
Contributions subsequent to the measurement date	9,512	-
Total	$ 36,427	$ 4,819

At December 31, 2018 and 2017, the Airport reported $10.9 million and $9.5 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
2019	$ 4,518
2020	1,323
2021	(2,943)
2022	(3,747)
2023	-
Thereafter	-
	$ (849)

The total pension liability in the December 31, 2017 and 2016 actuarial valuations were determined using the actuarial assumptions as follows:

2017	DERP
Investment Rate of Return	7.50%
Salary Increases	3.00% to 7.00%
Inflation	2.50%

2016	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2017 and 2016 these best estimates are summarized in the following table:

Asset Allocation
2017

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate**
US Equities	**22.50%**	
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
International Equity	**23.50%**	
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-Core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Asset Allocation 2016		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	22.50%	5.70%
Non-U.S. Developed Markets	15.50%	6.70%
Emerging Markets	8.00%	11.60%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	1.00%
Debt	2.50%	5.50%
Private Debt	6.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.00%
Absolute Return	5.00%	3.10%
Energy MLP's	7.00%	9.00%
Private Equity/Other	13.50%	8.90%
Cash	0.00%	0.30%
Total	**100.00%**	

Discount Rate - A single discount rate of 7.50% and 7.75% was used to measure the total pension liability at December 31, 2017 and 2016, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.50% and 7.75%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher ($ in thousands):

	1 % Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of net pension liability	$ 183,367	$ 140,679	$ 104,453

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at https://www.derp.org/.

(12) Plan Postemployment Healthcare Benefits under GASB Statement No. 75, as of and for the year ended December 31, 2018

The Airport has two Other Postemployment Healthcare Benefit (OPEB) plans: Denver Employees Retirement Plan (DERP) and DERP Implicit Rate Subsidy. The liability associated with these plans is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year. The most recent period presented in this disclosure is as of December 31, 2018 and will be updated at December 31, 2019.

	Denver International Airport
DERP OPEB Plan Net OPEB Liability	$ 10,855
DERP Implicit Rate Subsidy OPEB Plan Total OPEB Liability	7,693
Total/Net OPEB Liability	$ 18,548

DERP OPEB Plan Description - The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and postemployment health benefits to eligible members. The Plan was established in 1963 by the City. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and postemployment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and postemployment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

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

For members who were hired on or after July 1, 2011, they must be age 60 and have combined credited service of at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a consecutive 60-month period of credited service. Five year vesting is required for all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment. Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the Plan's Board, and enacted into ordinance by the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of decreased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2017, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Contributions - The Airport is required to contribute at a rate of 1.26% of annual covered payroll. The contribution requirements for the Airport are established under the City's Revised Municipal Code. For the year ended December 31, 2018, contributions to the DERP OPEB plan were $0.7 million.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At December 31, 2018, the Airport reported a liability of $10.9 million for its proportionate share of the net OPEB liability. The net OPEB liability for DERP was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2017 relative to the total contributions of participating employers to the DERP.

At December 31, 2017, the Airport's proportion was 12.35% percent for OPEB, which was a decrease of 0.662% from its proportion measured as of December 31, 2016.

The components of the Airport's proportionate share of the net OPEB liability related to DERP as of December 31, 2018, are presented below ($ in thousands).

OPEB Plan	Denver International Airport
Total OPEB Liability	$ 20,095
Plan fiduciary net position	9,240
Net OPEB Liability	$ 10,855

For the year ended December 31, 2018, the Airport recognized OPEB expense for the DERP plan of $0.5 million.

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, is presented below ($ in thousands).

Sources	Denver International Airport Deferred Outflows of Resources	Denver International Airport Deferred Inflows of Resources
OPEB Plan:		
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 535
Changes in proportion	77	479
Contributions subsequent to the measurement date	674	-
Total	$ 751	$ 1,014

The $0.7 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented below ($ in thousands).

Year Ended December 31,	Denver International Airport
OPEB Plan:	
2019	$ (243)
2020	(243)
2021	(243)
2022	(208)
2023	-
Thereafter	-
	$ (937)

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below.

OPEB Plan	DERP
Valuation Date	January 1, 2017
Measurement Date	December 31, 2017
Experience Study	Conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012.
Actuarial Method	Entry Age Normal
Long-term Investment Rate of Return	7.50%
Real wage growth	1.10%
Discount Rate	7.50%
Projected Salary Increases	3.00% to 7.00%
Inflation	2.50%
Mortality	Scale AA to 2020, with Multipliers Specific to Gender and Paymenbt Status of Employee

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below.

Asset Allocation
2017

Asset Class	Target Allocation	Long-Term Expected Real Rate
US Equities	**22.50%**	
Large Cap	12.00%	4.90%
Large Cap Value	3.50%	5.30%
Large Cap Growth	3.50%	4.70%
Small Cap Value	2.20%	5.50%
Small Cap Growth	1.30%	5.00%
International Equity	**23.50%**	
International Large Cap	2.00%	5.80%
International Large Cap Value	4.00%	6.30%
International Large Cap Growth	4.00%	5.50%
International Small Cap Value	5.50%	6.00%
Emerging Markets	8.00%	7.80%
Fixed Income	**20.50%**	
Governments	5.00%	0.60%
Core Fixed Income	6.50%	1.10%
Emerging Market Debt	2.50%	4.60%
Private Debt	4.00%	7.50%
Distress Debt	2.50%	7.50%
Real Estate	**8.00%**	
Non-Core Real Estate	3.20%	5.90%
Core Real Estate	4.80%	4.10%
Alternatives	**25.50%**	
Hedge Funds	5.00%	2.60%
MLP	7.00%	7.20%
Private Equity	7.00%	7.50%
Private Energy	5.50%	7.30%
Timber	1.00%	3.60%
Total	**100.00%**	

Discount Rate - A single discount rate of 7.50% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.50%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Discount Rate - Below presents the net OPEB liability using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands).

	1 % Decrease	Current Discount Rate	1% Increase
DERP OPEB Plan			
Discount Rate	6.50%	7.50%	8.50%
Proportionate share of net liability	$ 12,758	$ 10,855	$ 9,222

As the Plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Health Cost Trend Rates are not applicable to this Plan.

OPEB Plan Fiduciary Net Position - Detailed information about the DERP's fiduciary net position is available in DERP's comprehensive annual financial report which can be obtained at https://www.derp.org/.

DERP Implicit Rate Subsidy OPEB Plan

DERP Implicit Subsidy Plan Description - The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicate age.

Benefit Payments - DERP retirees are responsible for 100.00% of the blended premium rate the Airport's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay benefits. For the year ended, December 31, 2018, benefit payments were $0.6 million.

Participation Rate DERP Implicit Subsidy Plan - As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees.

Participating active employees: 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

Actives not currently participating: 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser DHMO plan at or before retirement.

Vested terminated employees: 40% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser DHMO plan when they retire and begin their pension benefits.

Retired participants: Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.
Spouse Coverage

Active participants: 25% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown below. A 40% excise tax rate is applied to the portion of premiums projected to exceed the threshold.

2018 Thresholds	**Ages 55-64**	**All Other Ages**
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits

The actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1.0% in 2019 and CPI annual thereafter this report assumes that 100.0% of any excise tax liability for high cost retiree coverage will be borne by the City.

Employees covered by benefit terms at December 31, 2016, the date of the latest actuarial valuation:

Inactive employees currently receiving benfit payments	1,107
Inactive employees entitled to but not yet receiving benefit payments	323
Active employees	8,422
Total	9,852

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The Airport's proportionate share is determined by the Airport's contributions for the measurement period divided by total contributions of all employer entities for the measurement period. The Airport's proportionate share of the implicit rate subsidy total OPEB liability related to DERP as of December 31, 2018 is as follows ($ in thousands):

Implicit Rate Subsidy	**Denver International Airport**
Total OPEB Liability	$ 7,693

For the year ended December 31, 2018, the Airport recognized OPEB expense of $0.5 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2018, is presented below ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Implicit Rate Subsidy:		
Changes of assumptions - future economic or demographic factors	$ 113	$ -
Changes in proportion	26	341
Benefit payments subsequent to the measurement date	592	-
Total	$ 731	$ 341

The $0.6 million reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total implicit rate subsidy OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of recourses and deferred inflows of resources related to OPEB for the implicit rate subsidy will be recognized as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
Implicit Rate Subsidy:	
2019	$ (28)
2020	(28)
2021	(28)
2022	(28)
2023	(28)
Thereafter	(62)
	$ (202)

The implicit rate subsidy liability in the December 31, 2016 actuarial valuation was determine during the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit Rate Subsidy	**DERP**
Valuation Date	December 31, 2016, rolled forward to the measurement date
Measurement Date	December 31, 2017
Actuarial Method	Entry Age Normal
Asset valuation method	Market value of assets
Discount Rate	3.78% as of December 31, 2016, 3.56% as of December 31, 2017
Participants Valued	Only current active employees under age 65, non-medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected Salary Increases	3.25% per year
Inflation	2.75%
Mortality	RP-2000 MacLeod Watts Scale 2017 projected generationally from 2000
Healthcare cost trend rates	Medical plan premiums and claims costs by are assumed to increase 1.05% each January 1 of 2017-2021. On January 1, 2022 and later the rate is 5%
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic Assumptions	Based on most recent (January 2016) actuarial valuation of the Denver Employees Retirement Plan, except for a different basis used to project future mortality improvements (rates of retirement, termination, disability and mortality).

Discount Rate - When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As such, a 3.56% discount was used to measure the implicit rate liability, based on the published rates of the applicable municipal bond index.

Sensitivity of the Airport's Proportionate Share of the Implicit Rate Subsidy OPEB Total Liability to Changes in the Discount Rate - Below presents total OPEB liability using the discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

	1 % Decrease	Current Discount Rate	1% Increase
Implicit Rate Subsidy			
Discount Rate	2.56%	3.56%	4.56%
Proportionate share of total liability	$ 8,313	$ 7,693	$ 7,131

Sensitivity of the total implicit rate subsidy OPEB liability to changes in the healthcare cost trend rates presented below ($ in thousands):

Change in Healthcare Cost Trend Rates	1 % Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 6,943	$ 7,693	$ 8,633

(13) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.

(14) Commitments and Contingencies

(a) Commitments

As of September 30, 2019, the Airport had remaining construction project contract capacity totaling $1.9 billion, of which $411.5 million has been committed but not yet incurred, with the remaining $1.5 billion expected to be committed and incurred to complete current approved capital projects.

(b) Great Hall Project Developments

The City, for and on behalf of the Airport, 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, for and on behalf of the Airport, 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 the Department, and the Great Hall Developer. On August 12, 2019, the City, for and on behalf of the Airport, exercised its right to terminate the Great Hall Agreement for convenience, which termination will be effective November 12, 2019. As a result of such termination, the City, for and on behalf of the Airport, owes a termination payment to the Great Hall Developer in an amount determined pursuant to the terms of the Great Hall Agreement. The City, for and on behalf of the Airport, expects that it will work together with the Great Hall Developer to implement the termination procedures under the Great Hall Agreement, including determining the amount of the termination payment. While the final amount of the termination payment may not be finalized by November 12, 2019, the City, for and on behalf of the Airport, expects to be able to fully pay the termination payment and expects that it will be funded primarily with a combination of proceeds of its Series 2018 Subordinate Bonds and amounts on deposit in the Capital Improvement Account of the Capital Fund. It is not anticipated that any funds from the City funds or any non-Airport funds will be used to fund the termination payment amount. Furthermore, the City, for and on behalf of the Airport, does not anticipate any issues in assuming control and operation of the Great Hall Project upon termination of the Great Hall Agreement.

In addition, prior to the notice of termination of the Great Hall Agreement, the Great Hall Developer filed relief event claims under the Great Hall Agreement claiming additional compensation and construction schedule relief due primarily to concrete strength issues. The City, for and on behalf of the Airport, retained a consultant to evaluate compensation and construction schedule relief and did not concur with the claims filed in the relief event claims, as described in more detail in the City's voluntary notice posted on EMMA on August 9, 2019. The Great Hall Developer has not withdrawn the relief event claims after the City, for and on behalf of the Airport, elected to terminate the Great Hall Agreement for convenience and it is possible that the Great Hall Developer will continue to pursue its claims for compensation after the termination.

Since its election to terminate the Great Hall Agreement, the City, for and on behalf of the Airport, has been diligently working on all aspects of project transition to recapture control and operations of the Great Hall Project on November 12, 2019. It has begun the procurement process for selecting a new project team, including a program management firm, a lead design firm and a construction manager/general contractor to complete construction of the initial phase of the Great Hall Project that has been commenced by the Great Hall Developer. It is expected that the procurement process will be completed, and the construction of the

Great Hall Project will resume in the first quarter of 2020. The final completion date of the Great Hall Project (which is anticipated to be later than the original completion date of November 2021), is not expected to be set until the procurement process for the project team is finished. Upon completion of the Great Hall Project, the City, for and on behalf of the Airport, expects to operate any commercial development in the Jeppesen Terminal and retain 100 percent of the revenues generated.

The City, for and on behalf of the Airport, projects that the design and construction costs of the Great Hall Project will remain at the original budgeted amount of $770 million which includes $120 million of contingency costs. This budgeted amount includes a portion of the termination payment that represents project value costs that were originally part of the construction budget, but does not include any additional compensation, if any, claimed by the Great Hall Developer in its relief event claims. In order to meet such original construction budget, the City, for and on behalf of the Airport, is working to reduce the scope of the Great Hall Project without compromising the original project goals to enhance security of passengers and the Airport, improve passenger flow and increase and improve concessions areas. The construction costs are anticipated to be funded with proceeds of the Series 2018 Subordinate Bonds, amounts on deposit in the Capital Fund, and future bond issuances.

(c) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for DEN dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

There are no noise penalties due for 2018 or 2017.

(d) Claims and Litigation

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the Complaint). The Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County Intergovernmental Agreement (IGA) as a result of the City's continued use of noise modeling system known as ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the IGA. In conjunction with this declaratory relief, the 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 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. 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") 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 trial concluded on October 4, 2019 with any written closing arguments and proposed findings due November 1, 2019.

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.

(e) Denver International Assets under Operating Leases as of December 31, 2018

The Airport leases portions of its buildings and improvements to airline and concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2018 and 2017 was $91.7 million and $90.1 million, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 ($ in thousands):

2019	$	52,679
2020		39,297
2021		35,728
2022		31,138
2023		24,563
2024-2028		57,462
2029-2032		1,337
Total	$	242,204

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds $20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for 2018. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(f) Federal Grants

Under the terms of the federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(15) Insurance

The Department of Aviation is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Department of Aviation has purchased commercial insurance for the various risks.

Employees of the City and County of Denver (including all Department of Aviation employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with state statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims.

In 2011, the Department of Aviation established an Owner Controlled Insurance Program (OCIP) to insure all contractors and subcontractors working on the Hotel Transit Center Project. The program included general liability, worker's compensation, builder's risk, contractor's pollution and Owners Protection Professional Liability. In 2013, the airport established a Rolling Owner Controlled Insurance Program (ROCIP) for selected Capital Improvement Projects from 2013-2015. In 2016, ROCIP II was established for selected Capital Improvement Projects from 2016-2018. In 2017, ROCIP III was established for selected Capital Improvement Projects from 2018-2022. Combined ROCIP program experience has generated cost savings to the Department of Aviation.

(16) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenue from facility rental fees and airline landing fees (airline operating revenue). For the nine-month period ended September 30, 2019, and years ended December 31, 2018, and 2017, the United Airlines group represented approximately, 44.4%, 43.8% and 43.2% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 22.2%, 24.4% and 24.4% for the same periods, respectively. No other airline represented more than 10% of the Airport's airline operating revenue. The Airport requires performance bonds or other financial instruments to support airlines and concession accounts receivables.

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Disclosure Undertaking**") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "**City**"), in connection with the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C" in the aggregate principal amount of $120,005,000 (the "**Series 2019C Bonds**"), and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D" in the aggregate principal amount of $83,725,000 (the "**Series 2019D Bonds**" and, together with the Series 2019C Bonds, the "**Bonds**") by the City, for and on behalf of its Department of Aviation (the "**Department**"). The Bonds are being issued pursuant to the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of the 2018 Amended and Restated Airport System General Bond Ordinance, enacted as Ordinance No. 0777, Series of 2018, and Ordinance No. 19-0542, Series of 2019, adopted by the City Council of the City (collectively, the "**Ordinance**").

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

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

"*Annual Financial Information*" means (a) with respect to the City, the financial information or operating data with respect to the City and the Airport System, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto and (b) with respect to each Obligated Person other than the City, the SEC Reports, provided that if such Obligated Person is no longer required to file the SEC Reports, information substantially equivalent to that required to be contained in the SEC Reports. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

"*Audited Financial Statements*" means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

"*Bondowner*" or "*Owner of the Bonds*" means the registered owner of the Bonds, and so long as the Bonds are required to be registered through the Securities Depository in accordance with the Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds identified to the satisfaction of the City.

"*Commission*" means the Securities and Exchange Commission.

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

"*Financial Obligation*" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"*Obligated Person*" means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of Gross Revenues of the Airport System for each of the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated November 6, 2019, together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

"*Participating Underwriters*" has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

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

"*SEC Reports*" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

Section 2. Provision of Annual Financial Information.

(a) Commencing with respect to the Fiscal Year ended December 31, 2019, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

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

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross-reference to other documents which have been submitted to the MSRB or other repositories in accordance with the

Rule or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

Section 3. Reporting of Events.

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

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(6) defeasances;

(7) rating changes;

(8) tender offers;

(9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person; and

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

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

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

(1) non-payment related defaults;

(2) modifications to the rights of the beneficial owners of the Bonds;

(3) bond calls;

(4) release, substitution or sale of property securing repayment of the Bonds;

(5) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(6) appointment of a successor or additional trustee or a change in the name of a trustee; and

(7) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders.

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

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

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

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and delivery of the Bonds and the Participating Underwriters consent thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

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

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

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

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

Section 10. Obligated Persons. The City is currently the only Obligated Person. If any future Obligated Person is required by federal law to file SEC Reports with the Commission, the City and the Treasurer take no responsibility for the accuracy or completeness of such SEC Reports or other financial or operating information disseminated by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause any future Obligated Person (to the extent such future Obligated Person is not otherwise required under federal law to file SEC Reports), to disseminate Annual Financial Information as contemplated by Section 2 hereof and notice of certain events related to such Obligated Person as contemplated by Section 3 hereof, substantially equivalent to that contained in the SEC Reports to the MSRB, through EMMA, as contemplated by this Disclosure Undertaking. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information. The City and the Treasurer have no obligation to file or disseminate any SEC Reports relating to any future Obligated Person.

[Date and Signatures]

Schedule 1

"Annual Financial Information" means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the following portions of the Official Statement (i) fund balances of the Capital Fund under the heading "SECURITY AND SOURCES OF PAYMENT — Capital Fund," (ii) Table 2 (Capital Program Total Cost) under the heading "CAPITAL PROGRAM," (iii) Tables 3 (History of Enplaned Passengers at the Airport by Traffic Type), 4 (Enplaned Passengers by Airline Type), 5 (Percentage of Enplaned Passengers by Airline), and 6 (Summary of Selected Aviation Activity) under the heading "AVIATION ACTIVITY AND AIRLINES — Aviation Activity," and (iv) Tables 8 (City and County of Denver Airport System Statement of Revenue, Expenses and Changes in Net Assets), 9 (Outstanding Senior Bonds), 10 (Credit Facility Obligations Related to Senior Bonds), 11 (Outstanding Subordinate Bonds), and 14 (PFC Revenues) under the heading "FINANCIAL INFORMATION."

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

November 15, 2019

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Wellington E. Webb Municipal Office Building
201 West Colfax Avenue, Dept. 1004
Denver, Colorado 80202

Barclays Capital Inc.
as Representative of the Underwriters

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2019C – $120,005,000
Series 2019D – $83,725,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of $120,005,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019C" (the "Series 2019C Bonds") and $83,725,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2019D" (the "Series 2019D Bonds" and, together with the Series 2019C Bonds, the "Series 2019C-D Bonds") pursuant to Ordinance No. 0777, Series of 2018, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 0542, Series of 2019, with respect to the Series 2019C-D Bonds (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2019C-D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2019C-D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2019C-D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2019C-D Bonds, the forms of the Series 2019C-D Bonds, and certificates of officers of the City (specifically including a tax certificate and the Pricing Notices) and of others delivered in connection with the issuance of the Series 2019C-D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2019C-D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2019C-D Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2019C-D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2019C-D Bonds, on a parity with the lien thereon of other Bonds (and any obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The 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 Internal Revenue Code of 1986, as amended (the "Code"), and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates. The foregoing opinions 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 in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2019C-D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019C-D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2019C-D Bonds.

6. 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. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2019C-D Bonds, including whether interest on the Series 2019C-D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2019C-D Bonds and the enforceability of the Series 2019C-D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2019C-D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2019C-D Bonds.

Respectfully submitted,

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX H

ECONOMIC AND DEMOGRAPHIC INFORMATION

(THIS PAGE INTENTIONALLY LEFT BLANK)

Introduction

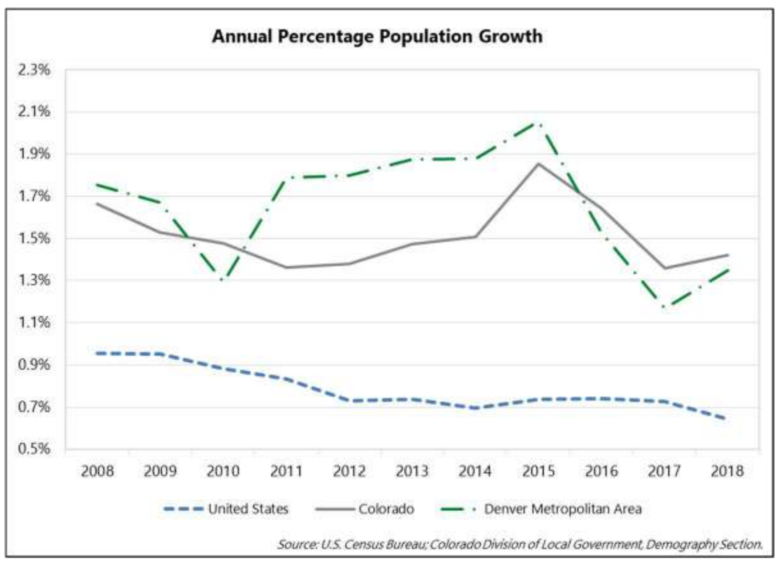
In 2018, Colorado's employment growth accelerated, aided by continued positive net migration, strong economic activity, and wage growth. Colorado remains a top-10 state for employment growth, with a 2.4 percent increase in jobs over-the-year. The Denver metropolitan statistical area ranked fourth among the nation's 25 largest metropolitan areas for employment gains in 2018, rising 2.5 percent. The expanding Denver metropolitan area economy is bolstered by a vibrant entrepreneurial community, rising population and employment growth, and an increasing presence in the global economy.

The Denver metropolitan area is comprised of seven counties – Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The Denver metropolitan area economy strongly influences the economy statewide as the area accounts for about 62 percent of Colorado jobs and 56 percent of the state's total population. All 11 industry supersectors in the Denver metropolitan area added jobs in 2018, with the addition of 41,600 jobs of the total 64,900 jobs added in the state. The City and County of Denver represents 22.5 percent of the total Denver metropolitan area population, the largest portion of the seven counties in the region. With nearly 520,000 workers, the City and County of Denver is the state's largest job base and employment grew 2.5 percent between 2017 and 2018.

Population

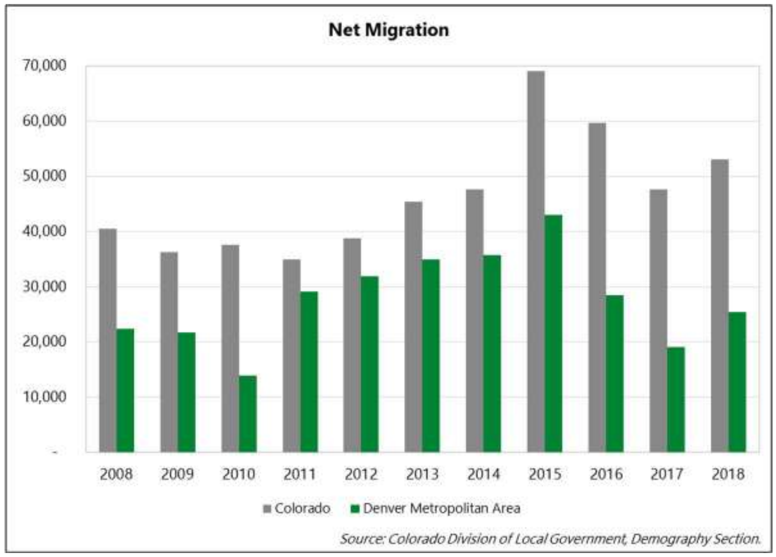
Colorado

Colorado ranked among the top states for population growth in 2018. According to data from the U.S. Census Bureau, Colorado grew by nearly 80,000 people between July 2017 and July 2018, making it the seventh fastest-growing state in the nation. The state's increase of 1.4 percent over-the-year was more than twice that of the nation and reached nearly 5.7 million in 2018, about 787,300 higher than in 2008. However, the population growth from 2016 through 2018 continued to slow due to less net in-migration, more deaths, and fewer births.



Population growth is comprised of both natural increase and net migration. Natural increase is the difference between births and deaths, and typically changes only gradually as the population ages. Net migration reflects the number of in-migrants to the state minus the number leaving, and it tends to be more volatile as economic cycles, housing costs, and other less-predictable factors tend to influence population mobility. Natural increase accounted for 40 percent of Colorado's total population change between 2009 and 2018, and net migration accounted for 60 percent. According to the U.S. Census Bureau, Colorado's natural increase ranked ninth in 2018 among the 50 states and the state's net migration ranked eighth.

Like many of the fastest growing states, net migration contributed the most to Colorado's rapid population growth. Demographers expect this trend to continue and will be the major contributing factor to Colorado's population growth throughout the remainder of the decade, representing about 66 percent of the state's population increase in 2018. Colorado is experiencing two major demographic shifts in the state's population. First, in 2015, the largest generational group residing in the state became the millennials (born 1981-1996), surpassing the baby boomers (born 1946-1964). Second, Colorado's share of the population 65 years and older is increasing rapidly. Colorado is aging relatively fast, with the fifth-highest share of those 65 years and over (13.9 percent) in 2017. Between 2008 and 2018, the 65 years and older population increased by 293,100 or an annual average growth rate of 4.6 percent. This rate is 3.1 percentage points higher than the statewide total population annual average growth rate of 1.5 percent over this period. The State Demography Office projects that by 2030, this percentage will increase to nearly 18 percent of the population, rising from about 806,000 to about 1.2 million people.



Denver Metropolitan Area

The Denver metropolitan area is home to nearly 3.2 million people. The area's population increased 1.3 percent over-the-year and averaged 1.6 percent per year between 2008 and 2018, which was 0.9 percentage points above the national average (0.7 percent). The 10-year average annual growth rate for the area was relatively stable through most of the recent recession and recovery due to strong positive net migration.

Between 2008 and 2018, net migration represented 59 percent of total Denver metropolitan area population growth, and natural increase represented 41 percent of total growth. However, migration patterns have varied over the last 20 years. During the prior ten-year period (1999-2008), net migration represented a smaller 44 percent of the population change. Net migration surged in the Denver metropolitan area following the Great Recession and comprised most of the net migration to Colorado. Since 2010, net migration in the area accounted for about 60 percent of total Colorado net migration. However, the Denver metropolitan area's net migration fell to 40 percent in 2017.

Millennials are the largest population group in the area, totaling about 789,200 in 2018 and comprising nearly 25 percent of the population. Millennials also represent the largest share of the potential working age population ages 16 to 64 years. The Denver metropolitan area is an attractive location for this demographic and consistently ranks as a top area for college graduates and the millennial generation.

Individuals 65 years and over in the Denver metropolitan area represented 9.5 percent of the population in 2008 and grew to an estimated 13 percent of the population in 2018, which is smaller than the national share (15.7 percent). In absolute terms, the population 65 years and over was about 257,000 in 2008 and increased to about 416,900 in 2018, a 62.2 percent increase. The area's median age (37.3) is lower than the nationwide median (38.1).

Denver Metropolitan Area Population by County

Area	2008	2013	2018	Avg. Annual Population Growth 2008-2013	2013-2018
Adams	425,138	469,340	512,576	2.0%	1.8%
Arapahoe	556,246	606,938	649,703	1.8%	1.4%
Boulder	291,827	309,628	326,189	1.2%	1.0%
Broomfield	54,400	59,979	70,063	2.0%	3.2%
Denver	581,903	649,478	718,107	2.2%	2.0%
Douglas	276,740	306,223	340,436	2.0%	2.1%
Jefferson	530,565	551,876	579,631	0.8%	1.0%
Denver Metropolitan Area	2,716,819	2,953,462	3,196,704	1.7%	1.6%
Colorado	4,901,938	5,266,317	5,689,227	1.4%	1.6%

Source: Colorado Division of Local Government, Demography Section.

Of the seven Denver metropolitan area counties, the City and County of Broomfield and Douglas County reported the fastest population growth over the past five years. Growth in four of the seven counties exceeded the statewide average growth rate between 2013 and 2018, while growth in all seven counties exceeded the national average growth rate.

City and County of Denver

The City and County of Denver represents 22.5 percent of the total Denver metropolitan area population, the largest portion of the seven counties in the region. The young adults (age 25-34) represent the largest portion of the City and County of Denver's working age population, representing 21.8 percent of the population, which is 5.4 percentage points higher than the portion in the Denver metropolitan area. The City and County of Denver has a median age of 35.4, about two years younger than the surrounding population. Between 2008 and 2018, total population growth averaged 2.1 percent per year. Over this 10-year period, net migration represented more than 62 percent of the population growth, while less than 38 percent was attributed to natural increase.

Employment

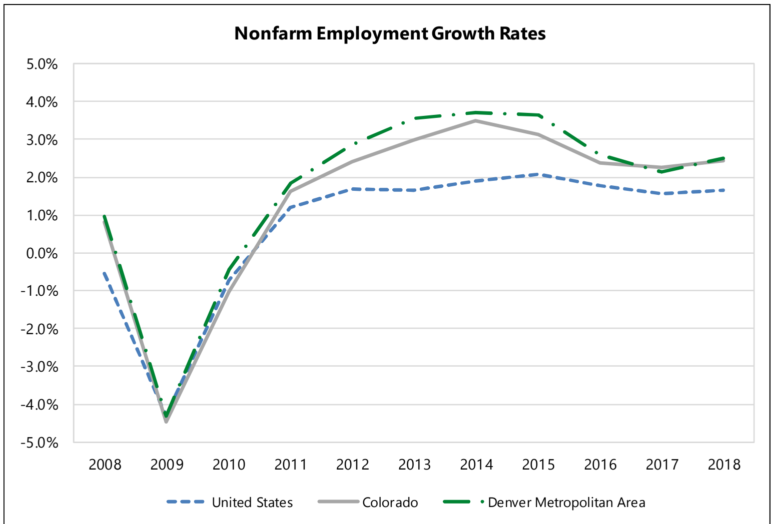
The U.S. Bureau of Labor Statistics releases employment data based on two different surveys. The household survey – also called the Current Population Survey (CPS) – reflects employment characteristics by place of residence and is the data source for statistics on labor force, employment and self-employment,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

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

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

Colorado

Colorado employment increased 2.4 percent in 2018, accelerating from 2.3 percent in 2017 and gained 64,900 jobs over-the-year. The state's employment growth rate was 0.7 percentage points above the national rate (1.7 percent) in 2018 and has consistently been at least 0.4 percentage points above the national rate since 2011. During the past 10 years, Colorado employment grew at an annual average rate of 1.5 percent and added 480,900 jobs to the state's economy over this period of time.



Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment.

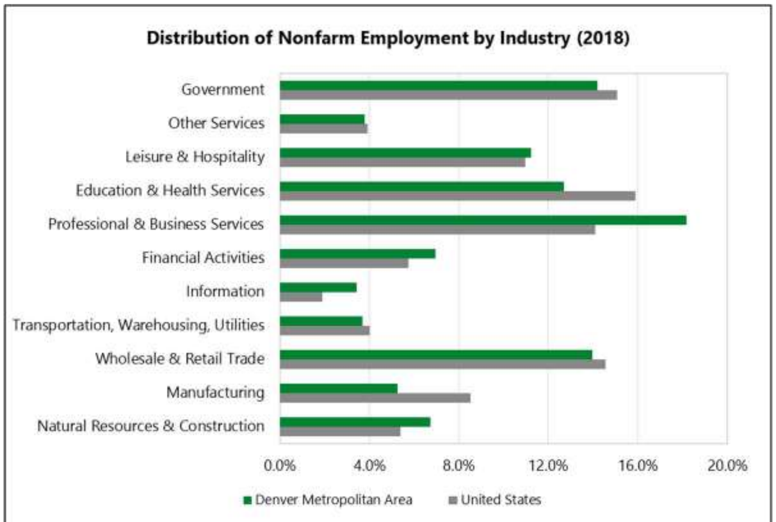
Fifty-eight percent of the state's total employment is concentrated in four supersectors consisting of government, professional and business services, wholesale and retail trade, and education and health services. Several supersectors including natural resources and construction, leisure and hospitality, and information continue to drive the state's recent period of economic expansion. Additionally, the state's high-tech and advanced industries support strong employment growth. Colorado employment rose across all 11 supersectors from 2017 to 2018, with the fastest growth recorded in natural resources and construction (+5.8 percent). Transportation, warehousing, and utilities and the information supersectors also recorded strong employment growth over-the-year, rising 5.7 percent and 4.2 percent, respectively.

Denver Metropolitan Area

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

This 11-county region has a nonfarm employment base of nearly 1.7 million workers, which accounted for about 62 percent of the state's employment. Employment increased 2.5 percent between 2017 and 2018, with the addition of 41,600 jobs. From 2008 to 2018, the region's employment growth averaged 1.8 percent per year, higher than the state average (1.5 percent).

All 11 industry supersectors in the Denver metropolitan area continued to increase in 2018. Four supersectors in the Denver metropolitan area—professional and business services, wholesale and retail trade, education and health services, and government—represent 59 percent of the region's total employment. The three supersectors that added the most jobs in 2018 were professional and business services (+10,000 jobs), natural resources and construction (+6,000 jobs), and government (+4,700 jobs). Transportation, warehousing, and utilities recorded the fastest growth among the 11 supersectors, rising 6.8 percent between 2017 and 2018. While natural resources and construction comprised 6.7 percent of total employment in the region in 2018, the supersector recorded fast growth (+5.7 percent) or an increase of 6,100 jobs over-the-year, the second-most added in absolute terms.



Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment.

Several key trends drove employment growth in the Denver metropolitan area in 2018. Generally, the area experienced rapid employment growth in several high-knowledge, high-wage sectors, including professional and business services, healthcare, and information. The region's innovative and entrepreneurial activity continued to draw significant tech-related and information technology-software employees, particularly to downtown Denver and Boulder County. Professional and business services—the largest supersector in the Denver metropolitan area—includes computer systems design and software engineering, which were major expanding components of this supersector in 2018. Transportation, warehousing, and utilities recorded the strongest year of growth since 2000. Since the Denver metropolitan area is a distribution hub, rapid expansions of fulfillment and distribution centers related to e-commerce resulted in the strongest year of employment growth in the transportation, warehousing, and utilities supersector since 2000. Further, the region's natural resources and construction supersector benefited from strong construction activity and record levels of commercial real estate space completed.

City and County of Denver

The City and County of Denver is the employment center for the Denver metropolitan area and accounts for just under one-third of the employment in the region. The Central Business District is the core of many of downtown Denver's largest sectors in banking, energy, and law, among a variety of other businesses. With nearly 520,000 workers, the City and County of Denver is the state's largest job base and employment grew 2.5 percent between 2017 and 2018.

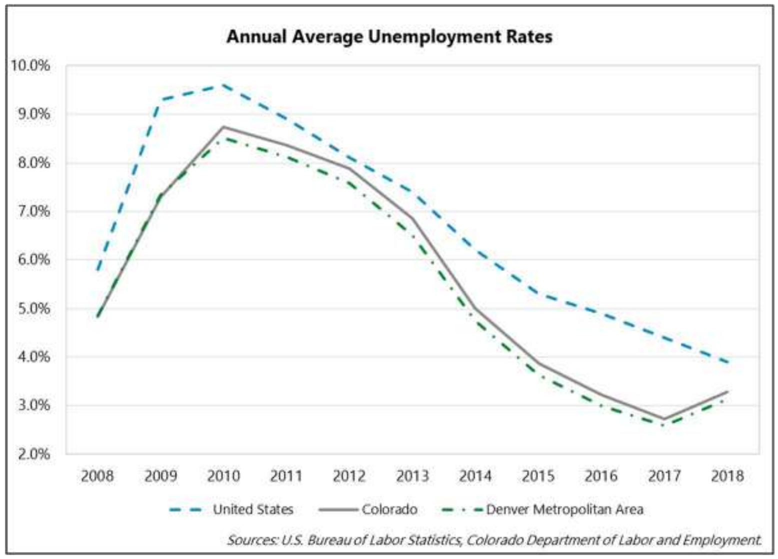
The City and County of Denver's three largest industry supersectors by employment concentration are professional and business services (20.4 percent), government (13.4 percent), and leisure and hospitality (12.6 percent). Total employment rose in nine of the 11 industry supersectors from 2017 to 2018, led by the fastest increases in the natural resources and construction (+8.6 percent) and information (+6.8 percent) supersectors. Employment declined slightly in the manufacturing and government supersectors between 2017 and 2018.

Labor Force & Unemployment

The U.S. unemployment rate fell to a historic low, reaching its lowest point since the late 1960s. According to data from the U.S. Bureau of Labor Statistics, the U.S. unemployment rate declined to 3.9 percent in 2018, a decrease of 0.5 percentage points from the 2017 rate (4.4 percent). While the labor market remains tight, companies continued to hire at a fast pace as consumer confidence remained strong.

Colorado

Colorado's unemployment rate remained near historically low levels in 2018 but increased slightly from the 2017 rate. The unemployment rate for 2018 increased to 3.3 percent, 0.6 percentage points higher than the 2017 rate of 2.7 percent. The higher rate was due to strong growth in Colorado's labor force, which grew 3.5 percent between 2017 and 2018 and was faster than employment growth. Despite a higher unemployment rate for 2018, this rate is still 5.4 percentage points below the peak rate of 8.7 percent reached in 2010. Colorado's unemployment rate remained below the national rate for the 14th consecutive year. The state's unemployment rate in 2018 was 0.6 percentage points below the national average.



Denver Metropolitan Area

In 2018, the unemployment rate in the Denver metropolitan area increased from the 17-year low posted in 2017. The region's rising wages and strong job market contributed to a 3.1 percent growth in the labor force in 2018. The Denver metropolitan area's labor force growth outpaced employment growth for the first time since the Great Recession and was the fastest annual growth over past 10 years. The unemployment rate in the region in 2018 rose to 3.1 percent in 2018, 0.5 percentage points higher than the 2.6 percent unemployment rate recorded in 2017. The Denver metropolitan area has been consistently below the statewide and nationwide rates since 2010.

City and County of Denver

As an urban center, the City and County of Denver typically records higher unemployment than the Denver metropolitan area. The unemployment rate has generally matched or been slightly higher than the metropolitan area since 2010, averaging about 0.2 percentage points above the Denver metropolitan area over this period of time. The average annual unemployment rate in the City and County of Denver peaked at 9.1 percent in 2010, but steadily declined each year until 2017. Similar to the trends for Colorado and the Denver metropolitan area, the unemployment rate in the City and County of Denver increased from 2.6 percent in 2017 to 3.2 percent in 2018.

Major Employers

Small businesses represent a significant portion of Colorado's workforce, spurring job creation and economic growth. According to the most recent data from the U.S. Small Business Administration, nearly all private businesses in Colorado, or 99.5 percent of employers are considered small, or employing fewer than 500 workers. In the Denver metropolitan area, data from the U.S. Census Bureau show that 99.7 percent of businesses employed fewer than 500 workers and nearly 98 percent of businesses employed fewer than 100 workers. An additional key facet of Colorado's employment base is the state's level of entrepreneurial activity. Colorado had the nation's fourth-largest share of proprietors as a percentage of total employment in 2017.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are key providers of jobs and income. According to the most recent data from the U.S. Census Bureau, about 75 firms with 1,000 or more employees were operating in the Denver metropolitan area and a third of these large businesses were located in the City and County of Denver.

Ten companies headquartered in Colorado were included on the June 2019 *Fortune 500* list. Arrow Electronics was the highest ranked Colorado company at #109 with $29.7 billion in revenue. The remaining nine companies on the list were DaVita (#188), Qurate Retail (#225), DISH Network (#232), Ball Corp. (#271), Molson Coors Brewing (#294), DCP Midstream (#320), Liberty Media (#380), Newmont Goldcorp. (#419), and Western Union (#498).

Metro Denver Largest Private Sector Employers

Company	Product/Service	Employment
King Soopers	Grocery	14,380
Wal-Mart	General Merchandise	11,900
HealthONE Corporation	Healthcare	11,870
Centura Health	Healthcare	9,450
UCHealth	Healthcare, Research	9,380
SCL Health System	Healthcare	8,930
CenturyLink	Telecommunications	7,800
Lockheed Martin Corporation	Aerospace & Defense Related Systems	7,510
Comcast	Telecommunications	7,250
Children's Hospital Colorado	Healthcare	7,160
Kaiser Permanente	Healthcare	7,000
Amazon	Warehousing & Distribution Services	6,490
Safeway Inc.	Grocery	6,180
United Airlines	Airline	6,080
United Parcel Service	Parcel Delivery	4,840
Charles Schwab	Financial Services	4,440
Southwest Airlines	Airline	4,200
Ball Corporation	Aerospace, Containers	4,030
DISH Network	Satellite TV & Equipment	3,980
Wells Fargo	Financial Services	3,670

Source: Development Research Partners, June 2019.

While private sector businesses account for the majority of employment in the Denver metropolitan area, the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consists of 14,000 federal government employees, 15,100 state government employees, and 40,600 employees in local government entities in 2018, including Denver Public Schools (15,600 employees) and the City and County of Denver (12,400 employees).

International Trade

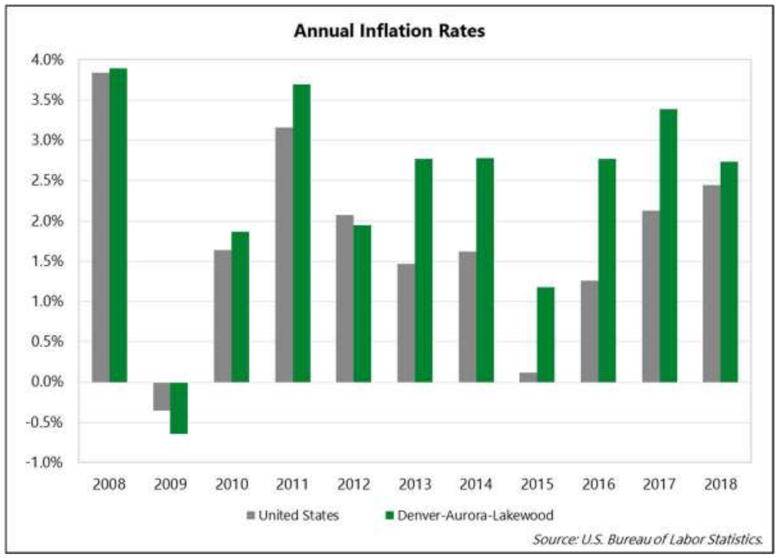
The Denver metropolitan area's central U.S. location just west of the nation's geographic center makes it a strategic choice for companies conducting international business. The area is one of the nation's premier transportation hubs at the crossroads of major interstate highways that serve a critical function in supporting interstate and international commerce. Shipping businesses can access the Denver metropolitan area via all transportation modes except water, and the region's location midway between Canada and Mexico is another asset for trade-focused companies. More than 32 percent of the total dollar value of export shipments from Colorado went to Canada and Mexico in 2018. The state's other largest trading partners include China, South Korea, Japan, and Malaysia. The state's top six partners accounted for about 55 percent of the value of exports in 2018.

Colorado exports increased for the second consecutive year in 2018 after declining from 2014 to 2016. Colorado exports totaled $8.3 billion, increasing 3.3 percent over-the-year from 2017 to 2018. However, Colorado's exports in 2018 were below the peak in 2013 of more than $8.5 billion. Much of the decline was attributed to exports to Canada, which fell each year from 2014 through 2016. Colorado recorded robust export growth to South Korea, the Netherlands, Taiwan, and Canada in 2018.

Nearly two-thirds of Colorado's $8.3 billion in exports consisted of four key products, which were computer and electronic products, food products, machinery, and chemicals. Computer and electronic products comprised over 23 percent of the state's export volume in 2018, while food products comprised nearly 21 percent. Exports of mineral and ores and machinery were the largest contributors to growth in Colorado's exports overall in 2018.

Computer and electronic products rose for the second-consecutive year in 2018 after several years of declines, rising 0.5 percent over-the-year. Growth in Colorado's exports was negatively impacted by contractions in food manufacturing, chemical products, and nonmetallic mineral products.

Inflation



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

Changes in the Denver-Aurora-Lakewood CPI have often reflected changes in the national CPI. However, local inflation trends during and after the recent recession followed a slightly different course. The decline and subsequent increase in the Denver-Aurora-Lakewood CPI in 2009 and 2010 differed from national averages by a few tenths of a percentage point. Since 2013, inflation in the Denver-Aurora-Lakewood area has outpaced the U.S. an average of nearly three-times the national rate. The rapid increase in home prices in the Denver metropolitan area from 2013 to 2018 and rising medical care costs were major drivers of price increases over the past five years. Housing costs in the Denver-Aurora-Lakewood area increased at an average annual rate of 4.5 percent between 2013 and 2018, while housing costs across the U.S. rose 2.6 percent during the same period. Overall, the Denver-Aurora-Lakewood CPI rose 2.7 percent in 2018, 0.3 percentage points higher than the U.S. CPI. During 2018, the U.S. index increased 2.4 percent.

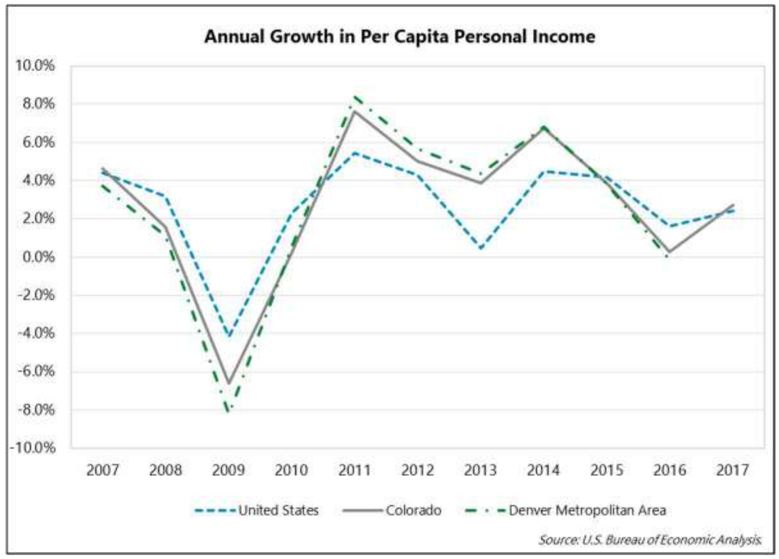
Five of the eight individual components increased at a faster pace in 2018 in the Denver-Aurora-Lakewood area than the U.S. average, consisting of food and beverages, housing, medical care, recreation, and transportation. The medical care component increased the most over-the-year, growing 6.4 percent in the Denver-Aurora-Lakewood area, while the U.S. increased 2 percent. Recreation recorded the smallest increase (+0.2 percent) in the local area, while the U.S. increased 0.5 percent in the same component. Apparel and education and communication were the only components to record declines over-the-year, decreasing 3.2 percent and 0.2 percent, respectively. The U.S. recorded increases in all components between 2017 and 2018.

Income

Colorado

The largest component of personal income is earnings from work, meaning a difficult labor market and slow wage growth can affect overall personal income trends. Total personal income increased each year from 2010 to 2018 in Colorado. Between 2013 and 2018, personal income in Colorado increased at an annual rate of 5.4 percent. Personal income growth peaked in 2014 at 8.9 percent before slowing in 2015 and 2016, due in part to a contraction in the oil and gas markets. Personal income growth rose 5.8 percent in 2017 and increased 5.7 percent in 2018 as proprietors' income and increasing transfer receipts bolstered growth.

Growth in per capita personal income – or total personal income divided by population – followed similar trends in Colorado, increasing each year since 2010. However, per capita personal income growth slowed in Colorado in 2016, rising a smaller 0.3 percent over-the-year. Colorado's per capita personal income increased 4.4 percent in 2017 and 4.2 percent in 2018, posting growth rates for both of these years that were higher than the nation. In Colorado, per capita personal income was $56,846 in 2018, or 106 percent of the national average, representing the 13th-highest level of the states.



Denver Metropolitan Area

Total personal income in the Denver metropolitan area has generally followed the same statewide trend over the last decade. Between 2010 and 2017, total personal income increased an average of 6.4 percent per year in the Denver metropolitan area, compared with 5.9 percent in Colorado and 4.3 percent in the U.S. In 2017, the Denver metropolitan area's total personal income rose 6.4 percent, compared with 5.8 percent in Colorado and 4.4 percent in the U.S.

Per capita personal income in the Denver metropolitan area is higher than both Colorado and the U.S. Per capita personal income in the Denver metropolitan area in 2017 ($60,685) was 117 percent of the U.S. average. Comparatively high wage rates tend to keep per capita personal income in the Denver metropolitan area above the national average. Despite a slower 0.1 percent growth in per capita personal income in the Denver metropolitan area in 2016, per capita personal income surged 5.1 percent in 2017. This was 0.7 percentage points above the Colorado per capital personal income growth and 1.4 percentage points above the nationwide growth.

City and County of Denver

Per capita personal income in the City and County of Denver is generally higher than the U.S., averaging 132 percent of the national number between 2010 and 2017. The income differential peaked in 2014, when per capita personal income ($68,147) reached 145 percent of the national average. After the Great Recession, per capita income increased from 2010 through 2014. Per capita income declined 1.6 percent in 2015 and decreased another 4.5 percent in 2016 due to rapid population growth and the oil and gas contraction. Per capita personal income in the City and County of Denver reached $69,862 in 2017.

The City and County of Denver boasts a higher than average per capita personal income compared with the Denver metropolitan area, averaging 115 percent of the metro-wide number from 2010 to 2017. The difference can be attributed to the relatively high wage rates in the county. The average annual wage in the City and County of Denver was $67,625 in 2017, which was $4,158 higher than the Denver metropolitan area average annual wage.

Retail Trade

Retail sales account for a large part of the nation's total economic output and are a useful indicator of overall consumer health. Retail trade sales declined significantly during the Great Recession, falling 1.1 percent in 2008 and decreasing 7.4 percent in 2009. During the economic recovery, retail sales increased steadily from 2010 to

2018, averaging 4.3 percent per year over this period. Retail sales reached their highest level in 2018, rising 4.9 percent between 2017 and 2018 to over $6 billion. Eleven of the 12 retail trade categories recorded growth in 2018.

Sales of motor vehicles and auto parts is the largest retail trade category in the United States by volume. Sales of motor vehicles and auto parts, a good indicator of healthy spending, rose 2.6 percent in 2018. Gasoline stations were the fastest growing retail trade category from 2017 to 2018, which rose 12.9 percent. Gasoline stations were followed by non-store retailers, rising 9.3 percent over-the-year and includes businesses engaged in mail-order or electronic shopping, door-to-door sales, and in-home demonstrations, among other things. The only retail trade category to contract in 2018 was the sporting goods, hobby, book, and music stores category, which fell 5.7 percent.

Colorado

Retail trade sales in Colorado fell sharply during the Great Recession and improved significantly between 2010 and 2018. Following the Great Recession, retail trade sales increased during the economic recovery as consumers' incomes increased and spending abilities improved. Since 2010, retail sales growth has outpaced the nation, with sales increasing at an average annual rate of 6.3 percent from 2010 to 2015. Sales growth slowed slightly in 2016 to 4.2 percent, possibly reflecting the slower growth in personal income and the oil and gas slowdown. However, retail trade sales increased 5.2 percent in 2017 and rose 5.5 percent in 2018. The increase in 2018 retail trade sales reflected the combination of a strong economy, increased job creation, improved wages, and an increase in net worth.

Denver Metropolitan Area

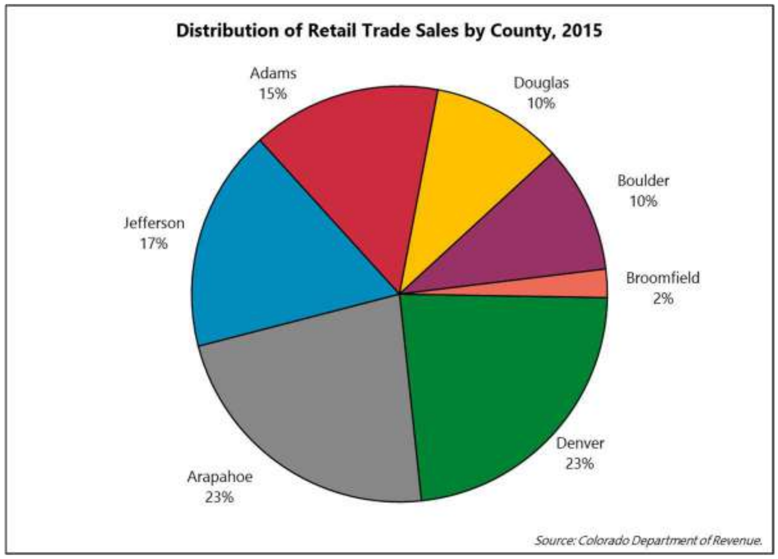
Consumer confidence remained strong during the economic recovery and continued to improve in 2018, rising higher than pre-recession levels. Denver metropolitan area retail trade sales rose 8 percent in 2014 and 5.5 percent in 2015. Retail sales data at the county and city level is currently available only through 2015 from the Colorado Department of Revenue due to data publication issues. The City and County of Denver has the largest share of retail trade activity in the Denver metropolitan area, comprising 23 percent of the region's retail sales.

U.S. Retail Trade Sales ($millions)

Industry	2017	2018	Percent Change
Retail Trade:			
Motor Vehicle / Auto Parts	$1,174,417	$1,205,167	2.6
Furniture and Furnishings	$113,783	$116,611	2.5
Electronics and Appliances	$99,401	$101,217	1.8
Building Materials / Nurseries	$365,651	$377,514	3.2
Food/Beverage Stores	$725,915	$754,656	4.0
Health and Personal Care	$333,219	$344,065	3.3
Service Stations	$452,856	$511,398	12.9
Clothing and Accessories	$258,472	$270,409	4.6
Sporting/Hobby/Books/ Music	$84,264	$79,464	-5.7
General Merchandise/ Warehouse	$683,854	$704,030	3.0
Misc. Store Retailers	$125,500	$130,493	4.0
Non-Store Retailers	$629,562	$688,251	9.3
Total Retail Trade	$5,046,894	$5,283,275	4.7
Food / Drinking Services	$693,716	$737,815	6.4
TOTAL	$5,740,610	$6,021,090	4.9

Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression. Source: U.S. Census Bureau.

Another indicator of consumer activity is Colorado state sales tax collections in the Denver metropolitan area. After state sales tax collections in the Denver metropolitan area slowed from a 5.8 percent increase in 2015 to a 3.5 percent increase in 2016, state sales tax collections rose 5 percent in 2017. While state sales tax collections in 2017 were 1 percentage point below the annual rate of growth over the past five years (6 percent from 2012 to 2017), growth in collections indicates retail spending remains robust.



The City and County of Denver also had the largest share of sales tax collections in the Denver metropolitan area in 2017, representing 28.3 percent of the total and rose 4.5 percent between 2016 and 2017. Trends in sales tax collections for the City and County of Denver followed similar trends to the Denver metropolitan area, rising 4.7 percent in 2015 and 0.9 percent in 2016. Sales tax collections rose 4.5 percent in 2017 and averaged 5.7 percent over the past five years. It should be noted that state sales tax collections may vary by year based on changes in the tax base as policy-makers enact exemptions, expand the number of taxable products, or issue rulings and guidance on collections and reporting.

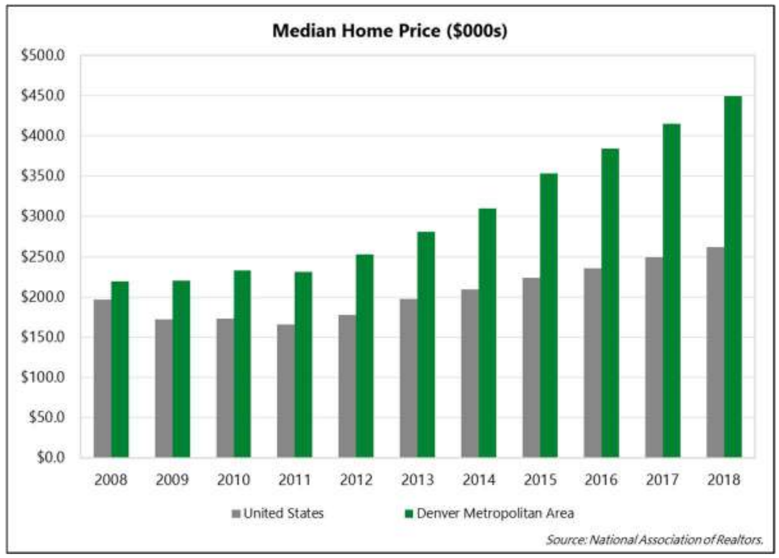
Residential Real Estate

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

In recent years, demographic shifts, affordability challenges, and limited supply have contributed to decreasing homeownership rates across the nation. Data from the U.S. Census Bureau show the U.S. homeownership rate fell from 67.3 percent in the first quarter of 2009 to 64.2 percent in the first quarter of 2019. Changes in homeownership rates for states and metropolitan areas have been even more profound: Colorado's homeownership rate decreased from 69.8 percent in the first quarter of 2009 to 66.6 percent in the first quarter of 2019. Similarly, the Denver metropolitan area's homeownership rate fell from 68.6 percent in the first quarter of 2009 to 64.9 percent in the first quarter of 2019.

Further, demographic shifts are changing the makeup of the residential real estate market. Millennials represent an increasing share of homeownership, while the aging baby boomers represent a slightly smaller share. The homeownership rate was highest among householders ages 65 years and over (78.5 percent) and lowest for those under 35 years of age (35.4 percent). Between 2017 and 2018, the homeownership rate for those ages 65 years and older was unchanged at 78.5 percent. However, the homeownership rate for those under 35 years of age increased slightly from 35.3 percent in 2017 to 35.4 percent in 2018. Combined with historically low interest rates, the disconnect between high demand homes and the low supply has pushed home prices to record high levels. As a result, homeownership has been more challenging for all generational groups. Concurrently, demand for housing is urging new construction activity, resulting in increasing new residential building permits for single-family detached and multi-family homes.

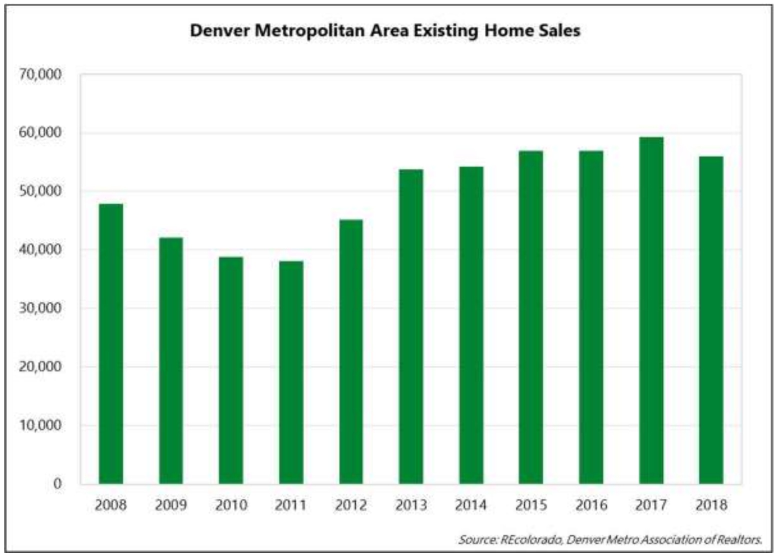
Residential Home Prices



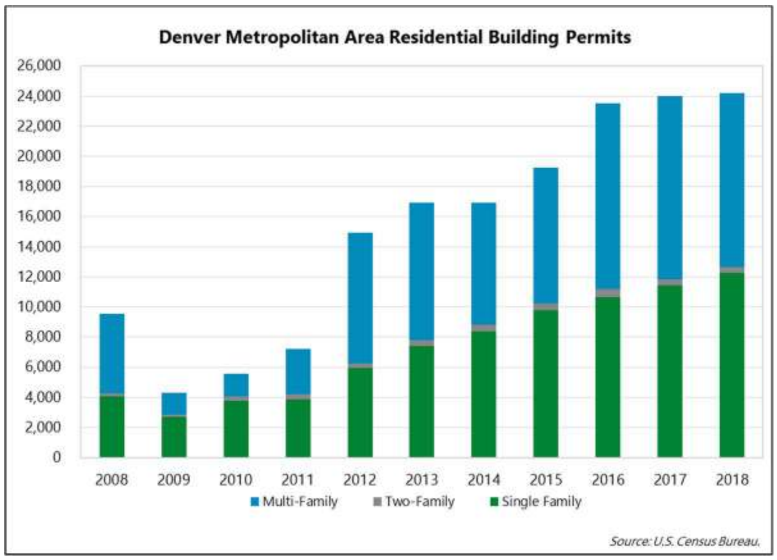
The median home price rose for the seventh-consecutive year in 2018 as low inventory and strong in-migration drove-up prices. The median home price rose 8.5 percent to $449,900 from 2017 to 2018. Over the last decade, home prices have doubled in the Denver metropolitan area, rising $230,000 since 2009. Additionally, home prices have increased every year since 2009, except in 2011 when home prices fell 0.4 percent over-the-year. The Denver metropolitan area median home price is now 80 percent higher than the 2006 peak, whereas the 2018 national median home price is 18 percent higher than the 2006 peak. The national median price reached $261,600 in 2018, a 5.1 increase from 2017. Since 1994, home prices in the Denver metropolitan area have been higher than the nation. However, the differential between the two areas has increased significantly in recent years. Driven by rapid price appreciation in the Denver metropolitan area, the differential reached $188,300 in 2018, the greatest difference on record.

Home prices in the Denver metropolitan area increased at a rate well above the national average and among the fastest of the largest metropolitan areas in the U.S., as tracked by the S&P/Case-Shiller Home Price Index. As of December 2018, Denver recorded the fifth largest over-the-year increase of the 20 cities tracked by the index. Denver was also among 12 cities tracked in the 20-city index that had surpassed their pre-recession peaks as of December 2018. The December 2018 data shows the Denver index was 53.4 percent above its prerecession peak that was reached in August 2006. The 20-city composite index was 3.1 percent above its peak that was reached in July 2006. Another housing price index, the Federal Housing Finance Agency's Home Price Index shows the Denver-Aurora MSA as having the 64th highest (+8.15 percent) over-the-year increase of 100 metropolitan areas for the period ending December 31, 2018. While increasing home prices are a positive sign for the economy, the rate at which prices are rising suggests a significant disconnect in the supply and demand for homes.

Residential Home Sales



Existing home sales in the Denver metropolitan area decreased for the first time since 2011, falling 5.5 percent from 2017 to 2018 to 55,987. Several factors influenced the housing market in 2018 including slower net migration, rising interest rates, and low affordability as home price increases continued to outpace wage growth. Further, low inventory limited growth in sales in 2018 and fell to a record low at the end of 2017, with the Denver Metro Association of Realtors (DMAR) recording 3,854 active listings. While active listings rose to 5,577 in December 2018, the level was 80 percent lower than recorded in May 2008.



Over the last decade, Denver metropolitan area existing home sales increased 17 percent from 2008 to 2018. Following the Great Recession, home sales fell to a low of 38,106 sales in 2011. Home sales increased from 2012 to 2015, rising an average of 10.8 percent over the period, but slowed in 2016 and 2017. Despite the decline in sales, home sales remain at historically high levels.

Foreclosures

Foreclosure filings in the Denver metropolitan area declined for the ninth-consecutive year in 2018, falling 8.6 percent from 2017 to 2018. The Denver metropolitan area's low unemployment rate, strong job market, rising home prices, and demand for housing have enabled many homeowners to maintain mortgage payments, restructure debt, and avoid foreclosure. Five of the seven counties in the Denver metropolitan area recorded foreclosure declines in 2018, ranging from a 27.3 percent decline in Boulder County to a 2.9 percent decline in Jefferson County. The City and County of Broomfield and Douglas County were the only two counties that recorded increases in foreclosure filings in 2018, rising 7.7 percent and 4.9 percent, respectively.

Residential Building Permits

The combination of low inventory and high demand have constrained the residential real estate market, and the pace of new development has been challenged to keep up with the increase in new households. Construction permits rose 0.8 percent in 2018 with 24,209 residential construction permits issued, the highest recorded permit count since 2001. Residential construction permits in the Denver metropolitan area have increased for the ninth-consecutive year since falling to a low of 4,288 permits in 2009. In 2018, single-family detached permits rose 7.3 percent and comprised nearly 51 percent of total permits issued. Single-family attached permits increased by 4.2 percent from 2017 to 2018 but comprised just 1.7 percent of permits. Multi-family permits declined, falling by 5.4

percent to 11,561 permits. Despite the drop in multi-family permits, multi-family permit activity remained at historic highs. It is important to note that multi-family construction, which has historically represented about one-third of permits issued over the past 20 years, comprised nearly 48 percent of the total in 2018. Multi-family permits have represented roughly one-half or more of all permits issued in the Denver metropolitan area from 2012 to 2018.

Total permits issued in the City and County of Denver fell 25.1 percent between 2017 and 2018, after rising 34.2 percent in the previous year. The decrease was attributed to a 32.9 percent decline in multi-family permits (5,340 permits). Single-family detached permits increased 2.4 percent (2,430), while single-family attached permits decreased 44.4 percent to 110 permits.

Generational shifts are changing the residential real estate market in the Denver metropolitan area. There has been an influx of millennial homebuyers in 2018 as older millennials are beginning to payoff student loan debt and had a longer period to grow in their careers. Additionally, low interest rates have led to more millennials entering the homeownership market. According to LendingTree.com, Denver ranked fifth among the "Most Popular Cities for Millennial Homebuyers" in 2018, with 45 percent of all new purchase mortgage requests from those under the age of 35. Another growing trend is a return to multigenerational living, driven by shifts in senior living, immigration reform, and affordability. The ongoing shift has increased new types of home product for this type of living including flexible units and accessory dwelling units. Additionally, the aging of the population in the Denver metropolitan area has increased demand for senior living facilities, ranging from independent senior living to assisted living facilities.

Apartment Market

Demand kept pace with supply and new units were rapidly absorbed in the Denver metropolitan area's apartment market in 2018. In 2018, tenants in the Denver metropolitan area absorbed 13,707 units, more than the number constructed. Subsequently, apartment rent growth has moderated, and vacancy rates remain stable. The vacancy rate average increased just 0.3 percentage points to 5.9 percent in 2018 from 2017.

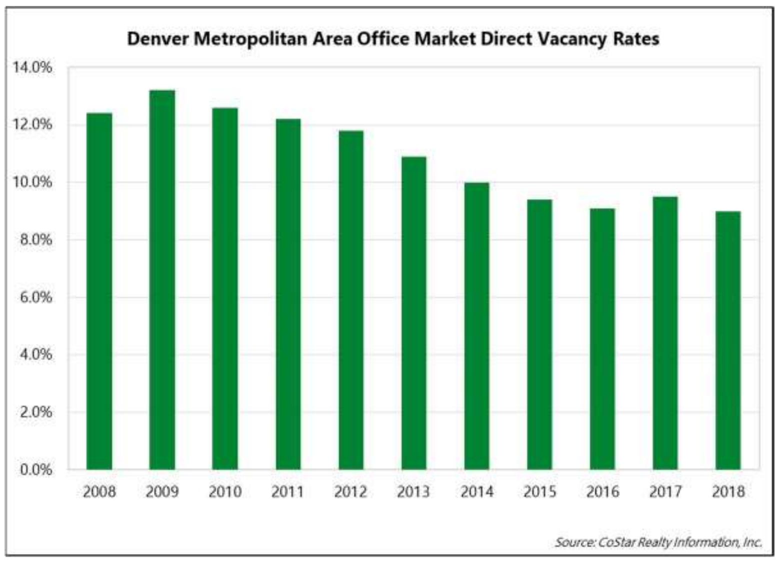
Markets across the region are also showing signs of stabilizing. The *Denver Metro Apartment Vacancy and Rent Survey* indicates average annual vacancy rates decreased from 2017 to 2018 in three of the six county-level markets reported, including the Boulder/Broomfield markets, Adams County, and Douglas County. The vacancy rate decreases ranged from 0.9 percentage points in Douglas County to 0.3 percentage points in the Boulder/Broomfield markets. The vacancy rate increased in two markets including the City and County of Denver (+0.8 percentage points) and Arapahoe County (+0.7 percentage points). The vacancy rate remained unchanged in Jefferson County at 5 percent. Among the six submarkets, the City and County of Denver reported the highest average annual vacancy rate in 2018, reaching 7.3 percent. The City and County of Denver reported a vacancy rate of 6.5 percent in 2017, the second-highest rate of the six submarkets.

Average lease rates in the Denver metropolitan area showed signs of slowing in 2018 as a result of the balanced market conditions. While average lease rates increased slightly in 2018, the pace of growth slowed to its lowest level since 2011. Average rent in the Denver metropolitan area increased 3.8 percent between 2017 and 2018 to $1,456 per month. Rent growth peaked in 2015 at 12.2 percent before slowing to 6.9 percent in 2016 and 3.9 percent in 2017. Every county reported over-the-year increases in the average rental rate. Jefferson County recorded the largest increase in the average rental rate, reporting a 4.9 percent increase between 2017 and 2018. Douglas County reported the smallest increase in the average rental rate, rising 1 percent over-the-year. The average monthly rental rate reached $1,502 in the City and County of Denver, a 4.6 percent increase from 2017. Average monthly rental rates ranged from $1,367 in Adams County to $1,607 in the Boulder/Broomfield submarket.

Commercial Real Estate

Office Activity

Data from CoStar Realty Information, Inc. show that vacancy for office space remained stable and rents were flat in 2018. The vacancy rate over the four quarters of 2018 in the Denver metropolitan area averaged 9.6 percent, which was the same average one year earlier. The fourth quarter 2018 vacancy rate of 9 percent was 0.5 percentage points below the prior year. However, the vacancy rate in 2018 rose to as high as 10 percent in the second quarter of 2018, its highest point since the fourth quarter of 2014. The office vacancy rate had declined year-over-year for 26 consecutive quarters before increasing starting in the first quarter of 2017. While office lease rates have steadily increased since the second quarter of 2011, lease rates in 2017 and 2018 remained relatively flat. The average lease rate for direct space in the fourth quarter of 2018 ($26.62 per square foot) was relatively unchanged from the year-ago level.



Office construction activity increased in 2018 with 3.83 million square feet completed, up from 3 million square feet in 2017. Office construction activity in the Denver metropolitan area was at its highest level since 2001. Some of the year's most notable completed construction projects included the 672,000-square-foot 1144 Fifteenth tower, the 428,200-square-foot 16 Chestnut Building at Denver Union Station, the 324,100-square-foot Village Center Station II building in Greenwood Village, and the 222,100-square-foot INOVA Dry Creek 2 building in Centennial. Further, there was about 4.1 million square feet of office space under construction during the fourth quarter of 2018. Of this space, nearly 76 percent, or 3.1 million square feet, was under construction in the City and County of Denver.

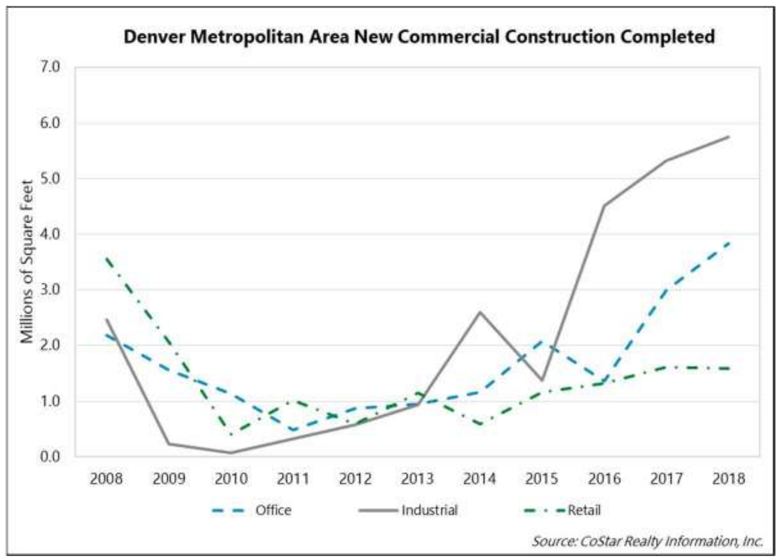
Industrial and Flex Activity

CoStar Realty Information shows that the industrial market posted a stable vacancy rate in 2018 despite adding nearly 6 million square feet of newly completed space to the market. Additionally, demand for industrial space was strong as rents continued to grow throughout the year. The industrial direct vacancy rate averaged 4 percent through the four quarters of 2018 in the Denver metropolitan area, down from an annual average of 4.1 percent in 2017. Average lease rates continued to climb in the industrial market. While average lease rates appeared to moderate in 2017, even posting an over-the-year decline in the first quarter of 2017, average lease rates increased as much as 6.7 percent over-the-year in the first quarter of 2018. From the fourth quarter of 2017 to the fourth quarter of 2018, average lease rates in the industrial market rose 3.9 percent to $8.05 per square foot triple-net.

Strong industrial demand over the past several years has led to record levels of construction activity, notably for warehousing and distribution space for online merchandisers. Absorption in the industrial market remained strong as new completions were at historic levels for the past three years. New completions rose to 5.75 million square feet in 2018, up from 5.32 million square feet in 2017, representing a record year of new industrial completions. There was another 4.6 million square feet under construction in the fourth quarter of 2018. Notable industrial projects completed included the 2.4 million-square-foot Amazon fulfillment center in Thornton and the 701,900-square-foot Building 15 in Aurora.

The Denver metropolitan area flex market recorded falling vacancy rates and increasing average lease rates through the fourth quarter of 2018. Direct flex market vacancy averaged 5.7 percent in 2018, 0.7 percentage points below the average vacancy rate in 2017. The fourth quarter 2018 vacancy rate (5.2 percent) was 0.6 percentage points below the fourth quarter 2017 level of 5.8 percent and was the lowest recorded vacancy rate based on records going back to 1999. The Denver metropolitan area direct flex market lease rate was $12.07 per square foot, 0.3 percent above the fourth quarter 2017 average. Since the fourth quarter of 2012, the average lease rate has risen steadily, increasing $3.44 per square foot from 2012 to 2018. There was about 442,800 square feet of flex space completed in the Denver metropolitan area in 2018, including 133,122 square feet of flex space in the Interpark industrial development in the City and County of Broomfield. As of the fourth quarter of 2018, there was about 432,500 square feet of flex space under construction.

Retail Activity



Consumer confidence in the Mountain Region, which includes Colorado, remained strong in 2018 with several index values during the year rising above previous high levels reached in the early 2000s. Retail sales in both Colorado and the Denver metropolitan area have steadily increased over the past five years in response to increased consumer demand and rising consumer spending activity. Signaling an improved retail real estate market in the Denver metropolitan area, vacancy rates continued to decline, average lease rates grew, and construction activity continued at a reasonable pace in 2018. In the fourth quarter of 2018, the vacancy rate fell to 4.1 percent, falling by 0.2 percentage points from the fourth quarter of 2017. The vacancy rate in the Denver metropolitan area's retail market peaked at 8 percent in 2009. Over the same time period, the average lease rate was up 5.2 percent over-the-year to $19.12 per square foot. While average lease rate growth appears to have peaked in 2017, retail average lease rates outpaced increases for office and industrial space in 2018.

Analysts have noted that strong population and housing growth continues to drive the Denver metropolitan area's retail market. Additionally, retailers in categories such as entertainment, fitness, grocery, and food and beverage continue to lead leasing activity in the area. Even with national closures and e-commerce disruption, the market has rebounded and continues to attract developers and investors. In 2018, the Denver metropolitan area's retail market added 1.59 million square feet of space in 113 buildings. The level of construction remained close to the long-term average of 1.65 million square feet per year since 2006. An additional 1 million square feet of retail space was under construction at the end of 2018. Some of the major projects completed in 2018 included the 330,000-square-foot Denver Premium Outlets in Thornton, a 140,000-square-foot King Soopers in Arvada, and the 77,300-square-foot Promenade at Castle Rock.

Medical Facilities

The Denver metropolitan area offers a robust culture of health and wellness and is home to major health systems and significant healthcare and wellness facilities. The area's growing and aging population and changes in residents' behavior and lifestyle choices will continue to drive demand for healthcare and wellness services.

As one of the most ambitious medical developments in the nation, the $5.4 billion, 578-acre Fitzsimons Innovation Community and adjacent Anschutz Medical Campus is the largest academic health and bioscience center between Chicago and the West Coast. The campus serves more than 500,000 patients annually and offers two world-class research hospitals—UCHealth University of Colorado Hospital and Children's Hospital Colorado. In 2018, the Veteran's Administration celebrated the opening of its Rocky Mountain Regional VA Medical Center in Aurora. The facility features 306,000 square feet of diagnostic and treatment space, 260,000 square feet of inpatient space, and 302,000 square feet of clinic space in 12 buildings across 31 acres.

Construction activity remained robust for medical and healthcare facilities in 2018 to accommodate ongoing patient demand. Notable healthcare projects included the construction of Denver Health's $157 million outpatient center, which is part of a $937 million bond package approved by Denver voters in 2017. A five-story, 100,000-square-foot medical pavilion will soon be developed at Saint Joseph's Hospital in Denver's Uptown neighborhood that is expected to be completed in the second quarter of 2020. Further, Boulder Community Health is expanding with a new 30,000-square-foot office on South Boulder Road. BCH is also building a new medical office and urgent care center in Erie, where it plans to open the new Lafayette rehabilitation center. Children's Hospital Colorado is expanding its North Campus, which will be four times the size of the existing facility once complete.

Transportation

Highways

Colorado's transportation network includes almost 1,000 miles of Interstate highway, more than 350 miles of other freeways and expressways, and almost 87,400 miles of arterials, collectors, and local roads. The Texas Transportation Institute reported that the Denver-Aurora area had nearly 1.3 million auto commuters who logged 21.7 million vehicle-miles of freeway travel and 21 million arterial street daily vehicle-miles in 2014. Commuters in the Denver-Aurora area also observe 49 hours of traffic congestion annually per commuter, ranking Denver with the 19th highest level of traffic congestion of the 101 tracked metropolitan areas.

Major transportation projects aimed at improving travel and accessibility throughout the Denver metropolitan area were underway in 2018. Construction continued on the $276 million C-470 Express Lanes project, which will provide 12.5 miles of increased mobility between I-25 and Wadsworth Boulevard. The project will include both two-lane and one-lane expansions for the Eastbound and Westbound directions. The project also includes on- and off-ramp improvements, widening of existing bridges, and replacing the bridges over the South Platte River. The project is expected to be completed in 2019. The Central 70 project broke ground in August 2018 and includes plans to reconstruct a 10-mile stretch of I-70, add a new express lane in each direction along I-70, lower a portion of the highway below grade, and create a 4-acre park above the highway cap. Construction of the $1.2 billion project is anticipated through 2022.

Mass Transit

The Regional Transportation District (RTD), funded by a 1 percent sales tax, oversees the Denver metropolitan area's mass transit system. RTD operates 1,026 buses on 141 fixed routes, 172 light rail vehicles on 58.5 miles of track, and 66 commuter rail vehicles on 29 miles of track. The District operates 84 Park-n-Rides, 54 active light rail stations on 11 rail lines (A, B, C, D, E, F, G, H, L, R, and W), and 9,800 bus stops.

FasTracks is a multibillion-dollar comprehensive transit expansion plan to build 122 miles of new commuter rail and light rail, extend existing routes, and expand the regional bus network across the eight-county district. RTD works continually to expand capacity and services for public transportation in order to meet increasing demand. Future projects include the N Line, a 13-mile rail line that will provide service from Union Station through Denver, Commerce City, Thornton, Northglenn, and eventually north Adams County; several rail extensions including the L Line extension that will connect the existing downtown rail service to the University of Colorado A Line and the C and D lines will be extended 2.5 miles into Highlands Ranch and provide 1,000 parking spaces.

Air

Denver International Airport (DEN) is a state-of-the-art facility owned and operated by the City and County of Denver. Occupying 53 square miles and located approximately 24 miles northeast of downtown Denver, DEN is the primary airport serving the nine-county region and the state of Colorado. DEN is one of the few major U.S. airports with room to expand to accommodate future growth.

DEN is the 20th-busiest airport in the world and the fifth-busiest airport in the United States, with nearly 64.5 million passengers travelling through DEN in 2018. This was the fifth-consecutive year of record-breaking growth for the airport, with passenger traffic increasing 5.1 percent between 2017 and 2018. Additionally, several records were broken throughout the year including the busiest August in DEN history, the first time the airport served more than 6 million passengers in a single month in July, and the first time that passenger traffic surpassed 5 million in the month of April. International traffic also continues to increase at DEN as a result of strong demand and increased carrier capacity. International passenger traffic rose 13.9 percent between 2017 and 2018 and accounted for nearly 5 percent of the airport's total passenger traffic.

DEN continues to be the fastest-growing airport in the country, adding more flights and more seats than any top-10 U.S. airport in the past year. Located near the geographic center of the United States, DEN is the only major hub airport within a 500-mile radius. DEN provides nonstop service to more than 210 destinations worldwide, including 26 international destinations in 12 countries and about 190 domestic destinations in 46 states. DEN is served by 24 airlines, including major hubs for United, Southwest, and Frontier Airlines. In fact, United Airlines has grown more at DEN than any other U.S. airport. Many domestic and international service additions were announced in 2018, including Frankfurt, Germany and the Cayman Islands. Additionally, DEN celebrated inaugural nonstop flights to Zurich, Switzerland on a new DEN carrier, Edelweiss/SWISS, and Paris-Charles de Gaulle on Norwegian Air Shuttle.

DEN is a leading air cargo center and a key distribution hub. Eight cargo airlines and 14 major and national carriers currently provide cargo service at DEN, handling 613.6 million pounds of cargo in 2018. With 24-hour operations, the airfield and a 39-acre cargo ramp make freight handling efficient, with no curfews. DEN is home to several world-class cargo companies and support facilities, including FedEx, UPS, Southern Air, and United Airlines cargo. The U.S. Postal Service facility is located nearby, providing a wide array of competitive shipping and receiving options.

DEN serves its ever-expanding travel market with six runways, three concourses, and 111 gates with 38 ground load positions. DEN has capacity for six additional runways, another terminal, and two additional concourses. The Jeppesen Terminal at DEN features 1.5 million square feet of space, and includes passenger ticketing, baggage claim, ground transportation, international arrivals, shops and restaurants, and Transportation Security Administration (TSA) security checkpoints. Located adjacent to the Jeppesen Terminal is the Westin Denver International Airport, which opened in 2015. The Westin offers 519 guest rooms, 37,500 square feet of conference space, 15 meeting rooms, and an open-air plaza for arts and entertainment.

DEN is at the forefront of technology advancements. In 2018, DEN and the Federal Aviation Administration (FAA) successfully launched an upgrade to the use of satellite-based air traffic management that will help airlines save fuel, cut travel times, reduce miles flown, and improve the efficiency of final approach patterns for incoming planes in low-visibility operations. DEN is a leader in developing, testing, and implementing NextGen flight procedures and was the first commercial airport to design a truly comprehensive plan of Area Navigation (RNAV) that allows aircraft to fly more predictable and smoother approaches into DEN that reduce fuel consumption and noise. Since 2010, DEN has worked closely with the FAA, Jeppesen, the major airlines, and Rocky Mountain and Centennial Airports to implement NextGen and Unmanned Aircraft Systems (UAS) programs.

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

Rail

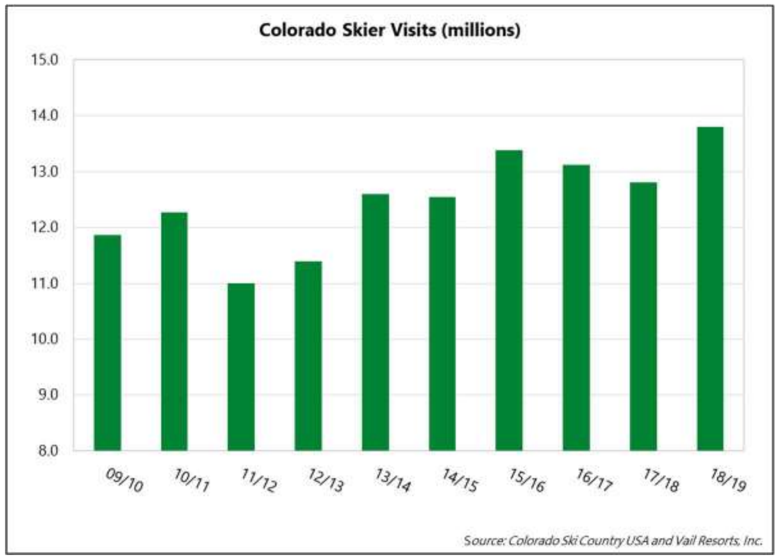
Rail lines are a critical component of the nation's transportation system and are vital to the Denver metropolitan area's economic health and global competitiveness. According to the Colorado Department of Transportation, Colorado's freight rail system extends over 2,684 miles and is operated by 14 privately owned railroads. Together, these freight railroads move nearly 155 million tons of products into, out of, within, and through Colorado. The Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroads. Combined, these railroads operate more than 80 percent of freight track miles and carry most freight by volume and by value in the state. Coal is the predominant commodity by weight for trips originating and terminating in Colorado, representing 50 percent of total tonnage and 28 percent of product value carried by rail.

The primary passenger rail system in the Denver metropolitan area includes light rail, commuter rail, and intercity passenger rail. Amtrak's California Zephyr route offers area residents transportation through the Rocky Mountains west of Denver and connects Chicago to San Francisco. The Southwest Chief route passes through Lamar, La Junta, and Trinidad, providing transportation between Kansas City, Kan. and Albuquerque, N.M. In 2017, Amtrak began new, seasonal service between Denver and Winter Park Resort. The Amtrak Winter Park Express marked the return of the "Ski Train" to the Denver metropolitan area and provides a car-free transportation alternative. Nearly 280,000 travelers passed through Colorado Amtrak stations in fiscal year 2017, and 55 percent of those travelers either boarded or alighted from trains in the Denver metropolitan area. There were 11.5 percent more riders in fiscal year 2017 than there were during the 2016 fiscal year, which was bolstered by the additional 16,658 passengers on the new Ski Train.

Tourism

The Denver metropolitan area offers visitors a variety of natural, cultural, and historical assets, with the nation's largest public parks system, over 100 golf courses, and over 850 miles of bike paths with nearly 90 bike sharing stations. The area also offers major attractions including a zoo, an aquarium, two waterparks, two amusement parks, over 40 museums, and 13 historical sites. In 2017, arts and cultural events attracted 15 million people and generated $1.9 billion in economic activity.

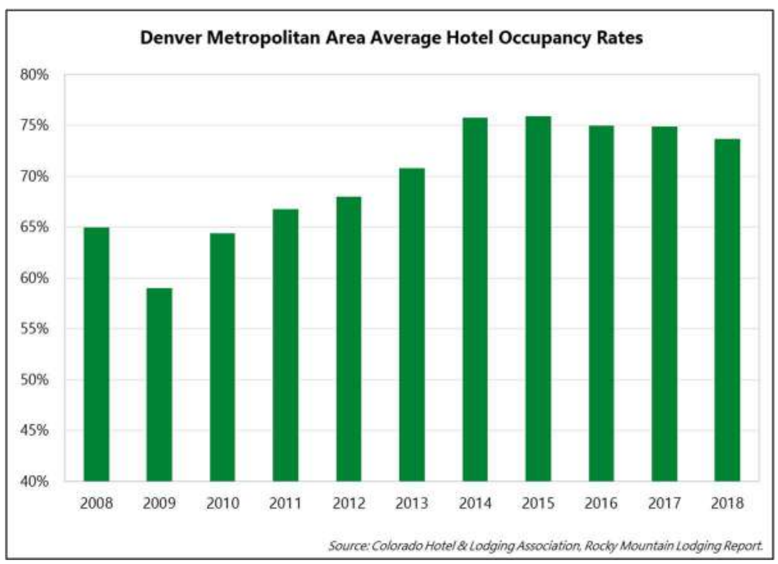
Denver attracted 31.4 million visitors in 2018, which was the third year in a row that visitors surpassed 31 million. According to the most recent study by Longwoods International, visitors to the city spent $6.5 billion in 2018, which matched the same level from the previous record set in 2017. Of the 31.4 million, 17.3 million were overnight visitors, which decreased 1 percent over-the-year. Top Denver attractions included the 16th Street Mall, the Cherry Creek Shopping District, and the Lower Downtown area, as well as numerous cultural facilities such as the Denver Zoo, the Denver Art Museum, the Denver Botanic Gardens, and the Denver Museum of Nature and Science.



Denver metropolitan area residents and visitors have a multitude of recreational opportunities from which to choose including skiing, hiking, camping, biking, and hunting. Colorado remains the number one ski destination in the country with over 21 percent of the market share, according to Longwoods International. The state is a top three ski and snowboard state, with 77 percent of the state's resorts in the top 100 U.S. ski resorts. The state is home to 28 ski and snowboard resorts offering 330 ski lifts and 67,490 skiable acres.

Twelve Colorado ski resorts are located within two hours of the Denver metropolitan area. Estimates from Colorado Ski Country USA and Vail Resorts, Inc. indicate that the number of skier visits – or the count of persons skiing or snowboarding for any part of one day – during the 2018-19 ski season increased to a record 13.8 million skier visits. Record snowfall, significant resort investments, and new activities added contributed to the new record. Late February and March featured record snow totals, which led to a strong end to the season and ski season extensions at numerous resorts.

The Denver metropolitan area hosts many nationally recognized events and festivals throughout the year that positively impact the economy and attract numerous visitors including the National Western Stock Show, the Cinco de Mayo Festival, Denver Comic Con, and the Great American Beer Festival. Additionally, the Denver Performing Arts Complex is one of the largest such complexes in the world and attracts several major performances for visitors each year.



Business, professional, and leisure travelers to Denver have increased in recent years. In 2018, overnight leisure and business travelers spent $5.6 billion, which matched 2017's record spending. These travelers drive convention activity and spur hotel development in Denver. Since it opened in 1990, the Colorado Convention Center has been an economic engine for downtown Denver, generating more than $500 million a year in spending. In 2018, the Convention Center hosted over 180 events that attracted more than 893,000 attendees.

There were several new hotels that opened in 2018 or are in the pipeline for 2019, including the Hilton Garden Inn Denver Union Station, the Marriott Element Downtown East, the 201-room Jacquard Hotel in Cherry Creek North, the Ramble Hotel Denver in the River North Art District, and the Origin Red Rocks. Notably, the Gaylord Rockies Resort opened in late 2018, which is the largest hotel property in the state with more than 1,500 hotel rooms.

Despite rising demand over the last few years, the hotel industry in the Denver metropolitan area is showing signs of stabilizing. According to the *Rocky Mountain Lodging Report*, the 2018 revenue per available room (RevPAR) dropped 1.3 percent over 2017, a statistic many in the industry view as the most important indicator. The flood of new rooms in the area's market has contributed to a decline in RevPAR after seven years of significant growth. The average occupancy rate also fell, declining to 73.7 percent in 2018 from 74.9 percent in 2017. The region's average nightly room rate for 2018 ($144.03) was 0.2 percent higher than the 2017 average.

Summary

The Denver metropolitan area has a nonfarm employment base of nearly 1.7 million workers, which accounted for about 62 percent of the state's employment. Employment growth in the region has been slightly stronger than the state, rising 2.5 percent between 2017 and 2018 compared with 2.4 percent in Colorado. All 11 industry supersectors in the Denver metropolitan area added jobs in 2018, with the addition of 41,600 jobs of the total 64,900 jobs added in the state. The unemployment rate in the Denver metropolitan area increased from the 17-year low posted in 2017. The growing labor force pushed up the unemployment rate from 2.6 percent in 2017 to 3.1 percent in 2018.

The residential real estate market in the Denver metropolitan area began to moderate in 2018. Existing home sales decreased for the first time since 2011, falling 5.5 percent from 2017 to 2018 due to slower net migration, rising interest rates, and low affordability. However, home prices continued to climb in 2018; the median home price rose for the seventh-consecutive year, rising 8.5 percent to $449,900 in 2018. Additionally, the combination of low inventory and high demand have constrained the residential real estate market, and the pace of new development has been challenged to keep up with the increase in new households.

Commercial construction activity in the office, industrial, and retail markets remained strong in 2018 as the level of completed space rose to a record 11.61 million square feet. Vacancy rates declined in three of the four major property types (office, flex, and retail) and increased slightly in industrial. The average lease rates continued to grow in industrial, flex, and retail, but remained flat for office. New development continued in 2018 in the Denver metropolitan area with levels of activity in several of the markets, including office and industrial, exceeding their pre-recession peak. The amount of space under construction in the fourth quarter of 2018 remained near multi-decade highs with 10.12 million square feet under construction. Construction activity also remained robust for hotels, medical, and healthcare facilities across the region.

The Denver metropolitan area offers visitors, travelers, and recreationists world-class natural, cultural, and historical assets. Further, the Denver metropolitan area's multimodal transit system accommodates its growing population of 3.2 million residents and visitors alike. Transportation options throughout the region including Denver International Airport, three reliever airports, FasTracks, and various highways and rail systems, supports the region's quality of life and growing appeal for businesses, workers, and residents.

Prepared By:
Development Research Partners
10184 West Belleview Avenue, Suite 100
Littleton, Colorado 80127
Phone: 303-991-0073

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
POPULATION (July 1)											
United States (thousands)	304,094	306,772	309,326	311,580	313,874	316,058	318,386	320,743	323,071	325,147	327,167
Colorado	4,901,938	4,976,853	5,050,332	5,119,182	5,189,861	5,266,317	5,345,680	5,444,871	5,534,240	5,609,445	5,689,227
Denver Metropolitan Area	2,716,819	2,762,164	2,797,896	2,847,883	2,899,133	2,953,462	3,008,976	3,070,803	3,117,696	3,154,134	3,196,704
City and County of Denver	581,903	595,573	604,879	621,034	635,339	649,478	664,715	683,081	696,347	705,651	718,107
POPULATION GROWTH RATE											
United States	1.0%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Colorado	1.7%	1.5%	1.5%	1.4%	1.4%	1.5%	1.5%	1.9%	1.6%	1.4%	1.4%
Denver Metropolitan Area	1.8%	1.7%	1.3%	1.8%	1.8%	1.9%	1.9%	2.1%	1.5%	1.2%	1.3%
City and County of Denver	2.0%	2.3%	1.6%	2.7%	2.3%	2.2%	2.3%	2.8%	1.9%	1.3%	1.8%
NET MIGRATION											
Colorado	40,469	36,267	37,569	34,944	38,710	45,345	47,655	69,096	59,628	47,640	52,979
Denver Metropolitan Area	22,326	21,639	13,892	29,168	31,857	34,971	35,778	43,055	28,421	19,030	25,382
City and County of Denver	5,480	7,620	3,819	10,705	9,286	9,094	10,143	13,324	8,316	4,665	7,837
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	137.2	131.3	130.4	131.9	134.2	136.4	139.0	141.8	144.4	146.6	149.1
Colorado (thousands)	2,349.3	2,244.4	2,221.1	2,257.3	2,311.7	2,380.5	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3
Denver Metropolitan Area (thousands)	1,420.7	1,359.5	1,353.1	1,378.0	1,417.6	1,468.2	1,522.7	1,578.1	1,619.2	1,653.9	1,695.5
City and County of Denver	449,254	423,282	420,523	422,704	434,083	441,249	460,619	478,564	494,614	506,023	518,825
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	-0.5%	-4.3%	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.7%
Colorado	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.5%	3.1%	2.4%	2.3%	2.4%
Denver Metropolitan Area	1.0%	-4.3%	-0.5%	1.8%	2.9%	3.6%	3.7%	3.6%	2.6%	2.1%	2.5%
City and County of Denver	1.5%	-5.8%	-0.7%	0.5%	2.7%	1.7%	4.4%	3.9%	3.4%	2.3%	2.5%

2018 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	5.4%	7.4%	6.7%	6.2%
Manufacturing	8.5%	5.4%	5.2%	4.1%
Wholesale & Retail Trade	14.5%	14.0%	14.0%	11.4%
Transportation, Warehousing, Utilities	4.0%	3.3%	3.7%	5.7%
Information	1.9%	2.7%	3.4%	2.6%
Financial Activities	5.7%	6.3%	6.9%	7.7%
Professional & Business Services	14.1%	15.6%	18.2%	20.4%
Education & Health Services	15.9%	12.5%	12.7%	12.5%
Leisure & Hospitality	11.0%	12.5%	11.2%	12.6%
Other Services	3.9%	4.1%	3.8%	3.4%
Government	15.1%	16.3%	14.2%	13.4%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
UNEMPLOYMENT RATE											
United States	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%
Colorado	4.8%	7.3%	8.7%	8.4%	7.9%	6.9%	5.0%	3.9%	3.2%	2.7%	3.3%
Denver Metropolitan Area	4.9%	7.3%	8.5%	8.1%	7.6%	6.5%	4.7%	3.6%	3.0%	2.6%	3.1%
City and County of Denver	5.4%	8.1%	9.1%	8.6%	7.9%	6.6%	4.8%	3.7%	3.1%	2.6%	3.2%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	215.3	214.5	218.1	224.9	229.6	233.0	236.7	237.0	240.0	245.1	251.1
Denver-Boulder-Greeley	209.9	208.5	212.4	220.3	224.6	230.8	237.2	240.0	246.6	255.0	262.0
INFLATION RATE											
United States	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%
Denver-Aurora-Lakewood	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$12,439	$12,051	$12,542	$13,315	$13,998	$14,176	$14,983	$15,712	$16,116	$16,820	$17,573
Colorado	$207,773	$198,147	$204,692	$222,572	$236,687	$248,959	$271,101	$284,143	$289,621	$306,411	$323,767
Denver Metropolitan Area	$127,120	$119,244	$123,978	$136,459	$146,258	$154,805	$169,476	$176,907	$179,824	$191,255	N/A
City and County of Denver	$31,213	$27,656	$29,471	$33,539	$36,684	$40,024	$45,200	$45,701	$44,469	$49,226	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	3.6%	-3.1%	4.1%	6.2%	5.1%	1.3%	5.7%	4.9%	2.6%	4.4%	4.5%
Colorado	3.3%	-4.6%	3.3%	8.7%	6.3%	5.2%	8.9%	4.8%	1.9%	5.8%	5.7%
Denver Metropolitan Area	2.9%	-6.2%	4.0%	10.1%	7.2%	5.8%	9.5%	4.4%	1.6%	6.4%	N/A
City and County of Denver	6.2%	-11.4%	6.6%	13.8%	9.4%	9.1%	12.9%	1.1%	-2.7%	10.7%	N/A
PER CAPITA PERSONAL INCOME											
United States	$40,904	$39,284	$40,546	$42,735	$44,599	$44,851	$47,060	$48,985	$49,883	$51,731	$53,712
Colorado	$42,492	$39,851	$40,547	$43,456	$45,572	$47,236	$50,662	$52,116	$52,269	$54,561	$56,846
Denver Metropolitan Area	$47,053	$43,374	$44,336	$47,939	$50,478	$52,444	$56,358	$57,645	$57,722	$60,685	N/A
City and County of Denver	$54,215	$46,954	$48,856	$54,152	$57,880	$61,761	$68,147	$67,048	$64,004	$69,862	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	2.7%	-4.0%	3.2%	5.4%	4.4%	0.6%	4.9%	4.1%	1.8%	3.7%	3.8%
Colorado	1.4%	-6.2%	1.7%	7.2%	4.9%	3.7%	7.3%	2.9%	0.3%	4.4%	4.2%
Denver Metropolitan Area	1.0%	-7.8%	2.2%	8.1%	5.3%	3.9%	7.5%	2.3%	0.1%	5.1%	N/A
City and County of Denver	4.1%	-13.4%	4.1%	10.8%	6.9%	6.7%	10.3%	-1.6%	-4.5%	9.2%	N/A
RETAIL TRADE SALES (millions, except as noted)											
United States (billions)	$4,392	$4,064	$4,285	$4,598	$4,826	$5,002	$5,216	$5,349	$5,509	$5,741	$6,021
Colorado	$74,911	$66,454	$70,105	$75,804	$80,248	$84,240	$90,507	$94,936	$98,930	$104,075	$109,799
Denver Metropolitan Area	$43,829	$38,882	$40,894	$43,658	$46,861	$49,299	$53,245	$56,192	N/A	N/A	N/A
City and County of Denver	$10,252	$8,517	$8,925	$9,454	$10,388	$10,992	$12,409	$12,946	N/A	N/A	N/A

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
RETAIL TRADE SALES GROWTH RATE											
United States	-1.1%	-7.4%	5.4%	7.3%	5.0%	3.6%	4.3%	2.6%	3.0%	4.2%	4.9%
Colorado	-0.6%	-11.3%	5.5%	8.1%	5.9%	5.0%	7.4%	4.9%	4.2%	5.2%	5.5%
Denver Metropolitan Area	-0.8%	-11.3%	5.2%	6.8%	7.3%	5.2%	8.0%	5.5%	N/A	N/A	N/A
City and County of Denver	0.9%	-16.9%	4.8%	5.9%	9.9%	5.8%	12.9%	4.3%	N/A	N/A	N/A
MEDIAN HOME PRICE (thousands)											
United States	$196.6	$172.1	$173.1	$166.2	$177.2	$197.4	$208.9	$223.9	$235.5	$248.8	$261.6
Denver Metropolitan Area	$219.3	$219.9	$232.4	$231.4	$252.4	$280.6	$310.2	$353.6	$384.3	$414.7	$449.9
EXISTING HOME SALES											
Denver Metropolitan Area	47,837	42,070	38,818	38,106	45,210	53,711	54,183	56,931	56,915	59,258	55,987
NEW RESIDENTIAL UNITS											
DENVER METROPOLITAN AREA											
Single Family	4,037	2,690	3,791	3,885	5,947	7,396	8,396	9,786	10,663	11,419	12,248
Two-Family	224	133	285	309	299	399	440	422	532	384	400
Multi-Family	5,296	1,465	1,478	3,005	8,679	9,145	8,074	9,061	12,301	12,218	11,561
Total Units	9,557	4,288	5,554	7,199	14,925	16,940	16,910	19,269	23,496	24,021	24,209
OFFICE VACANCY RATE											
Denver Metropolitan Area	12.4%	13.2%	12.6%	12.2%	11.8%	10.9%	10.0%	9.4%	9.1%	9.5%	9.0%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	65.0%	59.0%	64.4%	66.8%	68.0%	70.8%	75.8%	75.9%	75.0%	74.9%	73.7%
SKIER VISITS	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**	**14/15**	**15/16**	**16/17**	**17/18**	**18/19**
Colorado (millions)	11.9	11.9	12.3	11.0	11.4	12.6	12.5	13.4	13.1	12.8	13.8

N/A: Not Available

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY AND COUNTY OF DENVER

SEAL